STATE OF NEW YORK

7281

2023-2024 Regular Sessions

IN ASSEMBLY

May 17, 2023

Introduced by M. of A. EACHUS -- read once and referred to the Committee on Governmental Employees

AN ACT in relation to granting retroactive tier IV membership in the New York city employees' retirement system to Ryan D. O'Connor

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Notwithstanding any other provision of law to the contrary, Ryan D. O'Connor, an employee of the New York city transit authority and a member of the New York city employees' retirement system, who was employed with the New York city transit authority on January 19, 2012, who for reasons not ascribable to his own negligence, failed to become a member of such retirement system during such employment with the New York city transit authority until September 10, 2012, shall be deemed to have joined the New York city employees' retirement system on January 19, 2012 and shall be granted Tier IV status in such retirement system, if, within one year of the effective date of this act, he shall file a written request with the New York city employees' retirement system.

§ 2. No contributions made to the New York city employees' retirement system by Ryan D. O'Connor shall be returned or refunded to him pursuant to this act.

§ 3. All past service costs of implementing the provisions of this act shall be borne by the city of New York.

§ 4. This act shall take effect immediately.

FISCAL NOTE.--Pursuant to Legislative Law, Section 50:

SUMMARY OF BILL: This proposed legislation would permit Ryan D. O'Connor, an active Tier 6 member of the New York City Employees' Retirement System (NYCERS), to elect, by filing an application with NYCERS within one year of the effective date, membership in the Tier 4 NYCERS 57/5 Plan.

Effective Date: Upon enactment.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD07071-02-3

BACKGROUND: Mr. O'Connor commenced employment with the New York City Transit Authority (NYCTA) on January 19, 2012 and subsequently joined NYCERS in September 2012. In the nine-month period between the commencement of his employment and the date on which he joined NYCERS, Chapter 18 of the Laws of 2012, or Tier 6, was enacted. Therefore, Mr. O'Connor joined NYCERS as a Tier 6 member.

The proposed legislation would allow Mr. O'Connor to apply for a retroactive NYCERS membership date of January 19, 2012, which would entitle him to Tier 4 membership, without a refund of past Tier 6 contributions, in the NYCERS 57/5 Plan. A change from Tier 6 to Tier 4 would result in an earlier date of retirement eligibility, lower overall prospective employee contribution rates, a larger benefit, and a three-year (as opposed to a five-year) final average salary.

While the past service costs for this member would normally be borne by the NYCTA, the proposed legislation assigns such costs to the City of New York.

FINANCIAL IMPACT - PRESENT VALUES: Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would result in an increase in the present value of future employer contributions of approximately $106,900.

This net increase is a result of an increase in the Present Value of Future Benefits (PVFB) of approximately $41,500 and a decrease in the present value of member contributions of approximately $65,400.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately $51,100 and an increase in the present value of future employer Normal Cost of approximately $55,800.

The estimated financial impact of this proposed legislation has been calculated based on the difference between (1) the present value of benefits Mr. O'Connor would receive if the Tier 4 57/5 Plan were elected and (2) the present value of the benefits Mr. O'Connor would receive under the Tier 6 63/5 Plan.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $8,900 which is the result of an increase in the Normal Cost in addition to the UAL payment.

New UAL attributable to benefit changes are generally amortized over the remaining working lifetime of those impacted by the benefit changes. The remaining working lifetime for Mr. O'Connor is approximately 21 years and the increase in UAL was therefore amortized over a 21-year period (20 payments under the One-Year Lag Methodology) using level dollar payments.

CENSUS DATA: As of June 30, 2022, Mr. O'Connor was approximately age 36, had approximately 10 years of service, and a salary of approximately $97,700.

ACTUARIAL ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods used for the Preliminary Fiscal Year 2024 employer contributions of NYCERS.

For the purposes of this Fiscal Note, it is assumed that the changes would be reflected for the first time in the June 30, 2023 actuarial valuation of NYCERS used to determine employer contributions for Fiscal Year 2025.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, demographics of the impacted population and other factors such as investment, contribution, and other risks. If actual experience deviates from actu-

arial assumptions, the actual costs could differ from those presented herein.

Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

Not measured in this Fiscal Note are the following:

* The initial additional administrative costs to implement the proposed legislation.

* The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

STATEMENT OF ACTUARIAL OPINION: I, Marek Tyszkiewicz, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am a member of NYCERS but do not believe it impairs my objectivity and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2023-42 dated May 4, 2023 was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2023 Legislative Session.