STATE OF NEW YORK

7698--A

2023-2024 Regular Sessions

IN ASSEMBLY

June 6, 2023

Introduced by M. of A. PHEFFER AMATO -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to affording certain police/fire members who are members of the fire department pension fund to continue in service past normal retirement age with an additional pension benefit for each year of additional service

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

Section 1. The retirement and social security law is amended by adding a new section 503-a to read as follows:

§ 503-a. Extra pension service credits. Notwithstanding any provision of law to the contrary, a police/fire member who is a member of the New York city fire department pension fund may continue in service past the date that he or she attains normal retirement age. In such event and upon his or her retirement for any cause whatsoever, there shall be added to his or her annual pension to which he or she shall upon his or her retirement be entitled an additional amount computed at the rate of one-fortieth of his or her final salary for each year of such additional service.

§ 2. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would provide Tier 3 members of the New York City Fire Pension Fund (FIRE) an additional 1/40th of "final salary" benefit for each year of credited service beyond 22 years of service.

EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS

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

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by Fiscal Year for the first 25 years ($ in Millions)

Year	FIRE
2025	42.6
2026	46.3
2027	50.0
2028	53.9
2029	58.1
2030	62.5
2031	67.1
2032	71.9
2033	76.8
2034	81.9
2035	87.2
2036	92.6
2037	98.0
2038	103.6
2039	109.1
2040	114.7
2041	120.2
2042	125.7
2043	116.8
2044	122.2
2045	127.4
2046	132.5
2047	137.6
2048	142.4
2049	147.2

Employer Contribution impact beyond Fiscal Year 2049 is not shown.
Projected contributions include future new hires that may be impacted.

The entire increase in employer contributions will be allocated to New York City.

INITIAL INCREASE (DECREASE) IN ACTUARIAL LIABILITIES
as of June 30, 2023 ($ in Millions)

Present Value (PV)	FIRE
PV of Benefits:	627.2
PV of Employee Contributions:	0.8
PV of Employer Contributions:	626.4
Unfunded Accrued Liabilities:	138.9

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	FIRE
Number of Payments:	18
Fiscal Year of Last Payment:	2042
Amortization Payment:	14.3 M

Unfunded Accrued Liability increases were amortized over the expected remaining working lifetime of those impacted by the benefit changes using level dollar payments.

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2023. The census data for the impacted population is summarized below.

	FIRE
Active Members	

- Number Count:	5,030
- Average Age:	33.5
- Average Service:	5.5
- Average Salary:	112,400

IMPACT ON MEMBER BENEFITS: This proposed legislation would increase the annual pension for members who retire for service, ordinary disability, or accidental disability by 1/40th of Final Salary for each additional year of credited service, or fraction thereof, exceeding 22 years. For the purposes of this Fiscal Note, Final Salary has been interpreted as the member's pensionable earnings in their final 12 months of service.

This benefit would be subject to the applicable Cost-of-Living Adjustment or Escalation adjustments.

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the Revised 2021 Actuarial Assumptions and Methods of the impacted retirement systems. In addition:

* The probability of Tier 3 members working beyond 22 years of service was increased to recognize the impact the proposed legislation would have on retirement behavior.
* New entrants were assumed to replace exiting members so that total payroll increases by 3% each year for impacted groups. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models used, demographics of the impacted population, and other factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits).

This Fiscal Note does not include cost analyses relating to provisions contained in Retirement and Social Security Law Section 500(c).

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS but do not believe it impairs our objectivity and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our 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 2024-43 dated April 9, 2024 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2024 Legislative Session.