STATE OF NEW YORK

7745

2023-2024 Regular Sessions

IN ASSEMBLY

June 6, 2023

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

AN ACT granting retroactive Tier IV membership in the New York city teachers' retirement system to Matthew DeTiberiis

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, Matthew DeTiberiis, who is currently employed by the New York city department of education and a member of the New York city teachers' retirement system, and who was employed by the city of Yonkers parks department for the period beginning in 2009 and ending in 2014, and who, for reasons not ascribable to his own negligence, failed to become a member of the New York state and local employees' retirement system during such employment with the city of Yonkers parks department in 2009, shall be granted service credit in the New York city teachers' retirement system for his employment with the city of Yonkers parks department for the period beginning in 2009 and ending in 2014 and shall be granted Tier IV status in such retirement system, provided that an application is filed with the head of the New York city teachers' retirement system within one year from the effective date of this act.

§ 2. All past service costs associated with the implementation of this act shall be borne by the city of New York.

§ 3. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would permit Matthew DeTiberiis, an active Tier 6 member of the New York City Teachers' Retirement System (TRS), to purchase service with the Yonkers Parks Department and to elect, by filing an application with TRS within one year of the effective date, retroactive membership in the Tier 4 TRS 55/27 Plan.

Effective Date: Upon enactment.

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

LBD08665-03-3

BACKGROUND: Mr. DeTiberiis is currently employed by the New York City Department of Education. He joined TRS in September 2016 as a Tier 6 member. Previously he was employed by the City of Yonkers Parks Department from September 18, 2009 through February 28, 2014.

The proposed legislation would allow Mr. DeTiberiis to receive service credit in TRS for his employment with the Yonkers Parks Department and apply for a Tier 4 membership with a refund of past Tier 6 contributions that exceed the applicable Tier 4 contribution rate. 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.

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposed legislation has been calculated based on the difference between (1) the present value of benefits Mr. DeTiberiis would receive if the Tier 4 55/27 Plan were elected and (2) the present value of the benefits Mr. DeTiberiis would receive under the Tier 6 63/5 Plan.

Based on the actuarial assumptions and methods described herein, and assuming that Mr. DeTiberiis timely elects the Tier 4 55/27 Plan, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately $61,700 and decrease the Present Value of member contributions by approximately $63,000, resulting in an increase in the present value of future employer contributions of approximately $124,700.

Under the Entry Age Normal cost method used to determine the employer contributions to TRS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately $42,300 and an increase in the present value of future employer Normal Cost of approximately $82,400.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $10,100 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. DeTiberiis is approximately 20 years and the increase in UAL was therefore amortized over a 20-year period (19 payments under the One-Year Lag Methodology) using level dollar payments.

CENSUS DATA: As of June 30, 2022, Mr. DeTiberiis was approximately age 35, had approximately six years of service, and a salary of approximately $85,300.

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 TRS.

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 TRS 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 group, 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.

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 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 2023-67 dated June 1, 2023 was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2023 Legislative Session.