STATE OF NEW YORK

6322

2023-2024 Regular Sessions

IN SENATE

April 13, 2023

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, in relation to retirement benefits for general members in the uniformed correction force of the New York city department of correction

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

Section 1. Subdivision d of section 504 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

d. The early service retirement benefit for general members in the uniformed correction force of the New York city department of correction, who are not entitled to an early service retirement benefit pursuant to subdivision c of section five hundred four-a of this article or subdivision c of section five hundred four-b of this article or subdivision c of section five hundred four-d of this article, or for general members in the uniformed personnel in institutions under the jurisdiction of the department of corrections and community supervision, as defined in subdivision i of section eighty-nine of this chapter, shall be a pension equal to one-fiftieth of final average salary times years of credited service at the completion of twenty-five years of service, [~~but not in excess of fifty percent of final average salary~~] **plus one-sixtieth of final average salary times years of credited service in excess of twenty-five**, provided, however, that the provisions of this section shall not apply to a New York city uniformed correction/sanitation revised plan member.

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Retirement and Social Security Law (RSSL) Section 504 by modifying the service retirement benefit calculation formula for uniformed employees of the New York

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

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City Department of Correction (Correction) who are members of the New York City Employees' Retirement System (NYCERS) and are subject to the Early Service Retirement Benefit Plan for General Members pursuant to RSSL Section 504 (CO-25 Plan). The CO-25 Plan is limited to Tier 3 Correction members who joined NYCERS prior to December 19, 1990 (CO-25 Plan Members).

Effective Date: Upon enactment.

IMPACT ON BENEFITS: Currently, upon reaching 25 or more years of credited service, CO-25 Plan Members are entitled to a service retirement pension benefit equal to:

* 50% of Final Average Salary (FAS).

Under the proposed legislation, if enacted, the service retirement benefit for CO-25 Plan Members who retire for service under RSSL Section 504(d) after the effective date of the proposed legislation with 25 or more years of credited service would be equal to:

* 50% of FAS for the first 25 years of credited service, plus
* 1/60th of FAS for each additional year of credited service, or fraction thereof, exceeding 25 years (if any).

FINANCIAL IMPACT - PRESENT VALUES: Based on the census data and actuarial assumptions and methods herein, the enactment of this proposed legislation would increase the present value of future employer contributions by approximately $4.0 million.

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 $3.9 million and an increase in the Present Value of Future Employer Normal Cost of $0.1 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $4.3 million 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 this group is approximately two years and the increase in UAL was therefore amortized over a two-year period (one payments under the One-Year Lag Methodology) using level dollar payments.

CENSUS DATA: The estimates presented herein are based on the census data used in the June 30, 2022 actuarial valuation of NYCERS to determine the Preliminary Fiscal Year 2024 employer contributions.

The 21 NYCERS CO-25 Plan Members as of June 30, 2022 had an average age of approximately 59.9 years, average service of approximately 33.3 years, and an average salary of approximately $158,500.

ACTUARIAL ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods in effect 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, 2022 actuarial valuation of NYCERS used to determine employer contributions for Fiscal Year 2024.

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 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 of NYCERS and other New York City agencies 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 2023-29 dated April 12, 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.