STATE OF NEW YORK

7714

2023-2024 Regular Sessions

IN SENATE

October 18, 2023

Introduced by Sen. CHU -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the retirement and social security law, in relation to the restoration of 20 year service retirement for New York city police officers

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

Section 1. Subdivision 17 of section 501 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

17. "Normal retirement age" shall be age sixty-two, for general members, and the age at which a member completes or would have completed twenty-two years of service, for police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members**, except that for police/fire members of the New York city police pension fund, normal retirement age shall be the age at which a member completes or would have completed twenty years of service**.

§ 2. Subdivision d of section 503 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 normal service retirement benefit specified in section five hundred five of this article shall be paid to police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members without regard to age upon retirement after twenty-two years of service**, except that the normal service retirement benefit specified in section five hundred five of this article shall be paid to police/fire members of the New York city police pension fund, after twenty years of service**. Early service retirement shall be permitted upon retirement after twenty years of credited service or attainment of age sixty-two, provided, however, that New York

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

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city police/fire revised plan members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members shall not be eligible to retire for service prior to the attainment of twenty years of credited service.

§ 3. Section 505 of the retirement and social security law is amended by adding a new subdivision d to read as follows:

d. Notwithstanding anything to the contrary in any other law, police/fire members of the New York city police pension fund shall be eligible for a normal service retirement benefit in lieu of an early service retirement benefit upon completing twenty years of service pursuant to subdivision d of section five hundred three of this article.

§ 4. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Sections 501, 503, and 505 of the Retirement and Social Security Law (RSSL) to reduce the Normal Retirement Age for Tier 3 original, revised, and enhanced plan members of the New York City Police Pension Fund (POLICE) to be the age at which a member completes or would have completed twenty years of service.

Effective Date: Upon enactment.

IMPACT ON BENEFITS: Currently, Tier 3 POLICE members who retire with at least 20 years of service are eligible to receive an annual benefit that is equal to 42% of Final Average Salary (FAS), plus 0.33% of FAS for each month of service (up to 24 months) in excess of 20 years of service, resulting in a benefit of 50% of FAS after 22 years of service.

Under the proposed legislation, Tier 3 POLICE members who retire with at least 20 years of service would be eligible to receive an annual benefit that is equal to 50% of FAS.

The annual benefit in either case would be subject to a Social Security Offset commencing at age 62, which is not affected by the proposed legislation. There is also no change to the benefit provisions for deferred vested members who terminate employment prior to earning 20 years of service.

FINANCIAL IMPACT: Based on the census data and 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 $82.9 million for the current population.

The financial impact will increase as the impacted population increases over time. The estimate of the increase in annual employer contributions for Fiscal Years 2024 through 2028 are shown in the table below.

Fiscal Year	Increase in Employer Contributions ($ Millions)
2024	$ 10.7
2025	$ 11.5
2026	$ 12.4
2027	$ 13.3
2028	$ 14.4

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 18 years and the increase in UAL was therefore amortized over an 18-year period (17 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 POLICE to determine the Preliminary Fiscal Year 2024 employer contributions.

There are 19,375 active Tier 3 members of POLICE as of June 30, 2022 and they have an average age of approximately 32.2 years, average service of approximately 5.7 years, and an average salary of approximately $101,600.

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 POLICE except for adjustments to the retirement rates to reflect changes in eligibility for service retirement associated with the proposed legislation.

New entrants were projected to replace the members expected to leave the active population to maintain a steady-state population. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

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 POLICE 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 to implement the proposed legislation.

* Pension costs for future members of POLICE hired on or after 7/1/2026.

* 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 2023-72 dated June 5, 2023 was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.