STATE OF NEW YORK

7714--A

2023-2024 Regular Sessions

IN SENATE

October 18, 2023

Introduced by Sens. CHU, JACKSON, PERSAUD, SCARCELLA-SPANTON, SKOUFIS -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- 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 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 arti-**

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

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cle 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 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: This proposed legislation would 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.

EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years ($ in Millions)

Year	POLICE
2025	12.5
2026	13.3
2027	14.4
2028	15.6
2029	16.7
2030	17.9
2031	18.9
2032	19.8
2033	20.7
2034	21.5
2035	22.4
2036	23.2
2037	24.1
2038	24.8
2039	25.6
2040	26.4
2041	22.1
2042	22.9
2043	23.7
2044	24.5
2045	25.2
2046	26.0
2047	26.7
2048	27.4
2049	28.2

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)	POLICE
PV of Benefits:	85.0
PV of Employee Contributions:	(9.1)
PV of Employer Contributions:	94.0
Unfunded Accrued Liabilities:	45.6

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	POLICE
Number of Payments:	16
Fiscal Year of Last Payment:	2040
Amortization Payment:	5.0 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.

	POLICE
Active Members	
- Number Count:	20,176
- Average Age:	32.8
- Average Service:	6.1
- Average Salary:	107,600

IMPACT ON MEMBER 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.

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

* Retirement rates were adjusted to reflect the earlier payability of the service retirement benefit associated with the proposed legislation.

* 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).

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 2024-13 dated February 7, 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.