STATE OF NEW YORK

8897

IN SENATE

March 25, 2024

Introduced by Sen. MAYER -- 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 the calculation of past service credit for police officers employed by the division of law enforcement in the department of environmental protection in the city of New York transferring between the New York city employees' retirement system to the New York state and local police and fire retirement system

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

Section 1. Section 343 of the retirement and social security law is amended by adding a new subdivision i to read as follows:

i. 1. Notwithstanding any other law, rule or regulation to the contrary, for any police officer employed by the division of law enforcement in the department of environmental protection in the city of New York transferring from the New York city employees' retirement system to the New York state and local police and fire retirement system after the effective date of this subdivision and any police officer formerly employed by the division of law enforcement in the department of environmental protection in the city of New York having made such transfer, such police officer's division of law enforcement in the department of environmental protection in the city of New York service credit shall be deemed creditable service, in such police officer's twenty year or twenty-five year retirement plan, if such police officer has served for at least two years in such employment and if, within one year of the date on which he or she first became a member of the New York state and local police and fire retirement system or within one year of the effective date of this subdivision, such member elects to do so.

2. The amount of such service credited to the member in the New York state and local police and fire retirement system plan shall not exceed the amount of service credited to the member in the New York city employees' retirement system plan.

3. If the member subsequently retires on an age-based retirement plan in the New York state and local police and fire retirement system

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

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instead of a twenty year or twenty-five year plan, the full amount of service credit earned, as a police officer employed by the division of law enforcement in the department of environmental protection in the city of New York shall be granted.

4. In no event shall the division of law enforcement in the department of environmental protection in the city of New York service credited to a member of the New York state and local police and fire retirement system pursuant to this subdivision exceed a total of ten years.

5. Notwithstanding any other provision of law in this section to the contrary, the reserve on such member's benefits shall be transferred from the New York city employees' retirement system to the New York state and local police and fire retirement system in accordance with subdivisions c and d of this section.

6. No member who receives service credit pursuant to this subdivision shall be eligible to receive additional service credit pursuant to subdivision b of section three hundred eighty-four-e of this article if his or her employer has elected to provide such service credit.

§ 2. This act shall take effect on the sixtieth day after it shall have become a law.

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

This bill would expand the definition of service creditable under 20-year and 25-year plans in the New York State and Local Police and Fire Retirement System (NYSLPFRS) to include service transferred by any police officer employed or formerly employed by the Division of Law Enforcement in the Department of Environmental Protection in the City of New York, provided that such police officer has at least two years of such employment. The member must elect to obtain the service credit within one year of the date on which they first became a member of the NYSLPFRS or within one year of the effective date of this bill, whichever occurs later. The amount of service credit received in the NYSLPFRS shall not exceed the minimum of the amount of service credited to the member in the New York City Employees' Retirement System (NYCERS) plan or 10 years.

If this bill is enacted during the 2024 Legislative Session, it is estimated that the past service cost will average approximately 25% of an affected member's salary for each year of additional service that is credited on a 20-year or 25-year plan. This cost will be offset by any reserves transferred from the NYCERS. The remaining cost will be shared by the State of New York and the participating employers in the NYSLPFRS.

The exact number of current members as well as future members who could be affected by this legislation cannot be readily determined.

Summary of relevant resources:

Membership data as of March 31, 2023 was used in measuring the impact of the proposed change, the same data used in the April 1, 2023 actuarial valuation. Distributions and other statistics can be found in the 2023 Report of the Actuary and the 2023 Annual Comprehensive Financial Report.

The actuarial assumptions and methods used are described in the 2023 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2023 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated February 2, 2024, and intended for use only during the 2024 Legislative Session, is Fiscal Note No. 2024-108, prepared by the Actuary for the New York State and Local Retirement System.

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

SUMMARY: This proposed legislation would allow current or former NYCERS members employed as New York City Department of Environmental Protection (DEP) police officers who transfer or transferred to the New York State and Local Police and Fire Retirement System (PFRS) to receive up to 10 years of service credit in the 20 or 25-year State Plans.

ILLUSTRATION - INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years ($ in Thousands)

Year	One Transfer	One Transfer Per Year
2025	5.3	5.3
2026	5.3	10.6
2027	5.3	16.0
2028	5.3	21.5
2029	5.3	27.0
2030	5.3	32.6
2031	5.3	38.2
2032	5.3	43.9
2033	5.3	49.7
2034	5.3	55.5
2035	5.3	61.4
2036	5.3	67.3
2037	5.3	73.2
2038	5.3	79.2
2039	0	80.0
2040	0	80.7
2041	0	81.4
2042	0	82.1
2043	0	82.8
2044	0	83.4
2045	0	84.0
2046	0	84.5
2047	0	85.0
2048	0	85.5
2049	0	85.9

Employer Contribution impact beyond Fiscal Year 2049 is not shown.

The potential increases in employer contributions will be allocated to New York City.

EXPECTED INCREASE (DECREASE) IN ACTUARIAL LIABILITIES
as of June 30, 2023 ($ in Thousands)

Present Value (PV)	Per Transfer
PV of Benefits:	44.6
PV of Employee Contributions:	0.0

PV of Employer Contributions:	44.6
Unfunded Accrued Liabilities:	44.6

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

Recognized as Ongoing Gain/Loss	Per Transfer
Number of Payments:	14
Amortization Payment:	5.3 K

CENSUS DATA: The number of members who have transferred or will transfer to PFRS is unknown. The estimates presented herein are based on preliminary census data collected as of June 30, 2023. The census data for the potentially impacted population used to develop the average costs in this Fiscal Note is based on DEP police officers currently in NYCERS who have between two and 15 years of service and is summarized below.

	NYCERS
Active Members	
- Number Count:	82
- Average Age:	35.9
- Average Service:	8.6
- Average Salary:	79,400
Term. Vested Members	
- Number Count:	23
- Average Age:	39.8
Term. Non-Vested Members	
- Number Count:	41
- Average Age:	35.6

BACKGROUND: Currently, NYCERS members employed as DEP police officers who subsequently become employed by the State are eligible to transfer their NYCERS membership and receive service credit in the State plans, but generally do not receive service credit in the 20-year and 25-year PFRS Plans.

Under the proposed legislation, DEP police officers who served in such title for a minimum of two years and then transfer their NYCERS membership to PFRS within one year of becoming a PFRS member (or one year of the effective date, if later) would receive up to 10 years of credit in the 20-year and 25-year PFRS Plans for such equal DEP service.

Currently, member accumulated contributions (with accrued interest), and employer paid reserves if the member has at least 10 years of service, are transferred. Under the proposed legislation, NYCERS would be required to calculate and pay such member's pension reserve, net of any accumulated salary deductions otherwise transferred, to PFRS, even if the member has less than 10 years of service.

It should be noted that the proposed legislation does not provide for a reciprocal transfer of reserves should a member transfer from PFRS to NYCERS with less than 10 years of service.

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

For purposes of this Fiscal Note, it has been assumed that the impacted NYCERS members would generally not have transferred their membership to PFRS absent this proposed legislation. It has been further

assumed that members with more than 15 years of service would not transfer their membership even under the proposed legislation.

The number of members who will benefit in the future from this fiscal note is unknown. The cost of this proposed legislation could vary greatly depending on the number of future members who benefit and, on their plan, length of service, age, and salary history.

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 2024-29 dated March 15, 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.