

# STATE OF NEW YORK

6651

2023-2024 Regular Sessions

## IN ASSEMBLY

April 25, 2023

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

AN ACT to amend the retirement and social security law, in relation to additional member contributions for certain members under the age fifty-seven retirement program

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

1 Section 1. Paragraph 1 of subdivision f of section 604-d of the  
2 retirement and social security law is amended by adding a new subpara-  
3 graph (iv) to read as follows:

4 (iv) notwithstanding the provisions of subparagraph (ii) of this para-  
5 graph, a participant holding the title of carpenter, supervisor carpen-  
6 ter, ship carpenter, supervisor ship carpenter, rigger, dockbuilder,  
7 supervisor dockbuilder and general supervisor dockbuilder who is a  
8 participant in the age fifty-seven retirement program and whose age and  
9 allowable service are such that he or she could not possibly be able to  
10 accumulate at least twenty-five years of service by the time he or she  
11 reaches age fifty-seven, shall not be required to make the additional  
12 member contribution pursuant to subparagraph (ii) of this paragraph.  
13 Any participant in the titles listed in this subparagraph who has made  
14 additional member contributions pursuant to subparagraph (ii) of this  
15 paragraph prior to the effective date of the chapter of the laws of two  
16 thousand twenty-three that added this subparagraph shall receive a  
17 refund of the employee portion of such contributions plus interest  
18 provided that their age and allowable service are such that he or she  
19 could not possibly be able to accumulate at least twenty-five years of  
20 service by the time he or she reaches age fifty-seven.

21 § 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend New York Retirement and Social Security Law (RSSL) Section 604-d to exempt

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

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certain Tier 4 carpenter titles from the physically taxing provisions, which permit retirement at age 50 (with 25 years of credited service).

Participants in Eligible Carpenter Titles who started in the Age 57 Retirement Program (57/5 Plan), but will not reach 25 years of credited service in a physically taxing title by age 57, would be ineligible to take advantage of the early retirement provisions of the physically taxing title.

Under the proposed legislation, these members would no longer pay physically taxing Additional Member Contributions (AMCs) and would receive an immediate refund of the employee portion (i.e., 50%) of their physically taxing AMCs plus interest.

Eligible Carpenter Titles are participants in the New York City Employees' Retirement System (NYCERS) or the Board of Education Retirement System of the City of New York (BERS) in the physically taxing titles of carpenter, supervisor carpenter, ship carpenter, supervisor ship carpenter, rigger, dockbuilder, supervisor dockbuilder, and general supervisor dockbuilder.

Participants would remain responsible for applicable basic member contributions and applicable non-physically taxing AMCs for continued 57/5 Plan participation.

Effective Date: Upon enactment.

**FINANCIAL IMPACT - PRESENT VALUES:** Based on 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 for NYCERS and BERS of approximately \$4.8 million.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS and BERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately \$2.2 million and an increase in the Present Value of Future Employer Normal Cost of approximately \$2.6 million. These results are summarized in the table below:

Change in (\$ Thousands):	NYCERS	BERS	Total
Actuarial Value of Assets (AVA)	\$(5,234)	\$ (89)	\$(5,323)
Accrued Liability (AL)	\$(3,093)	\$ (44)	\$(3,137)
Unfunded Accrued Liability (AL - AVA)	\$ 2,141	\$ 45	\$ 2,186
Present Value of Future Employer Normal Cost	\$ 2,535	\$ 61	\$ 2,596

**FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS:** The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately \$860,000 for NYCERS and \$17,000 for BERS which is the result of an increase in the Normal Cost in addition to the UAL payment. The initial increase in the employer contributions is estimated to be \$378,000 for New York City and \$499,000 for the non-New York City obligors.

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 seven years for NYCERS and eight years for BERS and the increase in UAL was therefore amortized over a seven-year period (six payments) for NYCERS and over an eight-year period (seven payments) for BERS 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 and BERS to determine the Preliminary Fiscal Year 2024 employer contributions.

	NYCERS	BERS	NYCERS & BERS
Count	205	5	210
Average Age	57.7 years	58.4 years	57.7 years
Average Service	15.8 years	16.6 years	15.8 years
Average Salary	\$109,100	\$105,200	\$109,000

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 NYCERS and BERS.

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 and BERS 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.

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 to estimate the costs herein, 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 2023-14 dated March 27, 2023 was prepared by the Chief Actuary for the New York City Employees' Retirement System and the Board of Education Retirement System of the City of New York. This estimate is intended for use only during the 2023 Legislative Session.