STATE OF NEW YORK

7693

2023-2024 Regular Sessions

IN ASSEMBLY

June 6, 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 permitting certain twenty-five year retirement program dispatcher members to file elections not to participate

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

Section 1. Section 604-e of the retirement and social security law, as added by chapter 576 of the laws of 2000, is amended by adding a new subdivision f to read as follows:

f. 1. Notwithstanding any provision of law to the contrary, a dispatcher member who exceeded age thirty upon employment as a dispatcher member and failed to file their election not to participate with the retirement system within one hundred eighty days of becoming a dispatcher member, as required by paragraph three of subdivision b of this section, may file such an election with the retirement system within one hundred eighty days of the effective date of this subdivision.

2. The retirement system shall post, and announce on its homepage the posting of, the form and corresponding instructions for dispatcher members to elect not to participate on its website no later than thirty days after the effective date of this subdivision.

3. If the retirement system fails to post and announce the form and corresponding instructions no later than thirty days after the effective date of this subdivision, as prescribed by paragraph two of this subdivision, the period for a dispatcher member to elect not to participate prescribed by paragraph one of this subdivision shall be extended by sixty days for each month or part thereof that such form and instructions are not posted to the retirement system's website.

§ 2. This act shall take effect immediately.

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

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

LBD11083-02-3

SUMMARY OF BILL: This proposed legislation would amend Section 604-e of the Retirement and Social Security Law to allow New York City Employees' Retirement System (NYCERS) Tier 4 and Tier 6 members who are members of a Dispatcher 25-Year Retirement Plan and were older than age 30 when they joined the plan, another 180-day period to opt out of the plan.

Effective Date: Upon enactment.

BACKGROUND: Currently, Tier 4 or Tier 6 NYCERS members who exceed age 30 upon being mandated into a Dispatcher 25-Year Plan, have the option to irrevocably opt out of the plan within 180 days. Members who opt out of the plan are generally placed into one of the Tier 4 or Tier 6 underlying plans.

Under the proposed legislation, such members who failed to opt out of the Plan in the original 180 days would have another 180-day period in which to opt out of the Plan.

For the purposes of this Fiscal Note, it is assumed that members who opt out of the Dispatcher 25-Year Plan under the proposed legislation would be entitled to an immediate refund of excess Additional Member Contributions (AMC), with interest.

FINANCIAL IMPACT - PRESENT VALUES: Based on the anticipated group of members opting out of the Dispatcher 25-Year Plan 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 $4.3 million.

This net increase is a result of an increase in the Present Value of Future Benefits of approximately $2.4 million (which includes the assumed refund of AMC balances) and a decrease in the present value of member contributions of approximately $1.9 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 $2.3 million and an increase in the present value of future employer Normal Cost of approximately $2.0 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $422,000 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 14 years and the increase in UAL was therefore amortized over a 14-year period (13 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.

There were 53 members as of June 30, 2022 who have been assumed to benefit under the proposed legislation. These members had an average age of approximately 46.0 years, average service of approximately 13.0 years, and an average salary of approximately $78,900.

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.

To determine the impact of the elective nature of the proposed legislation, a subgroup of members was developed based on who is assumed to benefit actuarially by comparing the net present value of future employ-

er costs of each member's benefit under their current plan and under their applicable underlying plan.

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 to implement the proposed legislation.

* 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 2023-66 dated June 1, 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.