STATE OF NEW YORK

7824

2023-2024 Regular Sessions

IN ASSEMBLY

June 15, 2023

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

AN ACT to amend the administrative code of the city of New York, in relation to extending the benefits of the variable supplements fund for transit police members of the New York city employees' retirement system

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

Section 1. Paragraph (c) of subdivision 1 of section 13-191 of the administrative code of the city of New York, as amended by chapter 577 of the laws of 1992, is amended to read as follows:

(c) "Beneficiary". Any person who receives a retirement allowance by reason of having retired, on or after [~~July first, nineteen hundred eighty-seven~~] **October first, nineteen hundred sixty-eight** for service (with credit for twenty or more years of service toward the minimum period) as a transit police officer; provided, that no person who held a rank or position as a transit police superior officer, as defined in subdivision eighty-four of section 13-101 of this title who, on or after May first, nineteen hundred ninety-two, subsequently became a transit police officer shall be considered a beneficiary unless such person (1) subsequently performed at least three years of service as a transit police officer or (2) returned to service, from the position of sergeant, as a transit police officer during the eighteen month probationary period, or such other probationary period as may be applicable or (3) returned to service as a transit police officer during the three year period specified in paragraph (e) of subdivision one of section seventy-five of the civil service law, or (4) returned to service as a transit police officer as the result of a hearing conducted pursuant to applicable law.

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

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§ 2. Paragraph (b) of subdivision 1 of section 13-192 of the administrative code of the city of New York, as amended by chapter 720 of the laws of 1994, is amended to read as follows:

(b) "Beneficiary". Any person who receives a retirement allowance by reason of having retired, on or after [~~July first, nineteen hundred eighty-seven,~~] October first, nineteen hundred sixty-eight, for service (with credit for twenty or more years of service toward the minimum period) as a transit police member and as a transit police superior officer; provided, however, that where a person who held or holds a rank or position as a transit police superior officer, subsequently and on or after May first, nineteen hundred ninety-two became or becomes a transit police officer, and while a transit police officer, retired or retires for service under such circumstances that he or she would have qualified as a beneficiary under the provisions of paragraph (c) of subdivision one of section 13-191 of this title (other than the proviso thereof), but did not or does not qualify as a beneficiary under such paragraph (c) because he or she was or is disqualified by the terms of such proviso, such retiree shall nevertheless be deemed to be a beneficiary under the provisions of this section.

§ 3. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Sections 13-191 and 13-192 of the Administrative Code of the City of New York (ACCNY), both enacted by Chapter 844 of the Laws of 1987, to extend the eligibility provisions providing for the payment of Transit Police Officers' and Transit Police Superior Officers' Variable Supplements Funds (VSF) benefits to certain retirees.

Specifically, this proposed legislation would provide for payments to former New York City Employees' Retirement System (NYCERS) members who are retired for service from the New York City Transit Police (TP) between October 1, 1968 and June 30, 1987 (Prior Retirees) with 20 or more years of service. These benefits would be paid from the following VSFs (referred to hereafter as the Impacted VSFs):

* Transit Police Officers' Variable Supplements Fund (TPOVSF), and
* Transit Police Superior Officers' Variable Supplements Fund (TPSOVSF).

Effective Date: Upon enactment.

IMPACT ON BENEFITS - VSF PAYMENTS: Each of the Impacted VSFs currently provides supplemental non-pension benefits to former NYCERS members who retired for service on or after July 1, 1987 from TP with 20 or more years of service.

The amount of VSF benefits paid is currently $12,000 per Calendar Year. These VSF benefits are payable on an annual basis around December 15th to eligible former NYCERS members for their lifetimes. There are no optional forms of payment. Upon the death of the NYCERS retiree, VSF payments cease.

If the proposed legislation were to be enacted, all Prior Retirees would become immediately eligible for VSF benefits on the December 15th subsequent to the Effective Date and for each year thereafter.

For the purposes of this Fiscal Note, it has been assumed that benefits payable under this proposed legislation are prospective only (i.e., there would be no retroactive payments for VSF benefits due before the Effective Date for such Prior Retirees).

FINANCIAL IMPACT - PRESENT VALUES: 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 Benefits (PVFB) of the Impacted VSFs of approximately $21.6 million.

There are no active TP members of NYCERS and therefore there is no mechanism in place for funding the TP VSFs since the VSFs' funding allocation method normally would be based on the ratio of active TP member salaries to salaries of all active members in NYCERS. Therefore, a transfer from NYCERS to the Impacted VSFs would be necessary to fund the additional VSF benefit obligations.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an increase in Fiscal Year 2024 contributions of approximately $23.9 million.

For the purposes of this Fiscal Note, since those that would benefit are retired, and therefore have no remaining working lifetime, the entire increase in PVFB with interest to Fiscal Year 2024 would be recognized immediately.

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.

The 334 Prior Retirees as of June 30, 2022 had an average age of approximately 81.2 years.

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.

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.

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 2023-73 dated June 6, 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.