STATE OF NEW YORK

4811--B

2023-2024 Regular Sessions

IN SENATE

February 15, 2023

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law and the retirement and social security law, in relation to increasing the special accidental death benefit of certain deceased members

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

Section 1. Subdivision c of section 208-f of the general municipal law, as separately amended by chapters 528 and 782 of the laws of 2022, is amended to read as follows:

c. Commencing July first, two thousand [~~twenty-two~~] twenty-three the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, or to the deceased member's parents if the member has no widow, widower, children under the age of eighteen, or a student under the age of twenty-three, shall be escalated by adding thereto an additional percentage of the salary of the deceased member (as increased pursuant to subdivision b of this section) in accordance with the following schedule:

calendar year of death of the deceased member	per centum
1977 or prior	[~~278.2%~~] 289.5%
1978	[~~267.1%~~] 278.2%
1979	[~~256.5%~~] 267.1%
1980	[~~246.1%~~] 256.5%
1981	[~~236%~~] 246.1%
1982	[~~226.2%~~] 236.0%

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

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1983	[~~216.7%~~] 226.2%
1984	[~~207.5%~~] 216.7%
1985	[~~198.5%~~] 207.5%
1986	[~~189.8%~~] 198.5%
1987	[~~181.4%~~] 189.8%
1988	[~~173.2%~~] 181.4%
1989	[~~165.2%~~] 173.2%
1990	[~~157.5%~~] 165.2%
1991	[~~150.0%~~] 157.5%
1992	[~~142.7%~~] 150.0%
1993	[~~135.7%~~] 142.7%
1994	[~~128.8%~~] 135.7%
1995	[~~122.1%~~] 128.8%
1996	[~~115.7%~~] 122.1%
1997	[~~109.4%~~] 115.7%
1998	[~~103.3%~~] 109.4%
1999	[~~97.4%~~] 103.3%
2000	[~~91.6%~~] 97.4%
2001	[~~86.0%~~] 91.6%
2002	[~~80.6%~~] 86.0%
2003	[~~75.4%~~] 80.6%
2004	[~~70.2%~~] 75.4%
2005	[~~65.3%~~] 70.2%
2006	[~~60.5%~~] 65.3%
2007	[~~55.8%~~] 60.5%
2008	[~~51.3%~~] 55.8%
2009	[~~46.9%~~] 51.3%
2010	[~~42.6%~~] 46.9%
2011	[~~38.4%~~] 42.6%
2012	[~~34.4%~~] 38.4%
2013	[~~30.5%~~] 34.4%
2014	[~~26.7%~~] 30.5%
2015	[~~23.0%~~] 26.7%
2016	[~~19.4%~~] 23.0%
2017	[~~15.9%~~] 19.4%
2018	[~~12.6%~~] 15.9%
2019	[~~9.3%~~] 12.6%
2020	[~~6.1%~~] 9.3%
2021	[~~3.0%~~] 6.1%
2022	[~~0.0%~~] 3.0%
2023	0.0%

§ 2. Subdivision c of section 361-a of the retirement and social security law, as amended by chapter 528 of the laws of 2022, is amended to read as follows:

c. Commencing July first, two thousand [~~twenty-two~~] twenty-three the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, shall be escalated by adding thereto an additional percentage of the salary of the deceased member, as increased pursuant to subdivision b of this section, in accordance with the following schedule:

calendar year of death of the deceased member	per centum
1977 or prior	[~~278.2%~~] 289.5%
1978	[~~267.1%~~] 278.2%
1979	[~~256.5%~~] 267.1%

1980	[~~246.1%~~]	256.5%
1981	[~~236%~~]	246.1%
1982	[~~226.2%~~]	236.0%
1983	[~~216.7%~~]	226.2%
1984	[~~207.5%~~]	216.7%
1985	[~~198.5%~~]	207.5%
1986	[~~189.8%~~]	198.5%
1987	[~~181.4%~~]	189.8%
1988	[~~173.2%~~]	181.4%
1989	[~~165.2%~~]	173.2%
1990	[~~157.5%~~]	165.2%
1991	[~~150.0%~~]	157.5%
1992	[~~142.7%~~]	150.0%
1993	[~~135.7%~~]	142.7%
1994	[~~128.8%~~]	135.7%
1995	[~~122.1%~~]	128.8%
1996	[~~115.7%~~]	122.1%
1997	[~~109.4%~~]	115.7%
1998	[~~103.3%~~]	109.4%
1999	[~~97.4%~~]	103.3%
2000	[~~91.6%~~]	97.4%
2001	[~~86.0%~~]	91.6%
2002	[~~80.6%~~]	86.0%
2003	[~~75.4%~~]	80.6%
2004	[~~70.2%~~]	75.4%
2005	[~~65.3%~~]	70.2%
2006	[~~60.5%~~]	65.3%
2007	[~~55.8%~~]	60.5%
2008	[~~51.3%~~]	55.8%
2009	[~~46.9%~~]	51.3%
2010	[~~42.6%~~]	46.9%
2011	[~~38.4%~~]	42.6%
2012	[~~34.4%~~]	38.4%
2013	[~~30.5%~~]	34.4%
2014	[~~26.7%~~]	30.5%
2015	[~~23.0%~~]	26.7%
2016	[~~19.4%~~]	23.0%
2017	[~~15.9%~~]	19.4%
2018	[~~12.6%~~]	15.9%
2019	[~~9.3%~~]	12.6%
2020	[~~6.1%~~]	9.3%
2021	[~~3.0%~~]	6.1%
2022	[~~0.0%~~]	3.0%
2023		0.0%

§ 3. This act shall take effect July 1, 2023.

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

SUMMARY OF BILL: This proposed legislation would amend General Municipal Law (GML) Section 208-f(c) to increase certain Special Accidental Death Benefits (SADB) for Eligible Beneficiaries of former members of certain New York City Retirement Systems and Pension Funds (NYCRS) and died as a natural and proximate result of an accident sustained in the performance of duty.

Effective Date: July 1, 2023.

BACKGROUND: Under the GML, the basic SADB is defined as:

The salary of the deceased member at date of death (or, in certain instances, a greater salary based on a higher rank or other status) (Final Salary), less the following payments to an Eligible Beneficiary:

* Any NYCRS death benefit as adjusted by any Supplementation or Cost-of-Living Adjustment (COLA),
* Any Social Security death benefit, and
* Any Workers' Compensation benefit.

The GML also provides that the SADB is subject to escalation based on the calendar year in which the former member died.

The SADB is paid to the deceased member's surviving spouse, if alive. If the spouse is no longer alive, the SADB is paid to the deceased member's children until age eighteen or until age twenty-three if a student. If neither a spouse nor a dependent child is alive, the SADB may be paid to the member's parents or certain other individuals, if eligible.

IMPACT ON BENEFITS: The SADB has been increased on a year-by-year basis. Under the proposed legislation, an additional 3.0% of Final Salary would be applied to the SADB paid effective July 1, 2023.

With respect to the NYCRS, the proposed legislation would impact the SADB payable to certain survivors of members of the:

* New York City Employees' Retirement System (NYCERS),
* New York City Police Pension Fund (POLICE), or
* New York City Fire Pension Fund (FIRE),

and who were employed by one of the following employers in certain positions:

* New York City Police Department - Uniformed Position,
* New York City Fire Department - Uniformed Position,
* New York City Department of Sanitation - Uniformed Position,
* New York City Housing Authority - Uniformed Position,
* New York City Transit Authority - Uniformed Position,
* New York City Department of Correction - Uniformed Position,
* New York City - Uniformed Position as Emergency Medical Technician (EMT),
* New York City Health and Hospitals Corporation - Uniformed Position as EMT, or
* Triborough Bridge and Tunnel Authority - Bridge and Tunnel Position.

FINANCIAL IMPACT - PRESENT VALUES: Based on the Eligible Beneficiaries of deceased NYCRS members who would be impacted by this proposed legislation and the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately $63.5 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The costs of this proposed legislation have already been accounted for and will not result in a further increase in employer contributions. There will, however, be a decrease in employer contributions if the proposed legislation is not enacted.

This would result in a decrease in NYCRS annual employer contributions of approximately $7.5 million each year.

The decrease in expected pension payments due to this legislation not passing would be treated as an actuarial gain. These actuarial gains would be amortized over a 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments.

CENSUS DATA: The estimates presented herein are based upon the census data for such Eligible Beneficiaries provided by NYCRS.

Retirement System	Number of Deceased Members with Eligible Survivors	Annual Accidental Death Benefit Prior to Proposed July 1, 2023 Increase ($ Millions)
NYCERS	79	$ 8.0
POLICE	564	71.1
FIRE	**676**	**91.8**
Total	1,319	$170.9

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, POLICE, and FIRE.

Based on the historical practice of providing 3.0% COLAs on the SADB each year, and the likelihood that COLAs will continue to be granted in the future, the Actuary assumes that the SADB benefit will continue to increase 3.0% per year in the future when determining NYCRS employer contributions.

For the purposes of this Fiscal Note, it is assumed that the changes if this proposed legislation fails to pass would be reflected for the first time in the June 30, 2022 actuarial valuations of NYCERS, POLICE, and FIRE 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 2023-11 dated March 14, 2023 was prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Police Pension Fund, and New York City Fire Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.

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

This bill would amend both the General Municipal Law and the Retirement and Social Security Law to increase the salary used in the computation of the special accidental death benefit by 3% in cases where the date of death was before 2023.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), increased costs would be shared by the State of New York and all participating employers in the NYSLPFRS. If this bill is enacted during the 2023 legislative session, the increase in the present value of benefits would be approximately $7.5 million.

NYSLPFRS	Increase in present value benefits	Increase in future contributions
Tiers 1-5	$7.5 million	$4.0 million
Tier 6	$0.0 million	$3.5 million
Total	$7.5 million	$7.5 million

In the NYSLPFRS, this benefit improvement will be funded by increasing the billing rates charged annually. The annual contribution required of all participating employers in the NYSLPFRS is approximately 0.02% of billable salary, or approximately $170,000 to the State of New York and $680,000 to the local participating employers in the fiscal year ending March 31, 2025. This **permanent annual cost** will vary in subsequent billing cycles with changes in the billing rate and salary of the affected members.

Summary of relevant resources:

Membership data as of March 31, 2022 was used in measuring the impact of the proposed change, the same data used in the April 1, 2022 actuarial valuation. Distributions and other statistics can be found in the 2022 Report of the Actuary and the 2022 Annual Comprehensive Financial Report.

The actuarial assumptions and methods used are described in the 2020, 2021, and 2022 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, 2022 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 April 13, 2023, and intended for use only during the 2023 Legislative Session, is Fiscal Note No. 2023-46, prepared by the Actuary for the New York State and Local Retirement System.