

STATE OF NEW YORK

5571--A

2023-2024 Regular Sessions

IN SENATE

March 8, 2023

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend chapter 540 of the laws of 2021 amending the retirement and social security law relating to determination of salary base for members of the city of New York fire department pension fund, in relation to the application thereof

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

1 Section 1. Section 2 of chapter 540 of the laws of 2021 amending the
2 retirement and social security law relating to determination of salary
3 base for members of the city of New York fire department pension fund,
4 is amended to read as follows:

5 § 2. This act shall take effect immediately and shall apply to members
6 of the city of New York fire department pension fund who retire or
7 retired on and after [~~such effective date~~] July 1, 2000.

8 § 2. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would extend the calculation of the salary base used to determine pension benefits enacted by Chapter 540 of the Laws of 2021 to members of the New York City Fire Pension Fund (FIRE) who retired prior to the effective date.

EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years (\$ in Millions)

Year	FIRE
2025	43.5

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

LBD00174-03-4

2026	0.0
2027	0.0
2028	0.0
2029	0.0
2030	0.0
2031	0.0
2032	0.0
2033	0.0
2034	0.0
2035	0.0
2036	0.0
2037	0.0
2038	0.0
2039	0.0
2040	0.0
2041	0.0
2042	0.0
2043	0.0
2044	0.0
2045	0.0
2046	0.0
2047	0.0
2048	0.0
2049	0.0

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

INITIAL INCREASE (DECREASE) IN ACTUARIAL LIABILITIES
as of June 30, 2023 (\$ in Millions)

Present Value (PV)	FIRE
PV of Benefits:	39.3
PV of Employee Contributions:	0.0
PV of Employer Contributions:	39.3
Unfunded Accrued Liabilities:	39.3

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	FIRE
Number of Payments:	1
Fiscal Year of Last Payment:	2025
Amortization Payment:	43.5 M

The Unfunded Accrued Liability attributable to current retirees was recognized in the first year.

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2023. The census data for the impacted population is summarized below.

	FIRE
Receiving Members	
- Number Count:	351
- Average Age:	47.1
- Average years retired:	4.7
- Average annual accrued benefit increase:	\$6,400

IMPACT ON MEMBER BENEFITS: Prior to the passage of Chapter 540 of the Laws of 2021, the salary base used to calculate pension benefits for Tier 2 members of FIRE hired on or after July 1, 2000, was equal to the pensionable earnings earned in the final 12 months of service only.

Chapter 540 revised the salary base for such members to equal the greater of

- (1) the pensionable earnings in the final 12 months of service, or
- (2) the average pensionable earnings earned in any consecutive three years of service.

Chapter 540 did not apply to members who had already retired. Under this proposed legislation, the pension benefits for such Tier 2 FIRE members would be recalculated to the extent that the three-year average referenced above is larger than the pensionable earnings in the final 12 months of service.

For the purposes of this Fiscal Note, it has been assumed that any increased benefits resulting from this proposed legislation would be applied retroactively to the member's retirement date.

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

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 2024-42 dated April 9, 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.