STATE OF NEW YORK

6481--A

2023-2024 Regular Sessions

IN SENATE

April 24, 2023

Introduced by Sens. SKOUFIS, ADDABBO, CHU, WEBER -- 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 the retirement and social security law, in relation to service retirement benefits for members of the New York city police pension fund

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

Section 1. Section 505 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

§ 505. Service retirement benefits; police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members. a. The normal service retirement benefit for police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members at normal retirement age shall be a pension equal to fifty percent of final average salary, less fifty percent of the primary social security retirement benefit commencing at age sixty-two, as provided in section five hundred eleven of this article**, except that for members of the New York city police pension fund, the normal service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**.

b. The early service retirement benefit for police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members shall be a pension equal to two and one-tenths percent of final average salary times years of credited

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

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service at the completion of twenty years of service or upon attainment of age sixty-two, increased by one-third of one percent of final average salary for each month of service in excess of twenty years, but not in excess of fifty percent of final average salary, less fifty percent of the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article, provided, however, that New York city police/fire revised plan members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members shall not be eligible to retire for service prior to the attainment of twenty years of credited service**, and provided further that for members of the New York city police pension fund, the early service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**.

c. A police/fire member, a New York city uniformed correction/sanitation revised plan member or an investigator revised plan member who retires with twenty-two years of credited service or less may become eligible for annual escalation of the service retirement benefit if he elects to have the payment of his benefit commence on the date he would have completed twenty-two years and one month or more of service. In such event, the service retirement benefit shall equal two percent of final average salary for each year of credited service, less fifty percent of the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**, except that for members of the New York city police pension fund, the service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**.

§ 2. Section 511 of the retirement and social security law is amended by adding a new subdivision h to read as follows:

h. This section shall not apply to members of the New York city police pension fund who receive a service retirement benefit pursuant to section five hundred five of this article or a deferred vested benefit pursuant to section five hundred sixteen of this article.

§ 3. Subdivision c of section 516 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

c. The deferred vested benefit of police/fire members, New York city police/fire revised plan members, New York city uniformed correction/sanitation revised plan members or investigator revised plan members shall be a pension commencing at early retirement age equal to two and one-tenths percent of final average salary times years of credited service, less fifty percent of the primary social security retirement benefit commencing at age sixty-two, as provided in section five hundred eleven of this article**, except that for members of the New York city police pension fund, the service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**. A police/fire member, a New York city police/fire revised plan member, a New York city uniformed correction/sanitation revised plan member or investigator revised plan member may elect to receive his vested benefit commencing at early retirement age or age fifty-five. If the vested benefit commences before early retirement age, the benefit shall be reduced by one-fifteenth for each year, if any, that the member's early retirement age is in excess of age sixty, and by one-thirtieth for each additional year by which the vested benefit commences

prior to early retirement age. If such vested benefit is deferred until after such member's normal retirement age, the benefit shall be computed and subject to annual escalation in the same manner as provided for an early retirement benefit pursuant to subdivision c of section five hundred five of this article.

§ 4. This act shall take effect on the sixtieth day after it shall have become a law.

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

SUMMARY: This proposed legislation would amend Sections of the Retirement and Social Security Law (RSSL) to eliminate the offset equal to 50% of the primary social security benefit in the service, early service, and vested retirement benefits for Tier 3 members of the New York City Police Pension Fund (POLICE).

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

Year	POLICE
2025	62.1
2026	66.6
2027	72.4
2028	78.7
2029	84.9
2030	91.5
2031	97.7
2032	103.0
2033	108.2
2034	113.2
2035	118.0
2036	122.8
2037	127.5
2038	132.4
2039	137.2
2040	142.1
2041	122.3
2042	127.3
2043	132.6
2044	138.1
2045	143.5
2046	149.0
2047	154.6
2048	160.6
2049	166.8

Employer Contribution impact beyond Fiscal Year 2049 is not shown.
Projected contributions include future new hires that may be impacted.

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

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

Present Value (PV)	POLICE
PV of Benefits:	788.6
PV of Employee Contributions:	0.0
PV of Employer Contributions:	788.6
Unfunded Accrued Liabilities:	226.2

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	POLICE
Number of Payments:	16
Fiscal Year of Last Payment:	2040
Amortization Payment:	24.8 M

Unfunded Accrued Liability increases were amortized over the expected remaining working lifetime of those impacted by the benefit changes using level dollar payments.

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.

	POLICE
Active Members	
- Number Count:	20,176
- Average Age:	32.8
- Average Service:	6.1
- Average Salary:	107,600
Term. Vested Members	
- Number Count:	924
- Average Age:	34.7

IMPACT ON MEMBER BENEFITS: Currently, Tier 3 normal service retirement, early service retirement, and vested retirement benefits are subject to an offset equal to 50% of the primary social security benefit as defined in RSSL Section 511 beginning at age 62.

Under the proposed legislation, the offset for such benefits would be eliminated for POLICE members, resulting in an increase in benefits.

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

* New entrants were assumed to replace exiting members so that total payroll increases by 3% each year for impacted groups. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

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).

This Fiscal Note does not include cost analyses relating to provisions contained in RSSL Section 500(c).

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 2024-04 dated January 22, 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.