STATE OF NEW YORK

6976

2023-2024 Regular Sessions

IN SENATE

May 16, 2023

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, in relation to the eligibility of certain participants in the New York city employees' retirement system to opt into the twenty-five year retirement program for EMT members

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

Section 1. Paragraph 3 of subdivision b of section 604-e of the retirement and social security law, as added by chapter 577 of the laws of 2000, is amended to read as follows:

3. Each EMT member, other than an EMT member subject to paragraph one or two of this subdivision, who becomes subject to the provisions of this article on or after the starting date of the twenty-five year retirement program shall become a participant in the twenty-five year retirement program on the date [~~he or she~~] **such person** becomes such an EMT member. Provided, however, a person subject to this paragraph, and who has exceeded age twenty-five upon employment as an EMT member, shall be exempt from participation in the improved twenty-five year retirement program if such person elects not to participate by filing a duly executed form with the retirement system within one hundred eighty days of becoming an EMT member. **Provided further, however, that a person who has opted to be exempt pursuant to this paragraph may become a participant in the twenty-five year retirement program if such person files a duly executed election form with the retirement system within one hundred eighty days after the effective date of the chapter of the laws of two thousand twenty-three that amended this paragraph, provided such person is an EMT member on the date such election is filed, and such person shall pay all additional member contributions required pursuant to subdivision e of this section from the date that such person became an EMT member to the date such person elects to become a participant in**

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

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the program together with interest computed in accordance with paragraph four of subdivision e of this section.

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend provisions of the Retirement and Social Security Law (RSSL) to allow eligible Tier 4 and Tier 6 EMT Members who opted out of the EMT 25-Year Plan pursuant to RSSL section 604-e another opportunity to rejoin such Plan by filing an application with the New York City Employee's Retirement System (NYCERS) within 180 days of the effective date.

Effective Date: Upon enactment.

BACKGROUND: Eligible EMT Members who were employed in such position on December 8, 2000 could elect to join the EMT 25-Year Plan by filing a timely application with NYCERS or could remain in their existing plan. New EMT Members were generally mandated into the EMT 25-Year Plan, however, members who exceeded age 25 upon employment as an EMT were eligible to opt out of participation in the Plan. Members who did not initially join, or opted out of, EMT 25-Year Plan participation remained, or became, applicable underlying basic plan members and are currently ineligible to join the EMT 25-Year Plan.

IMPACT ON PAYABILITY: The anticipated group of members expected to benefit from, and therefore expected to elect to join the EMT 25-Year Plan if the proposed legislation is enacted, are Tier 4 57/5 Plan members in employed in a physically taxing position. These members can begin collecting an unreduced pension at age 57 with at least five years of service, or as early as age 50 with 25 years of service. Electing the EMT 25-Year Plan would allow such members to begin collecting an unreduced pension with 25 years of service. Members in other plans are not expected to benefit from joining the EMT 25-Year Plan.

MEMBER CONTRIBUTIONS: Members of the EMT 25-Year Plan are required to make, in addition to the basic member contributions, additional member contributions (AMC) of 6.25% until the attainment of 30 years of credited service. Active members who join the EMT 25-Year Plan will be required to contribute any AMC, with interest, from the date that such person became an EMT member to the date such person elects to become a participant in the EMT 25-Year Plan. For purposes of this fiscal note, AMC balances, including physically taxing AMC, are assumed to offset the AMC payment required to join the EMT 25-Year Plan.

FINANCIAL IMPACT - PRESENT VALUES: Based on the anticipated group of members electing to join the EMT 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 $343,000.

This net increase is a result of an increase in the Present Value of Future Benefits (PVFB) of approximately $937,000 and an increase in the present value of member contributions of approximately $594,000 which includes the required retroactive AMCs.

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 $754,000 offset by a decrease in the present value of future employer Normal Cost of approximately $411,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $284,000.

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 five years and the increase in UAL was therefore amortized over a five-year period (four 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 are 22 EMT members assumed to elect the EMT 25-Year Plan as of June 30, 2022. All 22 are members of the Tier 4 57/5 Plan in a physically taxing position. The active members had an average age of approximately 49.4 years, average service of approximately 24.7 years, and an average salary of approximately $94,200.

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 EMT members was developed based on who is assumed to benefit actuarially by comparing the net present value of future employer costs of each member's benefit under their current plan and under the applicable EMT 25-Year 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 2023-48 dated May 12, 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.