STATE OF NEW YORK

7498

2023-2024 Regular Sessions

IN SENATE

June 1, 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 eligibility for participants in the automotive 25 year/age 50 pension plan with more than 30 years of credited service who remain in active service after age 62 to receive a service retirement benefit equivalent to the standard service retirement benefit received by Tier IV members with the same age and service

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

Section 1. Subdivision a of section 603 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

a. The service retirement benefit specified in section six hundred four of this article shall be payable to members who have met the minimum service requirements upon retirement and attainment of age sixty-two, other than members who are eligible for early service retirement pursuant to subdivision c of section six hundred four-b of this article, subdivision c of section six hundred four-c of this article, subdivision d of section six hundred four-d of this article, subdivision c of section six hundred four-e of this article, subdivision c of section six hundred four-f of this article, [~~subdivision c of section six hundred four-g of this article,~~] subdivision c of section six hundred four-h of this article or subdivision c of section six hundred four-i of this article, provided, however, a member of a teachers' retirement system or the New York state and local employees' retirement system who first joins such system before January first, two thousand ten or a member who is a uniformed court officer or peace officer employed by the unified court system who first becomes a member of the New York state and local employees' retirement system before April first, two thousand twelve may retire without reduction of his or her retirement benefit upon attain-

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

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ment of at least fifty-five years of age and completion of thirty or more years of service, provided, however, that a uniformed court officer or peace officer employed by the unified court system who first becomes a member of the New York state and local employees' retirement system on or after January first, two thousand ten and retires without reduction of his or her retirement benefit upon attainment of at least fifty-five years of age and completion of thirty or more years of service pursuant to this section shall be required to make the member contributions required by subdivision f of section six hundred thirteen of this article for all years of credited and creditable service, provided further that the [~~the~~] preceding provisions of this subdivision shall not apply to a New York city revised plan member.

§ 2. Subdivision a of section 603 of the retirement and social security law, as amended by section 3-a of chapter 19 of the laws of 2008, is amended to read as follows:

a. The service retirement benefit specified in section six hundred four of this article shall be payable to members who have met the minimum service requirements upon retirement and attainment of age sixty-two, other than members who are eligible for early service retirement pursuant to subdivision c of section six hundred four-b of this article, subdivision c of section six hundred four-c of this article, subdivision d of section six hundred four-d of this article, subdivision c of section six hundred four-e of this article, subdivision c of section six hundred four-f of this article, [~~subdivision c of section six hundred four-g of this article,~~] subdivision c of section six hundred four-h of this article or subdivision c of section six hundred four-i of this article provided, however, a member who is a peace officer employed by the unified court system or a member of a teachers' retirement system or the New York state and local employees' retirement system may retire without reduction of his or her retirement benefit upon attainment of at least fifty-five years of age and completion of thirty or more years of service.

§ 3. Paragraph 3 of subdivision b of section 604-g of the retirement and social security law, as added by chapter 414 of the laws of 2002, is amended to read as follows:

3. Any election to be a participant in the twenty-five year/age fifty retirement program shall be irrevocable**; provided that a participant who has more than thirty years of credited service and who has remained in active service after reaching sixty-two years of age may elect to receive a service retirement benefit calculated in accordance with subdivision b of section six hundred four of this article in lieu of a service retirement benefit calculated in accordance with subdivision c of this section**.

§ 4. This act shall take effect immediately; provided that the amendments to subdivision a of section 603 of the retirement and social security law made by section one of this act shall be subject to the expiration and reversion of such subdivision pursuant to subdivision (b) of section 13 of chapter 683 of the laws of 2003, as amended, when upon such date the provisions of section two of this act shall take effect.

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

SUMMARY OF BILL: This proposed legislation would amend Sections 603 and 604-g of the Retirement and Social Security Law (RSSL) to permit Tier 4 and Tier 6 members in the New York City Employees' Retirement System (NYCERS) and the New York City Board of Education Retirement System (BERS) Automotive 25-Year/Age 50 Plans (Auto 25-Year Plan) with

30 or more years of service to receive a service retirement benefit calculated under their respective basic plans, if greater.

Effective Date: Upon enactment.

IMPACT ON BENEFITS: Currently, Auto 25-Year Plan members who retire with 30 or more years of service receive a service retirement benefit that is equal to 60% of Final Average Salary (FAS).

Under the proposed legislation, the service retirement benefit for Auto 25-Year Plan members with 30 or more years of service would be calculated as the greater of the above, and:

* For Tier 4 members, 60% of FAS plus 1.5% of FAS for each year of service beyond 30 years.

* For Tier 6 members, 55% of FAS plus 2% of FAS for each year of service beyond 30 years.

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 employer contributions of approximately $26.4 million for NYCERS and approximately $0.1 million for BERS, for a total increase of approximately $26.5 million.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS and BERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately $16.7 million and an increase in the present value of future employer Normal Cost of approximately $9.8 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $2,855,000 for NYCERS and approximately $9,000 for BERS which is the result of an increase in the Normal Cost in addition to the UAL payment.

The initial increase in employer contributions is estimated to be $2,372,000 for New York City and $492,000 for the non-New York City obligors.

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 14 years for NYCERS and 11 years for BERS and the increase in UAL was therefore amortized over a 14-year period (13 payments under the One-Year Lag Methodology) for NYCERS and over an 11-year period (10 payments) for BERS 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 and BERS to determine the Preliminary Fiscal Year 2024 employer contributions.

The table below contains a summary of the census data for active Auto 25-Year Plan members in NYCERS and BERS as of June 30, 2022.

System	Active Count	Average Age	Average Service	Average Salary
NYCERS	1,718	45.7	9.6	$116,700
BERS	25	51.8	8.0	$98,800

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 and BERS.

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 valuations of NYCERS and BERS 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 2023-53 dated May 19, 2023 was prepared by the Chief Actuary for the New York City Employees' Retirement System and the Board of Education Retirement System of the City of New York. This estimate is intended for use only during the 2023 Legislative Session.