

STATE OF NEW YORK

8764--A

IN SENATE

March 8, 2024

Introduced by Sen. JACKSON -- 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

AN ACT to amend the retirement and social security law, in relation to eligibility for ordinary disability benefits and re-employment of disability retirees of the New York city police pension fund Tier III plans

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

1 Section 1. Section 506 of the retirement and social security law is
2 amended by adding a new subdivision a-1 to read as follows:

3 a-1. The provisions of subdivision a of this section shall not apply
4 to members of the New York city police pension fund. Medical examina-
5 tion of a police pension member in city-service for ordinary disability
6 shall be made upon the application of the police commissioner, or upon
7 the application of such member or of a person acting on such member's
8 behalf, stating that such member is physically or mentally incapacitated
9 for the performance of duty and ought to be retired. If such medical
10 examination shows that such member is physically or mentally incapacit-
11 ated for the performance of duty and ought to be retired, the medical
12 board shall so report and the board shall retire such member for ordi-
13 nary disability.

14 § 2. Subdivision d of section 507 of the retirement and social securi-
15 ty law, as added by chapter 890 of the laws of 1976, is amended to read
16 as follows:

17 d. If a member shall cease to be eligible for primary social security
18 benefits before attaining age sixty-five, or, if receipt of social secu-
19 rity benefits is not a condition for disability benefits hereunder,
20 shall engage in such employment or business activity as would render
21 such member ineligible for social security disability benefits (had [~~he~~
22 ~~or she~~] such member otherwise been eligible), benefits hereunder shall
23 cease. Provided, however, if such member is otherwise eligible, the
24 state civil service department or appropriate municipal commission shall

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

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1 place the name of such person, as a preferred eligible, on the appropri-
 2 ate eligible lists prepared by it for positions for which such person is
 3 stated to be qualified in a salary grade not exceeding that from which
 4 such person retired. In such event, disability benefits shall be contin-
 5 ued for such member until such member first shall be offered a position
 6 in public service at such salary grade. This subdivision shall not apply
 7 to members of the New York city police pension fund who shall be
 8 governed by section 13-254 of the administrative code of the city of New
 9 York.

10 § 3. This act shall take effect immediately and shall be deemed to
 11 have been in full force and effect on and after July 1, 2009.

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

SUMMARY: This proposed legislation modifies Ordinary Disability Retirement (ODR) eligibility, and provides an additional ODR benefit, for Tier 3 members of the New York City Police Pension Fund (POLICE) by removing the requirements of having at least five years of credited service and being eligible for primary Social Security disability benefits (SSDI).

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

Year	POLICE
2025	4.7
2026	5.5
2027	6.4
2028	7.5
2029	8.5
2030	9.6
2031	10.6
2032	11.4
2033	12.3
2034	13.1
2035	13.8
2036	14.6
2037	15.3
2038	16.0
2039	16.7
2040	17.4
2041	20.0
2042	20.7
2043	21.5
2044	22.3
2045	23.1
2046	23.9
2047	24.7
2048	25.6
2049	26.5

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.

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

Present Value (PV)	POLICE
PV of Benefits:	80.6
PV of Employee Contributions:	0.0
PV of Employer Contributions:	80.6
Unfunded Accrued Liabilities:	(17.5)

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	POLICE
Number of Payments:	16
Fiscal Year of Last Payment:	2040
Amortization Payment:	(1.9) 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

IMPACT ON MEMBER BENEFITS: Currently, active Tier 3 POLICE members are eligible for an ODR benefit if they are approved for SSDI benefits and have at least five years of credited service.

Under the proposed legislation, active or separated Tier 3 POLICE members who are determined to be disabled by the POLICE Medical Board would be eligible for an ODR benefit, irrespective of SSDI eligibility and credited service. The safeguards provisions associated with SSDI would be replaced with Tier 1 and Tier 2 safeguards.

The proposed ODR benefit would be equal to the greater of 1/3 of applicable Final Average Salary (FAS) or 2% of applicable FAS multiplied by credited service. This benefit would be subject to an offset, beginning at age 62, equal to 50% of the primary social security benefit as defined in Retirement and Social Security Law Section (RSSL) 511, if any, and would be subject to annual escalation pursuant to RSSL Section 510.

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.

* For purposes of this Fiscal Note, it has been assumed that 100% of members exiting for ODR under current ODR rates would be ineligible for SSDI.

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 does not quantify the potential cost for members who may qualify for ordinary disability benefits before enactment.

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 2024-33 dated March 21, 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.