STATE OF NEW YORK

9634

IN SENATE

May 16, 2024

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 removing eligibility or receipt of primary social security disability benefits as a condition for ordinary disability retirement for certain members

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

Section 1. Subdivision c-1 of section 506 of the retirement and social security law, as added by chapter 298 of the laws of 2016, is amended to read as follows:

c-1. Notwithstanding any inconsistent provision of subdivision a or b of this section, the ordinary disability benefit for a New York city enhanced plan member in active service who is not eligible for a normal retirement benefit, has completed five years or more of service, [~~and has been determined to be eligible for primary social security disability benefits~~] shall be a pension equal to the greater of (i) thirty-three and one-third percent of final average salary, or (ii) two percent of final average salary times years of credited service not in excess of the maximum years of service for computing service retirement, such benefit in each case to be reduced by one hundred percent of any workers' compensation benefits payable. **A benefit pursuant to the provisions of this subdivision shall not be conditioned upon eligibility for, or receipt of, primary social security disability benefits.**

§ 2. This act shall take effect immediately.

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

SUMMARY: This proposed legislation modifies Ordinary Disability Retirement (ODR) eligibility for Tier 3 members of POLICE and FIRE by removing the requirement of 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	FIRE	TOTAL

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

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2025	3.1	0.3	3.4
2026	3.4	0.3	3.7
2027	3.8	0.4	4.2
2028	4.3	0.4	4.7
2029	4.8	0.5	5.3
2030	5.3	0.5	5.8
2031	5.8	0.5	6.3
2032	6.2	0.6	6.8
2033	6.5	0.6	7.1
2034	6.9	0.7	7.6
2035	7.3	0.7	8.0
2036	7.6	0.8	8.4
2037	8.0	0.8	8.8
2038	8.4	0.9	9.3
2039	8.7	1.0	9.7
2040	9.1	1.0	10.1
2041	9.3	1.1	10.4
2042	9.7	1.1	10.8
2043	10.0	1.1	11.1
2044	10.4	1.2	11.6
2045	10.9	1.3	12.2
2046	11.3	1.3	12.6
2047	11.7	1.4	13.1
2048	12.1	1.4	13.5
2049	12.6	1.5	14.1

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	FIRE
PV of Benefits:	44.7	4.5
PV of Employee Contributions:	0.0	0.0
PV of Employer Contributions:	44.7	4.5
Unfunded Accrued Liabilities:	1.4	0.5

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	POLICE	FIRE
Number of Payments:	16	18
Fiscal Year of Last Payment:	2040	2042
Amortization Payment:	0.2 M	0.1 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	FIRE
Active Members - Number Count:	19,938	5,028

- Average Age:	32.7	33.5
- Average Service:	6.1	5.5
- Average Salary:	107,200	112,400

IMPACT ON ELIGIBILITY: Currently, active Tier 3 POLICE and FIRE enhanced plan members with at least five years of credited service are only eligible for an ODR benefit if they are approved for primary Social Security disability benefits (SSDI).

Under the proposed legislation, Tier 3 POLICE and FIRE enhanced plan members with at least five years of credited service would be eligible for an ODR benefit, irrespective of SSDI eligibility.

The formula for calculating Enhanced Plan ODR benefits would remain unchanged.

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.

* It is assumed that the Medical Board will be responsible for determining the eligibility for ODR benefits in place of the SSDI requirement.

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 2024-47 dated April 25, 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.