STATE OF NEW YORK

2028

2025-2026 Regular Sessions

IN SENATE

January 15, 2025

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 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:

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

a-1. The provisions of subdivision a of this section shall not apply to members of the New York city police pension fund. Medical examination of a police pension member in city-service for ordinary disability shall be made upon the application of the police commissioner, or upon the application of such member or of a person acting on such member's behalf, stating that such member is physically or mentally incapacitated for the performance of duty and ought to be retired. If such medical examination shows that such member is physically or mentally incapacitated for the performance of duty and ought to be retired, the medical board shall so report and the board shall retire such member for ordinary disability.

§ 2. Subdivision d of section 507 of the retirement and social security law, as added by chapter 890 of the laws of 1976, is amended to read as follows:

d. If a member shall cease to be eligible for primary social security benefits before attaining age sixty-five, or, if receipt of social security benefits is not a condition for disability benefits hereunder, shall engage in such employment or business activity as would render such member ineligible for social security disability benefits (had [~~he or she~~] **such member** otherwise been eligible), benefits hereunder shall cease. Provided, however, if such member is otherwise eligible, the

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

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state civil service department or appropriate municipal commission shall place the name of such person, as a preferred eligible, on the appropriate eligible lists prepared by it for positions for which such person is stated to be qualified in a salary grade not exceeding that from which such person retired. In such event, disability benefits shall be continued for such member until such member first shall be offered a position in public service at such salary grade. **This subdivision shall not apply to members of the New York city police pension fund who shall be governed by section 13-254 of the administrative code of the city of New York.**

§ 3. This act shall take effect immediately and shall be deemed to 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 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 IMPACT ON EMPLOYER CONTRIBUTIONS
($ in Millions)

Year	POLICE
2026	6.2
2027	7.3
2028	8.4
2029	9.5
2030	10.7
2031	11.8
2032	12.7
2033	13.6
2034	14.5
2035	15.4
2036	16.2
2037	17.0
2038	17.8
2039	18.6
2040	19.4
2041	20.2
2042	23.1
2043	24.0
2044	24.8
2045	25.8
2046	26.7
2047	27.6
2048	28.5
2049	29.5
2050	30.5

Projected contributions include future new hires that may be impacted. For Fiscal Year 2051 and beyond, the increase in normal cost for new entrants will remain level as a percent of pay for the impacted population (approximately 0.32%).

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

PRESENT VALUE OF BENEFITS: The Present Value of Benefits is the discounted expected value of benefits paid to current members if all assumptions are met, including future service accrual and pay increases. Future new hires are not included in this present value.

INITIAL INCREASE (DECREASE) IN ACTUARIAL PRESENT VALUES
as of June 30, 2024 ($ in Millions)

Present Value (PV)	POLICE
(1) PV of Employer Contributions:	103.5
(2) PV of Employee Contributions:	0.0
Total PV of Benefits:(1)+(2):	103.5

UNFUNDED ACCRUED LIABILITY (UAL): Actuarial Accrued Liabilities are the portion of the Present Value of Benefits allocated to past service. Changes in UAL were amortized over the expected remaining working lifetime of those impacted using level dollar payments.

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	POLICE
Increase (Decrease) in UAL:	(19.6)M
Number of Payments:	16
Amortization Payment:	(2.1)M

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2024. The census data for the impacted population is summarized below.

	POLICE
Active Members	
-Number Count:	21,782
-Average Age:	33.2
-Average Service:	6.5
-Average Salary:	116,200

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 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 reflect any chapter laws that may have been enacted during the current legislative session.

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 2025-01 dated January 13, 2025 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds and is intended for use only during the 2025 Legislative Session.