STATE OF NEW YORK

6640

2025-2026 Regular Sessions

IN SENATE

March 19, 2025

Introduced by Sens. GOUNARDES, ADDABBO, CLEARE, COMRIE, FERNANDEZ, JACKSON, LIU, MARTINEZ, MATTERA, PALUMBO, PARKER, RAMOS, RHOADS, SALAZAR, SCARCELLA-SPANTON, SKOUFIS, STAVISKY, WEBER, WEIK -- 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 death benefits for active New York city transit authority members

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

Section 1. Section 604-b of the retirement and social security law is amended by adding a new subdivision f to read as follows:

f. Death benefits. Notwithstanding any provision of law to the contrary, where a New York city transit authority member would have been entitled to a service retirement benefit at the time of their death but had not yet filed for such service retirement pursuant to subparagraph (iv) of paragraph one of subdivision c of this section, and where such death occurs on or after the effective date of this subdivision, the beneficiary or beneficiaries of such member may elect to receive, in a lump sum or on an annuitized basis, an amount payable which shall be equal to the pension reserve that would have been established had such member retired on the date of their death.

§ 2. Notwithstanding any other provision of law to the contrary, none of the provisions of this act shall be subject to section 25 of the retirement and social security law.

§ 3. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would provide an alternative death benefit for Transit Tier 4 and Tier 6 Special Plan members of the New York City Employees' Retirement System (NYCERS) who die on or after the effective date.

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

LBD09277-02-5

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

Year	NYCERS
2026	4.2
2027	4.2
2028	4.3
2029	4.3
2030	4.3
2031	4.3
2032	4.3
2033	4.3
2034	4.3
2035	4.3
2036	4.3
2037	4.3
2038	1.0
2039	1.0
2040	1.0
2041	1.0
2042	1.0
2043	1.1
2044	1.1
2045	1.1
2046	1.1
2047	1.1
2048	1.1
2049	1.1
2050	1.1

Projected contributions include future new hires that may be impacted. For Fiscal Year 2051 and beyond, the expected increase in normal cost as a level percent of pay for impacted new entrants is approximately 0.01%.

The increase in employer contributions will be allocated to the New York City Transit Authority.

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)	NYCERS
(1) PV of Employer Contributions:	34.3
(2) PV of Employee Contributions:	0.0
Total PV of Benefits (1) + (2):	34.3

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

	NYCERS
Increase (Decrease) in UAL:	25.2 M
Number of Payments:	12
Amortization Payment:	3.3 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.

	NYCERS
Active Members	
- Number Count:	37,476
- Average Age:	48.2
- Average Service:	11.4
- Average Salary:	93,100

IMPACT ON MEMBER BENEFITS: Currently, NYCERS Transit members are generally entitled to a lump sum ordinary death benefit equal to a multiple of salary plus the return of member accumulated contributions, if any. These death benefits are generally calculated as three times the final year's salary and may be subject to salary caps and other reductions.

Under the proposed legislation, the ordinary death benefit for Transit Tier 4 and Tier 6 Special Plan members who are eligible to receive a service retirement benefit would be the greater of their current death benefit or the value of the pension reserve that would have been established had they retired on the date of their death.

The pension reserve is the actuarial present value of all pension payments expected to be made had the member retired for service. This type of lump sum pension reserve death benefit is sometimes referred to as a Death Gamble, and is afforded, in a similar form, to Tier 1 NYCERS members.

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.

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 2025-27 dated March 6, 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.