# STATE OF NEW YORK

8122--A

2025-2026 Regular Sessions

# IN SENATE

May 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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the administrative code of the city of New York and the retirement and social security law, in relation to permitting certain New York city correction and sanitation members to borrow from their accumulated member contributions; and to repeal certain provisions of the retirement and social security law relating thereto

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

Section 1. Paragraph 8 of subdivision d of section 445-a of the retirement and social security law is REPEALED and paragraphs 9 and 10 are renumbered paragraphs 8 and 9.

§ 2. Paragraph 8 of subdivision d of section 445-b of the retirement and social security law is REPEALED and paragraphs 9 and 10 are renumbered paragraphs 8 and 9.

§ 3. Paragraph 12 of subdivision d of section 445-c of the retirement and social security law is REPEALED and paragraphs 13, 14 and 15 are renumbered paragraphs 12, 13 and 14.

§ 4. Paragraph 9 of subdivision e of section 504-a of the retirement and social security law is REPEALED.

§ 5. Paragraph 13 of subdivision e of section 504-b of the retirement and social security law is REPEALED.

§ 6. Paragraph 10 of subdivision e of section 504-d of the retirement and social security law is REPEALED.

§ 7. Paragraph 9 of subdivision e of section 604-a of the retirement and social security law is REPEALED.

§ 8. Subdivision a of section 13-140 of the administrative code of the city of New York, as amended by chapter 642 of the laws of 1985, is amended to read as follows:

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

LBD01270-03-5

a. Any member in city service who shall have been a member continuously at least three years, may borrow from the contingent reserve fund, subject to such rules and regulations as may be approved by such board, an amount not exceeding **the sum of (i)** seventy-five per centum of the amount in [~~his or her~~] **such member's** account in the annuity savings fund**, (ii) all additional contributions, together with interest thereon, made by such member pursuant to section four hundred forty-five-a of the retirement and social security law, (iii) all additional contributions, together with interest thereon, made by such member pursuant to section four hundred forty-five-b of the retirement and social security law, and (iv) all additional contributions, together with interest thereon, made by such member pursuant to section four hundred forty-five-c of the retirement and social security law**. The rate of interest payable on any loan made under this section shall be two per centum higher than the rate of regular interest creditable to the account of the member. The amount so borrowed, together with interest on any unpaid balance thereof shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid, but such installments shall be at least five per centum of the member's earnable compensation. All payments of principal and interest made by such member shall be credited to the contingent reserve fund.

§ 9. Paragraph 1 of subdivision b of section 517-c of the retirement and social security law, as amended by section 1 of part JJ of chapter 55 of the laws of 2023, is amended to read as follows:

1. A member of the New York state and local employees' retirement system, the New York state and local police and fire retirement system, the New York city employees' retirement system, the New York city board of education retirement system or the New York city police pension fund in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount not exceeding seventy-five percent of the total contributions made pursuant to section **five hundred four-a (including interest credited at the rate set forth in subparagraph (ii) of paragraph eight of subdivision e of such section five hundred four-a compounded annually), section five hundred four-b (including interest credited at the rate set forth in subparagraph (ii) of paragraph twelve of subdivision e of such section five hundred four-b compounded annually), section five hundred four-d (including interest credited at the rate set forth in subparagraph (ii) of paragraph nine of subdivision e of such section five hundred four-d compounded annually), or section** five hundred seventeen of this article (including interest credited at the rate set forth in subdivision c of such section five hundred seventeen compounded annually) and not less than one thousand dollars, provided, however, that the provisions of this section shall not apply to a New York city [~~uniformed correction/sanitation revised plan member or an~~] investigator revised plan member.

§ 10. Paragraph 1 of subdivision b of section 613-b of the retirement and social security law, as amended by chapter 303 of the laws of 2017, is amended to read as follows:

1. A member of the New York state and local employees' retirement system, the New York city employees' retirement system or the New York city board of education retirement system in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount not exceeding seventy-five percent of the total contributions made pursuant to section **six**

**hundred four-a (including interest credited at the rate set forth in subparagraph (ii) of paragraph eight of subdivision e of such section six hundred four-a compounded annually) or section** six hundred thirteen (including interest credited at the rate set forth in subdivision c of such section six hundred thirteen compounded annually) and not less than one thousand dollars.

§ 11. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would permit members of NYCERS Sanitation and Correction Officers 20-Year plans to take loans against their accumulated Additional Member Contributions (AMC) with interest, and permit members of the NYCERS Uniformed Sanitation and Uniformed Correction Officers 22-Year plans to take loans against their accumulated Basic Member Contributions (BMC) with interest.

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

| Year | NYCERS |
|---|---|
| 2026 | 9.0 |
| 2027 | 8.9 |
| 2028 | 8.8 |
| 2029 | 8.7 |
| 2030 | 8.5 |
| 2031 | 8.4 |
| 2032 | 8.4 |
| 2033 | 8.3 |
| 2034 | 8.2 |
| 2035 | 8.2 |
| 2036 | 8.1 |
| 2037 | 1.8 |
| 2038 | 1.8 |
| 2039 | 1.8 |
| 2040 | 1.7 |
| 2041 | 1.7 |
| 2042 | 1.7 |
| 2043 | 1.7 |
| 2044 | 1.7 |
| 2045 | 1.7 |
| 2046 | 1.7 |
| 2047 | 1.7 |
| 2048 | 1.8 |
| 2049 | 1.8 |
| 2050 | 1.8 |

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 0.04%. Potential costs related to lost investment earnings are not included above.

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) | NYCERS |
|---|---|
| (1) PV of Employer Contributions: | 64.2 |
| (2) PV of Employee Contributions: | 0.0 |
| Total PV of Benefits (1) + (2): | 64.2 |

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: | 45.7 M |
| Number of Payments: | 11 |
| Amortization Payment: | 6.3 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: | 13,728 |
| - Average Age: | 43.3 |
| - Average Service: | 11.8 |
| - Average Salary: | 118,600 |

IMPACT ON MEMBER BENEFITS: The proposed legislation would permit members of the Sanitation 20-Year Plan and Correction Officers 20-Year Plans to borrow up to 75% (100% for Tier 1 and Tier 2) of their AMC. The proposed legislation would also permit members of the Uniformed Sanitation Force 22-Year Plan and Uniformed Correction Force 22-Year Plan to borrow up to 75% of their BMC. For members of the Sanitation 20-Year Plan and Correction Officers 20-Year Plans, the loans on AMC would be in addition to currently permissible loans on BMC.

Employer contributions will increase if a member takes a loan and the assets earn more than the rate of interest charged for the loan, or if there is an outstanding loan balance at retirement.

Currently, member contributions are invested with other NYCERS assets which are expected to earn 7.0% per annum. When an active member borrows member contributions from NYCERS, the loan is repaid with interest at 6.0% per annum prior to retirement. The potential costs related to lost investment earnings are not included in the costs measured in this fiscal note.

In the event an outstanding loan balance exists at retirement, the balance of the unpaid loan is converted to an annuity based on the yield on 30-year U.S. Treasury securities and deducted from the annual retirement allowance otherwise payable. This conversion is made on an actuarial basis that is different than the basis used to determine employer contributions to NYCERS, and unpaid loans therefore result in costs to employers.

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.

* It has been assumed that the yield on 30-year U.S. Treasury securities would equal 3.5% per year, and that 25% of member balances (BMC and, if permissible, AMC) would be taken as loans at retirement.

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 2025-71 dated May 23, 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.