

STATE OF NEW YORK

6010--A

2019-2020 Regular Sessions

IN SENATE

May 16, 2019

Introduced by Sen. HOYLMAN -- 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 relating to granting retroactive eligibility to apply for enhanced Tier 3 status to former New York City police officer Mark Rivera

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

1 Section 1. Notwithstanding the provisions of any general or special
2 law, rule or regulation to the contrary, Mark Rivera who was previously
3 employed by the New York City police department as a police officer and
4 was a Tier 3 member of the Police Pension Fund at the time of his death
5 on March 21, 2015 shall be eligible to apply for membership in Enhanced
6 Tier 3, if within one year from the effective date of this act, Abigail
7 Rivera, the widow of Mark Rivera, shall file with the retirement system
8 an application for membership Enhanced Tier 3 of the Police Pension
9 Fund, and Abigail Rivera may also file for any retirement options or
10 death benefits that would have been available to Mark Rivera if he had
11 been a member of Enhanced Tier 3 on the date of his death. Any amounts
12 paid by the police pension fund to Mark Rivera, his estate or Abigail
13 Rivera prior to the filing of the application for benefits pursuant to
14 this act shall be deducted from the benefit payable thereafter.

15 § 2. All costs pursuant to this act shall be borne by the City of New
16 York.

17 § 3. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would permit Ms. Rivera, within one year of the effective date, to posthumously elect the Tier 3 Enhanced Plan on behalf of her deceased husband, and to apply for any benefits applicable to such Plan.

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

LBD03809-02-9

Effective Date: Upon enactment.

BACKGROUND: Mark Rivera died as a Tier 3 Revised member of the New York City Police Pension Fund (POLICE) on March 21, 2015. His surviving spouse, Ms. Rivera, received an ordinary death benefit equal to a lump sum benefit based on salary and member contributions according to the provisions of a Tier 3 revised member.

After his death, beginning in September 8, 2016, certain Tier 3 Revised members could elect to join the Tier 3 Enhanced Plan which, among other things, extended the statutory presumptions contained in the Heart Bill (General Municipal Law (GML) § 207-k) to Enhanced Plan members pursuant to Chapter 298 of the Laws of 2016. Tier 3 police officers became eligible to participate in the Enhanced Plan on April 10, 2017 pursuant to Part SSS of Chapter 59 of the Laws of 2017.

If this legislation is passed, Officer Rivera's death could potentially be deemed as a Line-of-Duty death under such presumption, entitling his spouse to receive an Accidental Death Benefit pursuant to Retirement and Social Security Law (RSSL) Section 509 and a Special Accidental Death Benefit (SADB) under GML Section 208-f, less any amount previously paid as an ordinary death benefit.

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposal has been calculated as of June 30, 2018 equal to (1) minus (2), where:

(1) is the sum of the Accidental Death and SADB benefits Officer Rivera's spouse would have received from March 21, 2015 through June 30, 2018 and the present value of the retirement benefits expected to be received by his spouse in the future if this proposed legislation were enacted, and

(2) is the value of the amount of ordinary death benefits already paid.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation, to the extent Ms. Rivera is awarded the Accidental Death and SADB benefits for her lifetime, would increase the Present Value of Future Benefits (PVFB) and the Unfunded Accrued Liability (UAL) of POLICE by approximately \$2.0 million as of June 30, 2018. This calculation does not reflect the offset for a Social Security death benefit, if any, payable to Ms. Rivera.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Administrative Code of the City of New York (ACCNYS) Section 13-638.2(k-2), new UAL attributable to benefit changes are to be amortized as determined by the Actuary but generally over the remaining working lifetime of those impacted by the benefit changes.

For purposes of this Fiscal Note, since Officer Rivera is deceased and therefore has no remaining working lifetime, the entire increase in UAL would be recognized immediately.

OTHER COSTS: Not measured in this Fiscal Note are the following:

* The initial, additional administrative costs of POLICE and other New York City agencies to implement the proposed legislation.

* The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the UAL and annual employer contributions would be reflected for the first time in the June 30, 2019 actuarial valuation of the POLICE. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would be reflected in Fiscal Year 2021.



CENSUS DATA: These estimates are based on data provided by POLICE which was not audited but was checked for reasonableness. Below is a summary of the data provided:

*Ordinary Death Benefit Lump Sum: \$167,000

*Accidental Death Annual Benefit (City): \$25,343

*SADB Annual Benefit (State): \$58,854

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the PVFB presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2018 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2020 employer contributions of POLICE.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions and methods used and are subject to change based on the realization of potential investment, demographic, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries, an Enrolled Actuary under the Employee Retirement Income and Security Act of 1974, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my 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 2019-26 dated May 30, 2019 was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2019 Legislative Session.

