|  |  |
| --- | --- |
|  | **The Council of the City of New York****Finance Division**Tanisha Edwards, CFO and Deputy Chief of staff to the speakerRichard lee, Finance Division Director**Fiscal Impact Statement****Preconsidered SLR:** S.5744 (Gounardes)  A.6156 (Pheffer Amato)**Committee:** State and Federal Legislation  |
| TITLE: An act to amend the retirement and social security law, in relation to participation in certain retirement plans by active and retired members and staff of the New York City Council | **Sponsor(S):** Abreau |

**Summary of Legislation:** The New York State Legislature created the NYCERS 55/25 plan in June of 1995, and required eligible NYCERS members to file an application within 90 days of enactment to opt into the plan. However, inadequate outreach in announcing the filing period led to a sizable number of non-filers at the City Council for these improved benefit.

This bill would redress this oversight by allowing members and staff at the City Council that held eligibility for the 55/25 program at the time of the filing period to retroactively join the 55/25 plan. Eligible members choosing to opt into the 55/25 plan would be required to make additional member contributions consistent with the initial plan enactment. Members and staff that did not join the 55/25 plan and retired after 25 years of service would have the opportunity to have their pension benefit recalculated and receive a retroactive rebate for the residual amount between their current pension benefit and what their benefit would have totaled in the 55/25 plan.

**Effective Date:** This bill would take effect 90 days after signed into law.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2024

**Fiscal Impact Statement:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Effective FY24** | **FY Succeeding Effective FY25** | **Full Fiscal Impact FY24** |
| **Revenues** | $0 | $0 | $0 |
| **Expenditures** | $167,000 | $167,000 | $167,000 |
| **Net** | $167,000 | $167,000 | $167,000 |

**Impact on Revenues:** It is anticipated that there would be no impact on revenues as a result of this legislation.

**Impact on Expenditures:** It is estimated that passage of this legislation would increase the Present Value of Future Employer Contributions by $536,000 annually, the result of a $1.6 million increase in the Present Value of Future Benefits offset by a $1.1 million increase in the Present Value of Member Contributions. The corresponding $536,000 increase in the Unfunded Accrued Liability would get recognized over six years, requiring an additional $1.027 million in City pension contributions through Fiscal 2028.[[1]](#footnote-1)

**Source of Funds To Cover Estimated Costs:** General Fund

**Source of Information:** New York City Council Finance Division

 Fiscal Note 2023-10, Chief Actuary New York City Employees’ Retirement

 System

**Estimate Prepared By:** Andrew Wilber, Principal Economist

**Estimate Reviewed By**: Emre Edev, Deputy Director

Kathleen Ahn, Finance Division Counsel

Jonathan Rosenberg, Managing Deputy Director

**Legislative History:** This bill will be considered by the Committee on State and Federal Legislation as a Preconsidered SLR on May 25, 2023. Upon successful vote by the Committee, the Preconsidered SLR will be introduced and submitted to the full Council for a vote on May 25, 2023.

**Date Prepared:** May 22, 2023

1. This net UAL reflects a gross UAL of $886,000 offset by a $348,000 decrease in the Present Value in Future Employer Normal Cost attributable to additional employee contributions required by the 55/25 Plan. [↑](#footnote-ref-1)