

Office of the New York State Comptroller
Thomas P. DiNapoli



New York State and Local Retirement System
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Colleen C. Gardner, Executive Deputy Comptroller

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April 27, 2021

Mr. Mario Cilento:
President
NYS AFL-CIO
100 South Swan Street
Albany, New York 12210

Dear Mr. Cilento:

Thank you for your recent letter to Comptroller DiNapoli asking for an estimate of the costs that the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) have already incurred for members who participated in the rescue, recovery, or cleanup operations resulting from the September 11, 2001 attack on the World Trade Center (WTC). You also requested a projection of future costs. Comptroller DiNapoli has asked that I respond to you on his behalf.

As you know, ERS and PFRS are two public retirement systems under the umbrella of the New York State and Local Retirement System (NYSLRS). The analysis below represents the estimated additional pension costs to NYSLRS attributable to WTC accidental disability retirements and WTC accidental deaths as of March 31, 2021.

Our Actuary calculated the total estimated present value of increased costs to NYSLRS due to untimely deaths and disabilities related to the WTC as follows:

- 1) Approximately \$180 million in higher costs for 9/11 death benefits, over what NYSLRS would have spent for regular pension costs.
- 2) Approximately \$60 million in increased costs for 9/11 disabilities.
- 3) Approximately \$5 million in increased costs for cost of living adjustments (COLAs) that have been signed into law that impacted 1 and 2.

Total \approx \$245 million as of March 31, 2021.

This estimate reflects the additional pension costs over and above what NYSLRS would have normally spent for the impacted members had the WTC disaster never occurred. In addition to the cost of benefits, NYSLRS has incurred increased administrative and legal costs to implement the provisions of WTC legislation.

NYSLRS is unable to estimate the projected future costs of benefits related to the WTC. The cost of the benefits varies based on the member's salary, plan, age and years of service. NYSLRS cannot predict how many members or beneficiaries will apply and be approved for WTC benefits in the future.

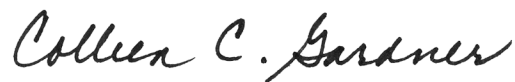
As of March 31, 2021, NYSLRS has approved a total of 5,021 Notices of Participation in the World Trade Center Rescue, Recovery and Clean Up submitted to us by NYSLRS members; there are 1,205 ERS member notices approved and 3,816 PFRS notices approved. NYSLRS members who participated in the rescue, recovery and cleanup of the WTC must by law file this Notice on or before September 11, 2022 to protect their rights, and the rights of their beneficiaries to apply for special WTC disability pension and death benefits in the future. However, the filing of a Notice may not result in a claim for WTC benefits.

Payment for the cost of the WTC disability pension and death benefits depends on the provisions of the applicable law under the New York State Retirement and Social Security Law (RSSL). Some of the laws require the costs to be borne by the State of New York. Other costs are shared by the State of New York and the participating employers of NYSLRS. For WTC benefits where costs are shared by all employers, the increase in liabilities are not directly funded. Rather, employers' annual bills would increase to finance the (unfunded) liability, and the cost would be spread over future billing cycles. In addition, the annual bill of each participating employer would increase by an amount approximated by NYSLRS' Actuary to cover the increased costs and would be calculated as a percentage of the employer's reported salary for ERS and PFRS members.

NYSLRS has not received any FEMA grants to cover the additional costs already incurred or future costs of providing WTC pension and death benefits.

Please let me know if you have any further questions.

Sincerely,

A handwritten signature in cursive script that reads "Colleen C. Gardner".

Colleen C. Gardner
Executive Deputy Comptroller

CCG/dd