

STATE OF NEW YORK

4235

2021-2022 Regular Sessions

IN SENATE

February 3, 2021

Introduced by Sen. GOUNARDES -- 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 calculating certain pensions

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

1 Section 1. Subdivision a of section 504 of the retirement and social
2 security law, as amended by chapter 18 of the laws of 2012, is amended
3 to read as follows:

4 a. The service retirement benefit for general members at normal
5 retirement age with twenty or more years of credited service shall be a
6 pension equal to one-fiftieth of final average salary times years of
7 credited service, not in excess of thirty years, less fifty percent of
8 the primary social security retirement benefit as provided in section
9 five hundred eleven of this article. The service retirement benefit for
10 general members at normal retirement age with twenty or more years of
11 service who first become members of the New York state and local employ-
12 ees' retirement system on or after April first, two thousand twelve at
13 normal retirement age shall be a pension equal to the sum of [~~thirty-~~
14 ~~five~~] **forty** per centum and one-fiftieth of final average salary for each
15 year of service in excess of twenty, but not in excess of thirty, times
16 final average salary times years of credited service.

17 § 2. Subdivision b-1 of section 604 of the retirement and social secu-
18 rity law, as added by chapter 18 of the laws of 2012, is amended to read
19 as follows:

20 b-1. Notwithstanding any other provision of law to the contrary, the
21 service retirement benefit for members with twenty or more years of
22 credit service who first become a member of a public retirement system
23 of the state on or after April first, two thousand twelve at age sixty-
24 three shall be a pension equal to the sum of [~~thirty-five~~] **forty** per
25 centum and one-fiftieth of final average salary for each year of service

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

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1 in excess of twenty times final average salary times years of credited
2 service. In no event shall any retirement benefit payable without
3 optional modification be less than the actuarially equivalent annuitized
4 value of the member's contributions accumulated with interest at five
5 percent per annum compounded annually to the date of retirement.

6 § 3. Subdivision d of section 516 of the retirement and social securi-
7 ty law, as amended by chapter 18 of the laws of 2012, is amended to read
8 as follows:

9 d. The deferred vested benefit of general members in the uniformed
10 correction force of the New York city department of correction, who are
11 not entitled to a deferred vested benefit under subdivision d of section
12 five hundred four-a of this article or under subdivision d of section
13 five hundred four-b of this article or under subdivision d of section
14 five hundred four-d of this article, or of general members in the
15 uniformed personnel in institutions under the jurisdiction of the
16 department of corrections and community supervision, as defined in
17 subdivision i of section eighty-nine of this chapter, with twenty or
18 more years of credited service shall be a pension commencing at normal
19 retirement age equal to one-fiftieth of final average salary times years
20 of credited service, not in excess of thirty years, or for members who
21 first become members of the New York state and local employees' retire-
22 ment system on or after April first, two thousand twelve, a pension
23 equal to the sum of [~~thirty-five~~ **forty**] per centum and one-fiftieth of
24 final average salary for each year of service in excess of twenty, but
25 not in excess of thirty, times final average salary times years of cred-
26 ited service. The deferred vested benefit of general members in the
27 uniformed correction force of the New York city department of
28 correction, who are not entitled to a deferred vested benefit under
29 subdivision d of section five hundred four-a of this article or under
30 subdivision d of section five hundred four-b of this article or under
31 subdivision d of section five hundred four-d of this article, or of
32 general members in the uniformed personnel in institutions under juris-
33 diction of the department of corrections and community supervision, as
34 defined in subdivision i of section eighty-nine of this chapter, with
35 less than twenty years of credited service shall be a pension commencing
36 at normal retirement age equal to one-sixtieth of final average salary
37 times years of credited service. Such deferred vested benefit may be
38 paid in the form of an early service retirement benefit, or may be post-
39 poned until after normal retirement age, in which event the benefit will
40 be subject to reduction or escalation as provided in subdivision c of
41 section five hundred four of this article.

42 § 4. Section 1312 of the retirement and social security law, as added
43 by chapter 18 of the laws of 2012, is amended to read as follows:

44 § 1312. Benefit enhancements. Notwithstanding any other law to the
45 contrary, eligible employees shall be permitted to retire, without
46 penalty, upon reaching age fifty-seven and completing at least thirty
47 years of credited service. Employees retiring pursuant to this section
48 shall receive a pension allowance equal to the sum of [~~thirty-five~~ **forty**]
49 **forty** per centum and one-fiftieth of final average salary for each year
50 of service in excess of twenty times final average salary times years of
51 credited service.

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

55 § 6. This act shall take effect immediately.

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

This bill will change the benefit fraction for a Tier 6 member for service greater than 20 years to 40% of FAS plus 2% per year of service greater than 20. Currently the benefit for service greater than 20 years is 35% of FAS plus 2% per year of service greater than 20.

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), if this legislation is enacted during the 2021 legislative session, we anticipate that there will be an increase in the annual contributions of the State of New York and all participating employers in the NYSLERS approximately 0.8% of the compensation of each affected Tier 6 member.

In addition to the annual contributions discussed above, there will be a past service cost of approximately \$291 million which would be shared by the State of New York and all of the participating employers in the NYSLERS. The estimated first year cost would be approximately \$14.3 million to the State of New York and approximately \$20.6 million to the participating employers in the NYSLERS.

Summary of relevant resources:

Membership data as of March 31, 2020 was used in measuring the impact of the proposed change, the same data used in the April 1, 2020 actuarial valuation. Distributions and other statistics can be found in the 2020 Report of the Actuary and the 2020 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2020 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated January 13, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-20, prepared by the Actuary for the New York State and Local Retirement System.