

STATE OF NEW YORK

6060--A

2021-2022 Regular Sessions

IN SENATE

April 1, 2021

Introduced by Sen. GOUNARDES -- 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 retirement and social security law, the education law and the administrative code of the city of New York, in relation to providing cost-of-living adjustments

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

Section 1. Subdivision f of section 78-a of the retirement and social security law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

Year of retirement	Percentage
1968 through 1996	50%
1966 and 1967	55%
1965	60%
1964	65%
1963	70%
1962	80%
1961	90%

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

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1 prior to 1961 100%
 2 Said adjusted benefit shall be computed on a base benefit amount not to
 3 exceed eighteen thousand dollars of the retirement allowance otherwise
 4 payable, computed without optional modification. Any benefit received
 5 pursuant to this subdivision shall be in lieu of any benefit received
 6 pursuant to section seventy-eight of this title.

7 Commencing September first, two thousand twenty-one, all retired
 8 members who have retired prior to the calendar year nineteen hundred
 9 ninety-seven and who meet the eligibility criteria set forth in subdivi-
 10 sion a of this section shall be paid an adjusted benefit in monthly
 11 installments on the basis provided for in this subdivision. Said
 12 adjusted benefit shall be equal to a percentage of the change in consum-
 13 er price index (all urban consumers, CPI-U, U.S. city average, all
 14 items, 1982-84=100), published by the United States bureau of labor
 15 statistics, measured from the year of retirement through calendar year
 16 nineteen hundred ninety-seven according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1973 through 1996</u>	<u>50%</u>
<u>1971 and 1972</u>	<u>55%</u>
<u>1970</u>	<u>60%</u>
<u>1969</u>	<u>65%</u>
<u>1968</u>	<u>70%</u>
<u>1967</u>	<u>80%</u>
<u>1966</u>	<u>90%</u>
<u>prior to 1966</u>	<u>100%</u>

26 Said adjusted benefit commencing September first, two thousand twenty-
 27 one, shall be computed on the base benefit amount of the retirement
 28 allowance otherwise payable, computed without optional modification, set
 29 forth herein above. Any benefit received pursuant to this subdivision
 30 shall be in lieu of any benefit received pursuant to section seventy-
 31 eight of this title.

32 § 2. Subdivision f of section 378-a of the retirement and social secu-
 33 rity law, as added by chapter 125 of the laws of 2000, is amended to
 34 read as follows:

35 f. Commencing September first, two thousand, all retired members who
 36 have retired prior to the calendar year nineteen hundred ninety-seven
 37 and who meet the eligibility criteria set forth in subdivision a of this
 38 section shall be paid an adjusted benefit in monthly installments on the
 39 basis provided for in this subdivision. Said adjusted benefit shall be
 40 equal to a percentage of the change in consumer price index (all urban
 41 consumers, CPI-U, U.S. city average, all items, 1982-84=100), published
 42 by the United States bureau of labor statistics, measured from the year
 43 of retirement through calendar year nineteen hundred ninety-seven
 44 according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1968 through 1996</u>	<u>50%</u>
<u>1966 and 1967</u>	<u>55%</u>
<u>1965</u>	<u>60%</u>
<u>1964</u>	<u>65%</u>
<u>1963</u>	<u>70%</u>
<u>1962</u>	<u>80%</u>
<u>1961</u>	<u>90%</u>
<u>prior to 1961</u>	<u>100%</u>

Said adjusted benefit shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the retirement allowance otherwise payable, computed without optional modification. Any benefit received pursuant to this subdivision shall be in lieu of any benefit received pursuant to section three hundred seventy-eight of this title.

Commencing September first, two thousand twenty-one, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1973 through 1996</u>	<u>50%</u>
<u>1971 and 1972</u>	<u>55%</u>
<u>1970</u>	<u>60%</u>
<u>1969</u>	<u>65%</u>
<u>1968</u>	<u>70%</u>
<u>1967</u>	<u>80%</u>
<u>1966</u>	<u>90%</u>
<u>prior to 1966</u>	<u>100%</u>

Said adjusted benefit commencing September first, two thousand twenty-one, shall be computed on the base benefit amount of the retirement allowance otherwise payable, computed without optional modification, set forth herein above. Any benefit received pursuant to this subdivision shall be in lieu of any benefit received pursuant to section three hundred seventy-eight of this title.

§ 3. Subdivision f of section 532-a of the education law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1968 through 1996</u>	<u>50%</u>
<u>1966 and 1967</u>	<u>55%</u>
<u>1965</u>	<u>60%</u>
<u>1964</u>	<u>65%</u>
<u>1963</u>	<u>70%</u>
<u>1962</u>	<u>80%</u>
<u>1961</u>	<u>90%</u>
<u>prior to 1961</u>	<u>100%</u>

Said adjusted benefit shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the retirement allowance otherwise payable, computed without optional modification excluding any annuity derived from voluntary contributions made by members, except those made

pursuant to elections under subdivision one of section five hundred eleven-a or paragraph c of subdivision three of section five hundred sixteen of this article. Any benefits received pursuant to this subdivision shall be in lieu of any benefits received pursuant to section five hundred thirty-two of this article, unless such benefits are in excess of those provided by this section, in which case such benefits shall be paid by the retirement system pursuant to such provision.

Commencing September first, two thousand twenty-one, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1973 through 1996</u>	<u>50%</u>
<u>1971 and 1972</u>	<u>55%</u>
<u>1970</u>	<u>60%</u>
<u>1969</u>	<u>65%</u>
<u>1968</u>	<u>70%</u>
<u>1967</u>	<u>80%</u>
<u>1966</u>	<u>90%</u>
<u>prior to 1966</u>	<u>100%</u>

Said adjusted benefit, commencing September first, two thousand twenty-one, shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the retirement allowance otherwise payable, computed without optional modification, set forth herein above. Any benefit received pursuant to this subdivision shall be in lieu of any benefit received pursuant to section five hundred thirty-two of this article, unless such benefits are in excess of those provided by this section, in which case such benefits shall be paid by the retirement system pursuant to such provision.

§ 4. Subdivision f of section 13-696 of the administrative code of the city of New York, as added by chapter 125 of the laws of 2000, is amended to read as follows:

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1968 through 1996</u>	<u>50%</u>
<u>1966 and 1967</u>	<u>55%</u>
<u>1965</u>	<u>60%</u>
<u>1964</u>	<u>65%</u>
<u>1963</u>	<u>70%</u>
<u>1962</u>	<u>80%</u>

1 1961 90%
 2 prior to 1961 100%
 3 Said adjusted benefit shall be computed on a base benefit amount not to
 4 exceed eighteen thousand dollars of the annual fixed retirement allow-
 5 ance otherwise payable, computed without optional modification. Any
 6 benefit received pursuant to this subdivision shall be in lieu of any
 7 benefit received pursuant to chapter three hundred ninety of the laws of
 8 nineteen hundred ninety-eight, and any preceding provision of law
 9 providing for supplementation.

10 Commencing September first, two thousand twenty-one, all retired
 11 members who have retired prior to the calendar year nineteen hundred
 12 ninety-seven and who meet the eligibility criteria set forth in subdivi-
 13 sion a of this section shall be paid an adjusted benefit in monthly
 14 installments on the basis provided for in this subdivision. Said
 15 adjusted benefit shall be equal to a percentage of the change in consum-
 16 er price index (all urban consumers, CPI-U, U.S. city average, all
 17 items, 1982-84=100), published by the United States bureau of labor
 18 statistics, measured from the year of retirement through calendar year
 19 nineteen hundred ninety-seven according to the following schedule:

<u>Year of retirement</u>	<u>Percentage</u>
<u>1973 through 1996</u>	<u>50%</u>
<u>1971 and 1972</u>	<u>55%</u>
<u>1970</u>	<u>60%</u>
<u>1969</u>	<u>65%</u>
<u>1968</u>	<u>70%</u>
<u>1967</u>	<u>80%</u>
<u>1966</u>	<u>90%</u>
<u>prior to 1966</u>	<u>100%</u>

29 Said adjusted benefit, commencing September first, two thousand twenty-
 30 one, shall be computed on the base benefit amount of the retirement
 31 allowance otherwise payable, computed without optional modification, set
 32 forth herein above. Any benefit received pursuant to this subdivision
 33 shall be in lieu of any benefit received pursuant to section 13-695 of
 34 this article.

35 § 5. This act shall take effect immediately.

This bill would provide an increase in the defined benefit cost-of-living adjustment (COLA) for New York public retirement systems. Starting with a payment in September 2021, additional payments will be made for those members who retired after 1960 and prior to 1973.

Insofar as this bill affects the New York State and Local Employees' Retirement System, pursuant to Section 25 of the Retirement and Social Security Law, the increased costs would be borne entirely by the State of New York and would require an itemized appropriation sufficient to pay the cost of the provision. If this bill were enacted, the increase in the present value of benefits would be approximately \$124,000.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (PFRS), the increased costs would be shared by the State of New York and the participating employers in the PFRS. If this bill were enacted, the increase in the present value of benefits would be approximately \$584,000. The estimated first year cost would be approximately \$12,000 to the State of New York and approximately \$52,000 to the participating employers in the PFRS.

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 April 1, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-109, prepared by the Actuary for the New York State and Local Retirement System.

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

In as much as this bill would impact members and employers of the New York State Teachers' Retirement System (NYSTRS), this bill (legislative bill draft 10513-01-1) would amend subdivision f of Section 532-a of the Education Law to provide an increase in supplementation for retired members who meet the eligibility requirements set forth in subdivision a of Section 532-a and who retired during the calendar years 1961 through 1972, inclusive. Benefit increases are based on the first \$18,000 of the maximum annual benefit without optional modification and would be effective in September of 2021.

The annual cost to the employers of members of the New York State Teachers' Retirement System is estimated to be negligible if this bill is enacted.

Member data is from the System's most recent actuarial valuation files, consisting of data provided by the employers to the Retirement System. Data distributions and statistics can be found in the System's Annual Report. System assets and GASB disclosures are reported in the System's financial statements, and can also be found in the System's Annual Report. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2021-36 dated May 5, 2021 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2021 Legislative Session. I, Richard A. Young, am the Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.