

STATE OF NEW YORK

7925--A

2025-2026 Regular Sessions

IN ASSEMBLY

April 15, 2025

Introduced by M. of A. BAILEY, BRABENEC, SIMPSON, BUTTENSCHON, BENDETT, CHLUDZINSKI, MAHER, BEEPHAN, BOLOGNA -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to providing state correction officers with a special optional twenty year retirement plan

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

1 Section 1. The retirement and social security law is amended by adding
2 a new article 14-C to read as follows:

ARTICLE 14-C

OPTIONAL RETIREMENT PLAN FOR STATE CORRECTION OFFICERS

Section 561. Definitions.

6 562. Optional twenty year retirement plan for certain state
7 correction officers.

8 563. Additional pension benefit for members of optional twenty
9 year retirement plan.

10 564. Consistent provisions.

§ 561. Definitions. For purposes of this article:

11 (a) "Member" shall mean a person who is employed as a state correction
12 officer or other state employee who is engaged directly in correction
13 officer duties.

14 (b) "Retirement system" shall mean the New York state and local
15 employees' retirement system.

16 (c) "Creditable service" shall include any and all services performed
17 as a state correction officer. Credit for service as a member or officer
18 of the state police or as a paid firefighter, police officer or officer
19 of any organized fire department or police force or department of any
20 of any organized fire department or police force or department of any

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

LBD01334-05-6

1 county, city, village, town, fire district or police district, shall
2 also be deemed to be creditable service and shall be included in comput-
3 ing years of total service for retirement pursuant to this section,
4 provided such service was performed by the member while contributing to
5 the retirement system pursuant to the provisions of this article or
6 article eight of this chapter.

7 § 562. Optional twenty year retirement plan for certain state
8 correction officers. (a) Any member of the retirement system may elect
9 to become a member pursuant to the provisions of this section within one
10 year after the effective date of this article or within one year after
11 such person becomes a member.

12 (b) Elections made pursuant to this section shall be in writing and
13 shall be duly acknowledged and filed with the comptroller. Any member
14 who files such an election pursuant to this section may withdraw it
15 after it has been filed for at least a year. Such withdrawal shall be by
16 written notice duly acknowledged and filed with the comptroller.

17 (c) A member participating on the basis of this section at the time of
18 retirement shall be entitled to retire after the completion of twenty
19 years of total creditable service or upon the attainment of age sixty-
20 two, by filing an application therefor in a manner similar to that
21 provided in this chapter.

22 (i) Upon completion of twenty years of such service and upon retire-
23 ment, each such member shall receive a pension sufficient to provide a
24 retirement allowance equal to one-fortieth of the final average salary
25 for each year of total creditable service for which such member is
26 otherwise entitled but not exceeding in the aggregate one-half of their
27 final average salary.

28 (ii) Upon attainment of age sixty-two and upon retirement without
29 completion of twenty years of such service, each such member shall
30 receive a pension sufficient to provide a retirement allowance equal to
31 one-fortieth of the final average salary for each year of creditable
32 service. Every such member shall also be entitled to an additional
33 pension equal to the pension for any other creditable service rendered
34 as otherwise provided for in this chapter. This latter pension shall
35 not increase the total allowance to more than one-half of their final
36 average salary.

37 (d) The increased pensions to such members, as provided by this
38 section, shall be paid from additional contributions made by the state
39 on account of such members. The actuary of the retirement system shall
40 compute the additional contribution required for each member who elects
41 to receive the special benefits provided under this section. Such addi-
42 tional contributions shall be computed on the basis of contributions
43 during the prospective service of such member which will cover the
44 liability of the retirement system for such extra pensions. Upon
45 approval of the comptroller, such additional contributions shall be
46 certified by them. The amount thereof shall be included in the annual
47 appropriation of the state. Such amount shall be paid on the warrant of
48 the comptroller to the pension accumulation fund of the retirement
49 system.

50 (e) In computing the twenty years of completed service of a member,
51 full credit shall be given for military service as defined in subdivi-
52 sions twenty-nine-a and thirty of section three hundred two of this
53 chapter.

54 (f) Every member participating on the basis of this section shall be
55 separated from the service on the last day of the calendar month next
56 succeeding the calendar month in which such member attains age sixty-

1 two, provided, however, that such a member who attained the age of
2 sixty-two before the effective date of this article, to be eligible for
3 a pension computed in accordance with the provisions of this section,
4 shall be separated from the service within three months of such effec-
5 tive date.

6 (g) The provisions of this section shall be controlling notwithstand-
7 ing any other provision of this article to the contrary.

8 (h) The benefits provided by this section shall be payable to a
9 member, unless at the date of retirement such member would otherwise be
10 entitled to a greater benefit under other provisions of this chapter had
11 such member withdrawn from this section, in which event such greater
12 benefits shall be payable.

13 § 563. Additional pension benefit for members of optional twenty year
14 retirement plan. (a) A participating employer may elect to make contrib-
15 utions for the purpose of providing an additional pension pursuant to
16 this section for members who are entitled to a pension pursuant to
17 section five hundred sixty-two of this article. Every member employed
18 by the state may elect to be covered by the provisions of this section
19 by filing with the comptroller, a duly executed and acknowledged form
20 prepared by the comptroller for that purpose.

21 (b) Upon retirement, each such member shall receive, for each year of
22 service in excess of twenty, an additional pension which shall be equal
23 to one-sixtieth of the final average salary; provided, however, that the
24 total allowance payable pursuant to this section shall not exceed three-
25 quarters of such member's final average salary.

26 § 564. Consistent provisions. Nothing contained in this article shall
27 be construed to otherwise affect the applicability of article eleven,
28 fourteen or fifteen of this chapter. Any other provisions of this chap-
29 ter relating to mandatory contribution to the retirement system based
30 upon a member's date of membership in such system shall not be deemed to
31 be affected by the provisions of this article, and any member who on the
32 effective date of this article is not required to contribute shall not
33 be required to make any contributions as a result of this section. For
34 those members required to contribute to the retirement system, such
35 contribution shall be treated in the same manner as specified for such
36 members in article fourteen or fifteen of this chapter.

37 § 2. This act shall take effect immediately.

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

This bill would add article 14-C to the retirement and social security law, providing New York state correction officers and other state employees engaged directly in correction officer duties, the option to retire with twenty years of service credit. The benefit would be one-half of final average salary (FAS). The State may elect to provide an additional one-sixtieth of FAS for each year of service credit beyond 20 years, not to exceed three-fourths (75%) of FAS. Any member electing to become covered under this new plan is expected to lose eligibility for the performance of duty disability benefit under section 507-b.

Internal Revenue Service (IRS) plan qualification risk: Granting service credit in a 20-year plan to state employees with correction officer duties, other than correction officers, jeopardizes the Retirement System's governmental plan status and its exemption from the Employees Retirement Income Security Act (ERISA). This would result in the loss of critical tax benefits and would substantially impair the System's value to over 1.25 million participants.

Prior to the enactment of this legislation, we recommend that a favorable ruling be obtained from the IRS stating that these provisions would

not harm the qualification status of the Retirement System. It is estimated that the costs to obtain such a ruling would be \$50,000 for the services of the IRS, and \$1,000 per hour for legal consultants.

We estimate that the state of New York's annual contributions will increase \$45 million for the 20-year plan and an additional \$16 million to award additional sixtieths beginning FYE 2027. Annual costs will vary but are expected to average 3.8% and 5.0% of salary, respectively.

In addition, there will be an immediate past service cost of \$828 million for the 20-year plan and an additional \$524 million to award additional sixtieths. All costs will be borne by the state of New York as a one-time payment. This cost assumes that payment will be made on March 1, 2027.

These estimated costs are based on 14,529 affected members employed by the State of New York, with annual salary of approximately \$1.6 billion as of March 31, 2025.

Summary of relevant resources:

Membership data as of March 31, 2025 was used to measure the impact of the bill, the same data used in the Actuarial Valuations dated April 1, 2025. Distributions and other statistics can be found in the 2025 Report of the Actuary and the 2025 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2025 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control. The fair value of assets and GASB disclosures can be found in the 2025 Financial Statements and Supplementary Information.

Assumptions, demographics, and other considerations may have been modified to better reflect specific provisions of any proposed benefit change(s).

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

This estimate, dated February 23, 2026, and intended for use only during the 2026 Legislative Session, is Fiscal Note Number 2026-57. As Chief Actuary of the New York State and Local Retirement System (NYSLRS), I, Aaron Schottin Young, hereby certify that this analysis complies with applicable Actuarial Standards of Practice as well as the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member. I am a member of NYSLRS but do not believe it impairs my objectivity.