

STATE OF NEW YORK

7004

2025-2026 Regular Sessions

IN SENATE

March 28, 2025

Introduced by Sens. HELMING, ASHBY, GALLIVAN, MURRAY, WALCZYK -- 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 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.

11 § 561. Definitions. For purposes of this article:

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

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

17 (c) "Creditable service" shall include any and all services performed
18 as a state correction officer. Credit for service as a member or officer
19 of the state police or as a paid firefighter, police officer or officer
20 of any organized fire department or police force or department of any
21 county, city, village, town, fire district or police district, shall
22 also be deemed to be creditable service and shall be included in comput-
23 ing years of total service for retirement pursuant to this section.

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

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1 provided such service was performed by the member while contributing to
2 the retirement system pursuant to the provisions of this article or
3 article eight of this chapter.

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

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

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

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

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

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

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

51 (f) Every member participating on the basis of this section shall be
52 separated from the service on the last day of the calendar month next
53 succeeding the calendar month in which such member attains age sixty-
54 two, provided, however, that such a member who attained the age of
55 sixty-two before the effective date of this article, to be eligible for
56 a pension computed in accordance with the provisions of this section,

1 shall be separated from the service within three months of such effec-
2 tive date.

3 (g) The provisions of this section shall be controlling notwithstanding
4 any other provision of this article to the contrary.

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

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

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

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

34 § 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, creating optional twenty-year plans covering, upon their election, any New York State correction officers or other State employees engaged directly in correction officer duties. The retirement benefit will be equal to fifty percent of final average salary (FAS) after twenty years of service. The State may further elect to provide for additional sixtieths for service in excess of twenty years. Any member who elects to become covered under this new Article 14-C is expected to lose their Section 507-b performance of duty (POD) disability benefit.

All service rendered as a State correction officer, a member or officer of the State Police, a paid firefighter, a police officer, or an officer of any organized fire department or police force will be creditable. The retirement benefit is not to exceed seventy-five percent of FAS.

If this bill is enacted during the 2025 Legislative Session, we anticipate that there will be an increase in the annual contributions of the State of New York of approximately \$61 million for the twenty-year plan and an additional \$18 million (for \$79 million total) to provide additional 60ths for the fiscal year ending March 31, 2026. In future years these costs will vary but are expected to average 3.2% and 4.1% of salary annually, respectively.

In addition to the annual contributions discussed above, there will be an immediate past service cost of approximately \$756 million for the twenty-year plan and an additional \$534 million (for \$1.29 billion total) to provide additional sixtieths. The cost will be borne by the State of New York as a one-time payment. This estimate assumes that payment will be made on March 1, 2026.

These estimated costs are based on 15,926 affected members employed by the State of New York, with annual salary of approximately \$1.5 billion as of March 31, 2024.

Internal Revenue Service (IRS) plan qualification issues: granting State employees engaged directly in correction officer duties, other than State correction officers, service credit towards retirement in a twenty-year plan could jeopardize the governmental plan status of the Retirement System (the System) and its exemption from the Employees Retirement Income Security Act (ERISA). This development could result in the loss of qualified status, which would mean the loss of tax benefits. This result would substantially impair the System's value to our more than one 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 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.

Summary of relevant resources:

Membership data as of March 31, 2024 was used in measuring the impact of the proposed change, the same data used in the April 1, 2024 actuarial valuation. Distributions and other statistics can be found in the 2024 Report of the Actuary and the 2024 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2024 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, 2024 New York State and Local Retirement System Financial Statements and Supplementary Information.

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 March 26, 2025, and intended for use only during the 2025 Legislative Session, is Fiscal Note No. 2025-21. As Chief Actuary of the New York State and Local Retirement System, 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.