S T A T E O F N E W Y O R K

6282

I N S E N A T E

(PREFILED)

January 6, 2016

Introduced by Sen. RITCHIE -- 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, 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 c 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:

c. Said cost-of-living adjustment shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the annual retirement allowance defined in subdivision b of this section. EFFECTIVE ON THE FIRST DAY OF SEPTEMBER, TWO THOUSAND SIXTEEN, SAID COST-OF-LIVING ADJUSTMENT SHALL BE COMPUTED ON A BASE BENEFIT AMOUNT NOT TO EXCEED TWENTY-FIVE THOUSAND DOLLARS OF THE ANNUAL RETIREMENT ALLOWANCE DEFINED IN SUBDIVISION B OF THIS SECTION.

S 2. Subdivision c of section 378-a of the retirement and social security law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

c. Said cost-of-living adjustment shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the annual retirement allowance defined in subdivision b of this section. EFFECTIVE ON THE FIRST DAY OF SEPTEMBER, TWO THOUSAND SIXTEEN, SAID COST-OF-LIVING ADJUSTMENT SHALL BE COMPUTED ON A BASE BENEFIT AMOUNT NOT TO EXCEED TWENTY-FIVE THOUSAND DOLLARS OF THE ANNUAL RETIREMENT ALLOWANCE DEFINED IN SUBDIVISION B OF THIS SECTION.

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

c. Said cost-of-living adjustment shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the annual retirement allowance defined in subdivision b of this section. EFFECTIVE ON THE FIRST DAY OF SEPTEMBER, TWO THOUSAND SIXTEEN, SAID COST-OF-LIVING

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

LBD11017-02-5

ADJUSTMENT SHALL BE COMPUTED ON A BASE BENEFIT AMOUNT NOT TO EXCEED TWENTY-FIVE THOUSAND DOLLARS OF THE ANNUAL RETIREMENT ALLOWANCE DEFINED IN SUBDIVISION B OF THIS SECTION.

S 4. Subdivision c 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:

c. Said cost-of-living adjustment shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the annual fixed retirement allowance defined in subdivision b of this section. EFFECTIVE ON THE FIRST DAY OF SEPTEMBER, TWO THOUSAND SIXTEEN, SAID COST-OF-LIVING ADJUSTMENT SHALL BE COMPUTED ON A BASE BENEFIT AMOUNT NOT TO EXCEED TWENTY-FIVE THOUSAND DOLLARS OF THE ANNUAL RETIREMENT ALLOWANCE DEFINED IN SUBDIVISION B OF THIS SECTION.

S 5. This act shall take effect immediately.

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

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 2016 the annual cost of living adjustment will be computed on a base benefit amount not to exceed $25,000.

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 $2.14 billion.

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 $309 million. The estimated first year cost would be approximately $6.73 million to the State of New York and approximately $30.3 million to the participating employers in the PFRS.

Summary of relevant resources:

The membership data used in measuring the impact of the proposed change was the same as that used in the March 31, 2015 actuarial valuation. Distributions and other statistics can be found in the 2015 Report of the Actuary and the 2015 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015 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, 2015 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 estimate, dated December 4, 2015 and intended for use only during the 2016 Legislative Session, is Fiscal Note No. 2016-13, prepared by the Actuary for the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System.