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

6868

2015-2016 Regular Sessions

I N A S S E M B L Y

April 8, 2015

Introduced by M. of A. ABBATE -- (at request of the New York State Teachers' Retirement System) -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to eligible investments in foreign equity securities by public retirement systems of the state

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 8 of section 177 of the retirement and social security law, as amended by chapter 594 of the laws of 1993, is amended to read as follows:

8. The trustees of a fund shall have the power to invest the moneys thereof in foreign equity securities provided that (a) any such equity security is registered on a national securities exchange, as provided in an act of congress of the United States, entitled the "Securities Exchange Act of 1934", approved June sixth, nineteen hundred thirty-four, as amended, or otherwise registered pursuant to said act and, if such equity security is so otherwise registered, price quotations therefor are furnished through a nationwide automated quotation system approved by the National Association of Securities Dealers, Inc. or is registered on a foreign exchange organized and regulated pursuant to the laws of the jurisdiction of such exchange and (b) the [corporation] ISSUER OF SUCH EQUITY SECURITY has averaged at least one billion dollars in annual sales for the three consecutive years preceding the year in which the investment is made or has market capitalization of at least one billion dollars at the time the investment is made. Investments in such foreign equities shall be included together with a fund's investments in other equity securities for purposes of the percentage limitations set forth in [the foregoing subdivisions] SUBDIVISION TWO of this section, and not more than [ten] TWELVE AND A HALF per centum of the

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

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assets of any fund shall be invested in the aggregate in such foreign equities PURSUANT TO THIS SUBDIVISION.

S 2. This act shall take effect immediately.

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

This bill would amend subdivision 8 of Section 177 of the Retirement and Social Security Law to increase to 12.5% the percentage of assets which may be invested by the New York State Teachers' Retirement System in foreign equity securities. The current limit is 10%.

If this bill is enacted, any cost or savings to the employers of members of the New York State Teachers' Retirement System would depend on the investment performance of any assets that are invested in foreign equity securities due to this change in the investment restrictions. Additional investment income results in lower required employer contributions, and vice-versa.

Employee 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 Comprehensive Annual Financial Report (CAFR). System assets are as reported in the System's financial statements, and can also be found in the CAFR. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2015-4 dated December 30, 2014, prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2015 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.