

7834

2015-2016 Regular Sessions

I N A S S E M B L Y

May 28, 2015

Introduced by M. of A. DenDEKKER, GOLDFEDER -- read once and referred to
the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to
the definition of wages earned from multiple employers and of plan
year for the New York city retirement systems

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

1 Section 1. Subdivision 1 of section 601 of the retirement and social
2 security law, as amended by chapter 18 of the laws of 2012, is amended
3 to read as follows:
4 1. "Wages" shall mean regular compensation earned by and paid to a
5 member by a public employer, except that for members who first join the
6 New York state and local employees' retirement system or the New York
7 state teachers' retirement system on or after January first, two thou-
8 sand ten, overtime compensation paid in any year in excess of the over-
9 time ceiling, as defined by this subdivision, shall not be included in
10 the definition of wages. "Overtime compensation" shall mean, for
11 purposes of this section, compensation paid under any law or policy
12 under which employees are paid at a rate greater than their standard
13 rate for additional hours worked beyond those required, including
14 compensation paid under section one hundred thirty-four of the civil
15 service law and section ninety of the general municipal law. The "over-
16 time ceiling" shall mean fifteen thousand dollars per annum on January
17 first, two thousand ten, and shall be increased by three per cent each
18 year thereafter, provided, however, that for members who first become
19 members of a public retirement system of the state on or after April
20 first, two thousand twelve, "overtime ceiling" shall mean fifteen thou-
21 sand dollars per annum on April first, two thousand twelve, and shall be
22 increased each year thereafter by a percentage to be determined annually
23 by reference to the consumer price index (all urban consumers, CPI-U,
24 U.S. city average, all items, 1982-84=100), published by the United

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

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1 States bureau of labor statistics, for each applicable calendar year.
2 Said percentage shall equal the annual inflation as determined from the
3 increase in the consumer price index in the one year period ending on
4 the December thirty-first prior to the cost-of-living adjustment effective on the ensuing April first. For members who first join a public
5 retirement system of the state on or after April first, two thousand
6 twelve, the following items shall not be included in the definition of
7 wages: 1. wages in excess of the annual salary paid to the governor
8 pursuant to section three of article four of the state constitution, 2.
9 lump sum payments for deferred compensation, sick leave, accumulated
10 vacation or other credits for time not worked, 3. any form of termination pay, 4. any additional compensation paid in anticipation of
11 retirement, and 5. in the case of employees who receive wages from three
12 or more employers in a twelve month period, the wages paid by the third
13 and each [successive] ADDITIONAL employer.

14 S 2. Paragraphs 1 and 2 of subdivision a of section 613 of the retirement and social security law, as amended by chapter 18 of the laws of
15 2012, are amended to read as follows:

16 1. Except as provided by paragraph two of this subdivision, members
17 shall contribute three percent of annual wages to the retirement system
18 in which they have membership, except that beginning April first, two
19 thousand thirteen for members who first become members of a public
20 retirement system of the state on or after April first, two thousand
21 twelve, the rate at which each such member shall contribute in any
22 current plan year (April first to March thirty-first, EXCEPT FOR MEMBERS
23 OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM, NEW YORK CITY TEACHERS' RETIREMENT SYSTEM AND NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM, PLAN YEAR SHALL MEAN JANUARY FIRST THROUGH DECEMBER THIRTY-FIRST COMMENCING WITH THE JANUARY FIRST NEXT SUCCEEDING THE EFFECTIVE DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND FIFTEEN THAT AMENDED THIS PARAGRAPH) shall be determined by reference to the wages of such member in
24 the second plan year (April first to March thirty-first, EXCEPT FOR
25 MEMBERS OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM, NEW YORK CITY
26 TEACHERS' RETIREMENT SYSTEM AND NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM, PLAN YEAR SHALL MEAN JANUARY FIRST THROUGH DECEMBER THIRTY-FIRST COMMENCING WITH THE JANUARY FIRST NEXT SUCCEEDING THE EFFECTIVE
27 DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND FIFTEEN THAT AMENDED
28 THIS PARAGRAPH) preceding such current plan year as follows:

29 (i) members with wages of forty-five thousand dollars per annum or
30 less shall contribute three per centum of annual wages;

31 (ii) members with wages greater than forty-five thousand per annum,
32 but not more than fifty-five thousand per annum shall contribute three
33 and one-half per centum of annual wages;

34 (iii) members with wages greater than fifty-five thousand per annum,
35 but not more than seventy-five thousand per annum shall contribute four
36 and one-half per centum of annual wages;

37 (iv) members with wages greater than seventy-five thousand per annum
38 but not more than one hundred thousand per annum shall contribute five
39 and three-quarters per centum of annual wages; and

40 (v) members with wages greater than one hundred thousand per annum
41 shall contribute six per centum of annual wages.

42 Notwithstanding the foregoing, during each of the first three plan
43 years (April first to March thirty-first, EXCEPT FOR MEMBERS OF NEW YORK
44 CITY EMPLOYEES' RETIREMENT SYSTEM, NEW YORK CITY TEACHERS' RETIREMENT
45 SYSTEM AND NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM, PLAN YEAR
46 SHALL MEAN JANUARY FIRST THROUGH DECEMBER THIRTY-FIRST COMMENCING WITH

1 THE JANUARY FIRST NEXT SUCCEEDING THE EFFECTIVE DATE OF THE CHAPTER OF
2 THE LAWS OF TWO THOUSAND FIFTEEN THAT AMENDED THIS PARAGRAPH) in which
3 such member has established membership in a public retirement system of
4 the state, such member shall contribute a percentage of annual wages in
5 accordance with the preceding schedule based upon a projection of annual
6 wages provided by the employer.

7 The head of each retirement system shall promulgate such regulations
8 as may be necessary and appropriate with respect to the deduction of
9 such contribution from members' wages and for the maintenance of any
10 special fund or funds with respect to amounts so contributed.

11 2. A member of the New York city employees' retirement system who is
12 eligible to be a participant in the twenty-five-year and age fifty-five
13 retirement program, as defined by paragraph five of subdivision a of
14 section six hundred four-b of this article shall contribute two percent
15 of annual wages to such system effective on the starting date of the
16 elimination of additional member contributions, as defined in an
17 election made pursuant to paragraph ten of subdivision e of section six
18 hundred four-b of this article, except that beginning April first, two
19 thousand thirteen for members who first become members of the New York
20 city employees' retirement system on or after April first, two thousand
21 twelve, the rate at which each such member shall contribute in any
22 current plan year (April first to March thirty-first, PROVIDED, HOWEVER,
23 THAT PLAN YEAR SHALL MEAN JANUARY FIRST THROUGH DECEMBER THIRTY-FIRST
24 COMMENCING WITH THE JANUARY FIRST NEXT SUCCEEDING THE EFFECTIVE DATE OF
25 THE CHAPTER OF THE LAWS OF TWO THOUSAND FIFTEEN THAT AMENDED THIS PARA-
26 GRAPH) shall be determined by reference to the wages of such member in
27 the second plan year (April first to March thirty-first, PROVIDED,
28 HOWEVER, THAT PLAN YEAR SHALL MEAN JANUARY FIRST THROUGH DECEMBER THIR-
29 TY-FIRST COMMENCING WITH THE JANUARY FIRST NEXT SUCCEEDING THE EFFECTIVE
30 DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND FIFTEEN THAT AMENDED
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33 less shall contribute three per centum of annual wages;

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37 (iii) members with wages greater than fifty-five thousand per annum,
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39 and one-half per centum of annual wages;

40 (iv) members with wages greater than seventy-five thousand per annum
41 but not more than one hundred thousand per annum shall contribute five
42 and three-quarters per centum of annual wages; and

43 (v) members with wages greater than one hundred thousand per annum
44 shall contribute six per centum of annual wages.

45 Notwithstanding the foregoing, during each of the first three plan
46 years (April first to March thirty-first, PROVIDED, HOWEVER, THAT PLAN
47 YEAR SHALL MEAN JANUARY FIRST THROUGH DECEMBER THIRTY-FIRST COMMENCING
48 WITH THE JANUARY FIRST NEXT SUCCEEDING THE EFFECTIVE DATE OF THE CHAPTER
49 OF THE LAWS OF TWO THOUSAND FIFTEEN THAT AMENDED THIS PARAGRAPH) in
50 which such member has established membership in the New York city
51 employees' retirement system, such member shall contribute a percentage
52 of annual wages in accordance with the preceding schedule based upon a
53 projection of annual wages provided by the employer.

54 S 3. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Retirement and Social Security Law ("RSSL") Section 601 to clarify that the wages excluded for the purpose of calculating the Final Average Salary for Tier VI members due to multiple employers only applies to salaries earned concurrently.

This proposed legislation would also amend, for the New York City Employees' Retirement System ("NYCERS"), the New York City Teachers' Retirement System ("NYCTRS") and the New York City Board of Education Retirement System ("NYCBERS"), RSSL Section 613, for the purpose of calculating wages used to determine contribution rates for Tier VI members, by changing the definition of Plan Year from the period April 1 to March 31 to the Calendar Year (i.e. January 1 to December 31).

The Effective Date of the proposed legislation would be the date of enactment with the Plan Year period change effective as of the following January 1.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUE OF BENEFITS, EMPLOYER NORMAL COST, ACTUARIAL ACCRUED LIABILITY AND EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation is expected to result in a de minimis change in the Actuarial Present Value of Benefits, Employer Normal Cost, Actuarial Accrued Liability and employer contributions to NYCERS, NYCTRS and NYCBERS.

FINANCIAL IMPACT - ADMINISTRATIVE EXPENSES: The enactment of this legislation is expected to result in the more efficient and less costly administration of NYCERS, NYCTRS and NYCBERS.

STATEMENT OF ACTUARIAL OPINION: I, Robert C. North, Jr., am the Acting Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This estimate is intended for use only during the 2015 Legislative Session. It is Fiscal Note 2015-01, dated January 20, 2015, prepared by the Acting Chief Actuary for the New York City Retirement Systems.