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

4342

2015-2016 Regular Sessions

I N  S E N A T E

March 16, 2015

Introduced by Sen. GOLDEN -- 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 f 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:

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

| Year of retirement | Percentage |
|---|---|
| 1968 through 1996 | 50% |
| 1966 and 1967 | 55% |
| 1965 | 60% |
| 1964 | 65% |
| 1963 | 70% |
| 1962 | 80% |
| 1961 | 90% |
| prior to 1961 | 100% |

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

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Said adjusted benefit shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the retirement allowance otherwise payable, computed without optional modification. Any benefit received pursuant to this subdivision shall be in lieu of any benefit received pursuant to section seventy-eight of this title.

COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, ALL RETIRED MEMBERS WHO HAVE RETIRED PRIOR TO THE CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN AND WHO MEET THE ELIGIBILITY CRITERIA SET FORTH IN SUBDIVISION A OF THIS SECTION SHALL BE PAID AN ADJUSTED BENEFIT IN MONTHLY INSTALLMENTS ON THE BASIS PROVIDED FOR IN THIS SUBDIVISION. SAID ADJUSTED BENEFIT SHALL BE EQUAL TO A PERCENTAGE OF THE CHANGE IN CONSUMER PRICE INDEX (ALL URBAN CONSUMERS, CPI-U, U.S. CITY AVERAGE, ALL ITEMS, 1982-84=100), PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS, MEASURED FROM THE YEAR OF RETIREMENT THROUGH CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN ACCORDING TO THE FOLLOWING SCHEDULE:

| YEAR OF RETIREMENT | PERCENTAGE |
|---|---|
| 1973 THROUGH 1996 | 50% |
| 1971 AND 1972 | 55% |
| 1970 | 60% |
| 1969 | 65% |
| 1968 | 70% |
| 1967 | 80% |
| 1966 | 90% |
| PRIOR TO 1966 | 100% |

SAID ADJUSTED BENEFIT COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, SHALL BE COMPUTED ON THE BASE BENEFIT AMOUNT OF THE RETIREMENT ALLOWANCE OTHERWISE PAYABLE, COMPUTED WITHOUT OPTIONAL MODIFICATION, SET FORTH HEREIN ABOVE. ANY BENEFIT RECEIVED PURSUANT TO THIS SUBDIVISION SHALL BE IN LIEU OF ANY BENEFIT RECEIVED PURSUANT TO SECTION SEVENTY-EIGHT OF THIS TITLE.

S 2. Subdivision f 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:

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

| Year of retirement | Percentage |
|---|---|
| 1968 through 1996 | 50% |
| 1966 and 1967 | 55% |
| 1965 | 60% |
| 1964 | 65% |
| 1963 | 70% |
| 1962 | 80% |
| 1961 | 90% |
| prior to 1961 | 100% |

Said adjusted benefit shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the retirement allowance otherwise

payable, computed without optional modification. Any benefit received pursuant to this subdivision shall be in lieu of any benefit received pursuant to section three hundred seventy-eight of this title.

COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, ALL RETIRED MEMBERS WHO HAVE RETIRED PRIOR TO THE CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN AND WHO MEET THE ELIGIBILITY CRITERIA SET FORTH IN SUBDIVISION A OF THIS SECTION SHALL BE PAID AN ADJUSTED BENEFIT IN MONTHLY INSTALLMENTS ON THE BASIS PROVIDED FOR IN THIS SUBDIVISION. SAID ADJUSTED BENEFIT SHALL BE EQUAL TO A PERCENTAGE OF THE CHANGE IN CONSUMER PRICE INDEX (ALL URBAN CONSUMERS, CPI-U, U.S. CITY AVERAGE, ALL ITEMS, 1982-84=100), PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS, MEASURED FROM THE YEAR OF RETIREMENT THROUGH CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN ACCORDING TO THE FOLLOWING SCHEDULE:

| YEAR OF RETIREMENT | PERCENTAGE |
|---|---|
| 1973 THROUGH 1996 | 50% |
| 1971 AND 1972 | 55% |
| 1970 | 60% |
| 1969 | 65% |
| 1968 | 70% |
| 1967 | 80% |
| 1966 | 90% |
| PRIOR TO 1966 | 100% |

SAID ADJUSTED BENEFIT COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, SHALL BE COMPUTED ON THE BASE BENEFIT AMOUNT OF THE RETIREMENT ALLOWANCE OTHERWISE PAYABLE, COMPUTED WITHOUT OPTIONAL MODIFICATION, SET FORTH HEREIN ABOVE. ANY BENEFIT RECEIVED PURSUANT TO THIS SUBDIVISION SHALL BE IN LIEU OF ANY BENEFIT RECEIVED PURSUANT TO SECTION THREE HUNDRED SEVENTY-EIGHT OF THIS TITLE.

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

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

| Year of retirement | Percentage |
|---|---|
| 1968 through 1996 | 50% |
| 1966 and 1967 | 55% |
| 1965 | 60% |
| 1964 | 65% |
| 1963 | 70% |
| 1962 | 80% |
| 1961 | 90% |
| prior to 1961 | 100% |

Said adjusted benefit shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the retirement allowance otherwise payable, computed without optional modification excluding any annuity derived from voluntary contributions made by members, except those made pursuant to elections under subdivision one of section five hundred eleven-a or paragraph c of subdivision three of section five hundred

sixteen of this article. Any benefits received pursuant to this subdivision shall be in lieu of any benefits received pursuant to section five hundred thirty-two of this article, unless such benefits are in excess of those provided by this section, in which case such benefits shall be paid by the retirement system pursuant to such provision.

COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, ALL RETIRED MEMBERS WHO HAVE RETIRED PRIOR TO THE CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN AND WHO MEET THE ELIGIBILITY CRITERIA SET FORTH IN SUBDIVISION A OF THIS SECTION SHALL BE PAID AN ADJUSTED BENEFIT IN MONTHLY INSTALLMENTS ON THE BASIS PROVIDED FOR IN THIS SUBDIVISION. SAID ADJUSTED BENEFIT SHALL BE EQUAL TO A PERCENTAGE OF THE CHANGE IN CONSUMER PRICE INDEX (ALL URBAN CONSUMERS, CPI-U, U.S. CITY AVERAGE, ALL ITEMS, 1982-84=100), PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS, MEASURED FROM THE YEAR OF RETIREMENT THROUGH CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN ACCORDING TO THE FOLLOWING SCHEDULE:

| YEAR OF RETIREMENT | PERCENTAGE |
|---|---|
| 1973 THROUGH 1996 | 50% |
| 1971 AND 1972 | 55% |
| 1970 | 60% |
| 1969 | 65% |
| 1968 | 70% |
| 1967 | 80% |
| 1966 | 90% |
| PRIOR TO 1966 | 100% |

SAID ADJUSTED BENEFIT, COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, SHALL BE COMPUTED ON THE BASE BENEFIT AMOUNT OF THE RETIREMENT ALLOWANCE OTHERWISE PAYABLE, COMPUTED WITHOUT OPTIONAL MODIFICATION, SET FORTH HEREIN ABOVE. ANY BENEFIT RECEIVED PURSUANT TO THIS SUBDIVISION SHALL BE IN LIEU OF ANY BENEFIT RECEIVED PURSUANT TO SECTION FIVE HUNDRED THIRTY-TWO OF THIS ARTICLE.

S 4. Subdivision f 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:

f. Commencing September first, two thousand, all retired members who have retired prior to the calendar year nineteen hundred ninety-seven and who meet the eligibility criteria set forth in subdivision a of this section shall be paid an adjusted benefit in monthly installments on the basis provided for in this subdivision. Said adjusted benefit shall be equal to a percentage of the change in consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, measured from the year of retirement through calendar year nineteen hundred ninety-seven according to the following schedule:

| Year of retirement | Percentage |
|---|---|
| 1968 through 1996 | 50% |
| 1966 and 1967 | 55% |
| 1965 | 60% |
| 1964 | 65% |
| 1963 | 70% |
| 1962 | 80% |
| 1961 | 90% |
| prior to 1961 | 100% |

Said adjusted benefit shall be computed on a base benefit amount not to exceed eighteen thousand dollars of the annual fixed retirement allowance otherwise payable, computed without optional modification. Any

benefit received pursuant to this subdivision shall be in lieu of any benefit received pursuant to chapter three hundred ninety of the laws of nineteen hundred ninety-eight, and any preceding provision of law providing for supplementation.

COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, ALL RETIRED MEMBERS WHO HAVE RETIRED PRIOR TO THE CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN AND WHO MEET THE ELIGIBILITY CRITERIA SET FORTH IN SUBDIVISION A OF THIS SECTION SHALL BE PAID AN ADJUSTED BENEFIT IN MONTHLY INSTALLMENTS ON THE BASIS PROVIDED FOR IN THIS SUBDIVISION. SAID ADJUSTED BENEFIT SHALL BE EQUAL TO A PERCENTAGE OF THE CHANGE IN CONSUMER PRICE INDEX (ALL URBAN CONSUMERS, CPI-U, U.S. CITY AVERAGE, ALL ITEMS, 1982-84=100), PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS, MEASURED FROM THE YEAR OF RETIREMENT THROUGH CALENDAR YEAR NINETEEN HUNDRED NINETY-SEVEN ACCORDING TO THE FOLLOWING SCHEDULE:

| YEAR OF RETIREMENT | PERCENTAGE |
|---|---|
| 1973 THROUGH 1996 | 50% |
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| 1967 | 80% |
| 1966 | 90% |
| PRIOR TO 1966 | 100% |

SAID ADJUSTED BENEFIT, COMMENCING SEPTEMBER FIRST, TWO THOUSAND FIFTEEN, SHALL BE COMPUTED ON THE BASE BENEFIT AMOUNT OF THE RETIREMENT ALLOWANCE OTHERWISE PAYABLE, COMPUTED WITHOUT OPTIONAL MODIFICATION, SET FORTH HEREIN ABOVE. ANY BENEFIT RECEIVED PURSUANT TO THIS SUBDIVISION SHALL BE IN LIEU OF ANY BENEFIT RECEIVED PURSUANT TO SECTION 13-695 OF THIS ARTICLE.

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 2015, additional payments will be made for those members who retired after 1960 and prior to 1973.

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 provisions. If this bill were enacted, the increase in the present value of benefits would be approximately $1.57 million.

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 $2.42 million. The estimated first year cost would be approximately $51,600 to the State of New York and approximately $238,000 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, 2014 actuarial valuation. Distributions and other statistics can be found in the 2014 Report of the Actuary and the 2014 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2010, 2011, 2012, 2013 and 2014 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, 2014 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 February 12, 2015 and intended for use only during the 2015 Legislative Session, is Fiscal Note No. 2015-63, 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.