

STATE OF NEW YORK

3306--B

2017-2018 Regular Sessions

IN SENATE

January 20, 2017

Introduced by Sens. RITCHIE, AKSHAR, AVELLA, BAILEY, HOYLMAN -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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:

1 Section 1. Subdivision c of section 78-a of the retirement and social
2 security law, as added by chapter 125 of the laws of 2000, is amended to
3 read as follows:

4 c. Said cost-of-living adjustment shall be computed on a base benefit
5 amount not to exceed eighteen thousand dollars of the annual retirement
6 allowance defined in subdivision b of this section. Effective on the
7 first day of September, two thousand nineteen, said cost-of-living
8 adjustment shall be computed on a base benefit amount not to exceed
9 twenty-one thousand dollars of the annual retirement allowance defined
10 in subdivision b of this section.

11 § 2. Subdivision c of section 378-a of the retirement and social secu-
12 rity law, as added by chapter 125 of the laws of 2000, is amended to
13 read as follows:

14 c. Said cost-of-living adjustment shall be computed on a base benefit
15 amount not to exceed eighteen thousand dollars of the annual retirement
16 allowance defined in subdivision b of this section. Effective on the
17 first day of September, two thousand nineteen, said cost-of-living
18 adjustment shall be computed on a base benefit amount not to exceed

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

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1 twenty-one thousand dollars of the annual retirement allowance defined
2 in subdivision b of this section.

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

5 c. Said cost-of-living adjustment shall be computed on a base benefit
6 amount not to exceed eighteen thousand dollars of the annual retirement
7 allowance defined in subdivision b of this section. Effective on the
8 first day of September, two thousand nineteen, said cost-of-living
9 adjustment shall be computed on a base benefit amount not to exceed
10 twenty-one thousand dollars of the annual retirement allowance defined
11 in subdivision b of this section.

12 § 4. Subdivision c of section 13-696 of the administrative code of the
13 city of New York, as added by chapter 125 of the laws of 2000, is
14 amended to read as follows:

15 c. Said cost-of-living adjustment shall be computed on a base benefit
16 amount not to exceed eighteen thousand dollars of the annual fixed
17 retirement allowance defined in subdivision b of this section. Effec-
18 tive on the first day of September, two thousand nineteen, said cost-of-
19 living adjustment shall be computed on a base benefit amount not to
20 exceed twenty-one thousand dollars of the annual retirement allowance
21 defined in subdivision b of this section.

22 § 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 2019 the annual cost of living adjustment will be computed on a base benefit amount not to exceed \$21,000.

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 \$1.03 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 \$141 million. The estimated first year cost would be approximately \$3.3 million to the State of New York and approximately \$13.6 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, 2017 actuarial valuation. Distributions and other statistics can be found in the 2017 Report of the Actuary and the 2017 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015, 2016, and 2017 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, 2017 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 23, 2018, and intended for use only during the 2018 Legislative Session, is Fiscal Note No. 2018-61, prepared by the Actuary for the New York State and Local Retirement System.