

STATE OF NEW YORK

7249--A

2019-2020 Regular Sessions

IN ASSEMBLY

April 18, 2019

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law and the education law, in relation to member contribution per centum increases

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Paragraphs 1, 2, 3, 4 and 5 of subdivision a of section 517 of the retirement and social security law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

1. members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

2. members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

3. members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

4. members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum; and

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

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1 5. members with wages greater than one hundred thousand per annum
2 shall contribute six per centum of annual wages. On April one, two thou-
3 sand twenty-one, and every year thereafter, the wages in this subpara-
4 graph shall be increased by three per centum.

5 § 2. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 1 of
6 subdivision a, subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph
7 2 of subdivision a, paragraphs 1, 2, 3, 4 and 5 of subdivision f and
8 paragraphs 1, 2, 3, 4 and 5 of subdivision g of section 613 of the
9 retirement and social security law, subparagraphs (i), (ii), (iii), (iv)
10 and (v) of paragraph 1 and subparagraphs (i), (ii), (iii), (iv) and (v)
11 of paragraph 2 of subdivision a as amended by chapter 510 of the laws of
12 2015 and paragraphs 1, 2, 3, 4 and 5 of subdivision f and paragraphs 1,
13 2, 3, 4 and 5 of subdivision g as added by chapter 18 of the laws of
14 2012, are amended to read as follows:

15 (i) members with wages of forty-five thousand dollars per annum or
16 less shall contribute three per centum of annual wages. On April one,
17 two thousand twenty-one, and every year thereafter, the wages in this
18 subparagraph shall be increased by three per centum;

19 (ii) members with wages greater than forty-five thousand per annum,
20 but not more than fifty-five thousand per annum shall contribute three
21 and one-half per centum of annual wages. On April one, two thousand
22 twenty-one, and every year thereafter, the wages in this subparagraph
23 shall be increased by three per centum;

24 (iii) members with wages greater than fifty-five thousand per annum,
25 but not more than seventy-five thousand per annum shall contribute four
26 and one-half per centum of annual wages. On April one, two thousand
27 twenty-one, and every year thereafter, the wages in this subparagraph
28 shall be increased by three per centum;

29 (iv) members with wages greater than seventy-five thousand per annum
30 but not more than one hundred thousand per annum shall contribute five
31 and three-quarters per centum of annual wages. On April one, two thou-
32 sand twenty-one, and every year thereafter, the wages in this subpara-
33 graph shall be increased by three per centum; and

34 (v) members with wages greater than one hundred thousand per annum
35 shall contribute six per centum of annual wages. On April one, two thou-
36 sand twenty-one, and every year thereafter, the wages in this subpara-
37 graph shall be increased by three per centum.

38 (i) members with wages of forty-five thousand dollars per annum or
39 less shall contribute three per centum of annual wages. On April one,
40 two thousand twenty-one, and every year thereafter, the wages in this
41 subparagraph shall be increased by three per centum;

42 (ii) members with wages greater than forty-five thousand per annum,
43 but not more than fifty-five thousand per annum shall contribute three
44 and one-half per centum of annual wages. On April one, two thousand
45 twenty-one, and every year thereafter, the wages in this subparagraph
46 shall be increased by three per centum;

47 (iii) members with wages greater than fifty-five thousand per annum,
48 but not more than seventy-five thousand per annum shall contribute four
49 and one-half per centum of annual wages. On April one, two thousand
50 twenty-one, and every year thereafter, the wages in this subparagraph
51 shall be increased by three per centum;

52 (iv) members with wages greater than seventy-five thousand per annum
53 but not more than one hundred thousand per annum shall contribute five
54 and three-quarters per centum of annual wages. On April one, two thou-
55 sand twenty-one, and every year thereafter, the wages in this subpara-
56 graph shall be increased by three per centum; and

(v) members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum.

1. members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

2. members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

3. members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

4. members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum; and

5. members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum.

1. members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On July one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

2. members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On July one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

3. members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On July one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum;

4. members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On July one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum; and

5. members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On July one, two thousand twenty-one, and every year thereafter, the wages in this subparagraph shall be increased by three per centum.

§ 3. Subdivisions a, b, c, d and e of section 1204 of the retirement and social security law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

a. members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On April one, two

1 thousand twenty-one, and every year thereafter, the wages in this subdi-
2 vision shall be increased by three per centum;

3 b. members with wages greater than forty-five thousand per annum, but
4 not more than fifty-five thousand per annum shall contribute three and
5 one-half per centum of annual wages. On April one, two thousand twenty-
6 one, and every year thereafter, the wages in this subdivision shall be
7 increased by three per centum;

8 c. members with wages greater than fifty-five thousand per annum, but
9 not more than seventy-five thousand per annum shall contribute four and
10 one-half per centum of annual wages. On April one, two thousand twenty-
11 one, and every year thereafter, the wages in this subdivision shall be
12 increased by three per centum;

13 d. members with wages greater than seventy-five thousand per annum but
14 not more than one hundred thousand per annum shall contribute five and
15 three-quarters per centum of annual wages. On April one, two thousand
16 twenty-one, and every year thereafter, the wages in this subdivision
17 shall be increased by three per centum; and

18 e. members with wages greater than one hundred thousand per annum
19 shall contribute six per centum of annual wages. On April one, two thou-
20 sand twenty-one, and every year thereafter, the wages in this subdivi-
21 sion shall be increased by three per centum.

22 § 4. Paragraphs (a), (b), (c), (d) and (e) of subdivision 2 of section
23 182 of the education law, as added by chapter 18 of the laws of 2012,
24 are amended to read as follows:

25 (a) members with wages of forty-five thousand dollars per annum or
26 less shall contribute three per centum of annual wages. On April one,
27 two thousand twenty-one, and every year thereafter, the wages in this
28 paragraph shall be increased by three per centum;

29 (b) members with wages greater than forty-five thousand per annum, but
30 not more than fifty-five thousand per annum shall contribute three and
31 one-half per centum of annual wages. On April one, two thousand twenty-
32 one, and every year thereafter, the wages in this paragraph shall be
33 increased by three per centum;

34 (c) members with wages greater than fifty-five thousand per annum, but
35 not more than seventy-five thousand per annum shall contribute four and
36 one-half per centum of annual wages. On April one, two thousand twenty-
37 one, and every year thereafter, the wages in this paragraph shall be
38 increased by three per centum;

39 (d) members with wages greater than seventy-five thousand per annum
40 but not more than one hundred thousand per annum shall contribute five
41 and three-quarters per centum of annual wages. On April one, two thou-
42 sand twenty-one, and every year thereafter, the wages in this paragraph
43 shall be increased by three per centum; and

44 (e) members with wages greater than one hundred thousand per annum
45 shall contribute six per centum of annual wages. On April one, two thou-
46 sand twenty-one, and every year thereafter, the wages in this paragraph
47 shall be increased by three per centum.

48 § 5. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph (d) of
49 subdivision 2 of section 392 of the education law, as added by chapter
50 18 of the laws of 2012, are amended to read as follows:

51 (i) members with wages of forty-five thousand dollars per annum or
52 less shall contribute three per centum of annual wages. On July one, two
53 thousand twenty-one, and every year thereafter, the wages in this
54 subparagraph shall be increased by three per centum;

55 (ii) members with wages greater than forty-five thousand per annum,
56 but not more than fifty-five thousand per annum shall contribute three

1 and one-half per centum of annual wages. On July one, two thousand twen-
2 ty-one, and every year thereafter, the wages in this subparagraph shall
3 be increased by three per centum;

4 (iii) members with wages greater than fifty-five thousand per annum,
5 but not more than seventy-five thousand per annum shall contribute four
6 and one-half per centum of annual wages. On July one, two thousand twen-
7 ty-one, and every year thereafter, the wages in this subparagraph shall
8 be increased by three per centum;

9 (iv) members with wages greater than seventy-five thousand per annum
10 but not more than one hundred thousand per annum shall contribute five
11 and three-quarters per centum of annual wages. On July one, two thousand
12 twenty-one, and every year thereafter, the wages in this subparagraph
13 shall be increased by three per centum; and

14 (v) members with wages greater than one hundred thousand per annum
15 shall contribute six per centum of annual wages. On July one, two thou-
16 sand twenty-one, and every year thereafter, the wages in this subpara-
17 graph shall be increased by three per centum.

18 § 6. Subparagraphs 1, 2, 3, 4 and 5 of paragraph (d) of subdivision 2
19 of section 6252 of the education law, as added by chapter 18 of the laws
20 of 2012, are amended to read as follows:

21 (1) members with wages of forty-five thousand dollars per annum or
22 less shall contribute three per centum of annual wages. On July one, two
23 thousand twenty-one, and every year thereafter, the wages in this
24 subparagraph shall be increased by three per centum;

25 (2) members with wages greater than forty-five thousand per annum, but
26 not more than fifty-five thousand per annum shall contribute three and
27 one-half per centum of annual wages. On July one, two thousand twenty-
28 one, and every year thereafter, the wages in this subparagraph shall be
29 increased by three per centum;

30 (3) members with wages greater than fifty-five thousand per annum, but
31 not more than seventy-five thousand per annum shall contribute four and
32 one-half per centum of annual wages. On July one, two thousand twenty-
33 one, and every year thereafter, the wages in this paragraph shall be
34 increased by three per centum;

35 (4) members with wages greater than seventy-five thousand per annum
36 but not more than one hundred thousand per annum shall contribute five
37 and three-quarters per centum of annual wages. On July one, two thousand
38 twenty-one, and every year thereafter, the wages in this paragraph shall
39 be increased by three per centum; and

40 (5) members with wages greater than one hundred thousand per annum
41 shall contribute six per centum of annual wages. On July one, two thou-
42 sand twenty-one, and every year thereafter, the wages in this paragraph
43 shall be increased by three per centum.

44 § 7. Notwithstanding any other provision of law to the contrary, none
45 of the provisions of this act shall be subject to section 25 of the
46 retirement and social security law.

47 § 8. This act shall take effect immediately.

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

This bill would increase the wage ranges to which the 3%, 3.5%, 4.5%,
5.75% and 6% contribution rates are applied for tier 6 members beginning
on April 1, 2021 and every year thereafter by 3%.

The current contribution rates and wage ranges are:

3% for wages of \$45,000 or less

3.5% for wages greater than \$45,000 and less than or equal to \$55,000

4.5% for wages greater than \$55,000 and less than or equal to \$75,000

5.75% for wages greater than \$75,000 and less than or equal to \$100,000

6.0% for wages greater than \$100,000

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), if this legislation is enacted during the 2020 legislative session, there will be an increase in the present value of future costs of approximately \$384 million which would be shared by the State of New York and all of the participating employers in the NYSLERS. The estimated first year cost would be approximately \$18.9 million to the State of New York and approximately \$27.3 million to the participating employers in the NYSLERS.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), if this legislation is enacted during the 2020 legislative session, there will be an increase in the present value of future costs of approximately \$8.9 million which would be shared by the State of New York and all of the participating employers in the NYSLPFRS. The estimated first year cost would be approximately \$193,000 to the State of New York and approximately \$790,000 to the participating employers in the NYSLPFRS.

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, 2019 actuarial valuation. Distributions and other statistics can be found in the 2019 Report of the Actuary and the 2019 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015, 2016, 2017, 2018 and 2019 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, 2019 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 fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated March 24, 2020, and intended for use only during the 2020 Legislative Session, is Fiscal Note No. 2020-88, prepared by the Actuary for the New York State and Local Retirement System.