

# 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 subdivi-  
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 (NYSLEERS), 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 NYSLEERS. 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 NYSLEERS.

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.