STATE OF NEW YORK

5842--A

2019-2020 Regular Sessions

IN SENATE

May 15, 2019

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- 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 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**

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

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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.

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

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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

(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.

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(ii) 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;

(iii) 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;

(iv) 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 thou-

sand twenty-one, and every year thereafter, the wages in this subparagraph 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 thousand twenty-one, and every year thereafter, the wages in this subdivision shall be increased by three per centum**;

b. 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 subdivision shall be increased by three per centum**;

c. 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 subdivision shall be increased by three per centum**;

d. 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 subdivision shall be increased by three per centum**; and

e. 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 subdivision shall be increased by three per centum**.

§ 4. Paragraphs (a), (b), (c), (d) and (e) of subdivision 2 of section 182 of the education 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 thousand twenty-one, and every year thereafter, the wages in this paragraph shall be increased by three per centum**;

(b) 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 paragraph shall be increased by three per centum**;

(c) 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 paragraph shall be increased by three per centum**;

(d) 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 paragraph shall be increased by three per centum**; and

(e) 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 paragraph shall be increased by three per centum**.

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

(i) 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**;

(ii) 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**;

(iii) 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**;

(iv) 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

(v) 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**.

§ 6. Subparagraphs 1, 2, 3, 4 and 5 of paragraph (d) of subdivision 2 of section 6252 of the education 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 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 paragraph 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 paragraph 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 paragraph shall be increased by three per centum**.

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

§ 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.