

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:

- 1 Section 1. Paragraphs 1, 2, 3, 4 and 5 of subdivision a of section 517
2 of the retirement and social security law, as added by chapter 18 of the
3 laws of 2012, are amended to read as follows:
- 4 1. members with wages of forty-five thousand dollars per annum or less
5 shall contribute three per centum of annual wages. On April one, two
6 thousand twenty-one, and every year thereafter, the wages in this
7 subparagraph shall be increased by three per centum;
- 8 2. members with wages greater than forty-five thousand per annum, but
9 not more than fifty-five thousand per annum shall contribute three 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 subparagraph shall be
12 increased by three per centum;
- 13 3. members with wages greater than fifty-five thousand per annum, but
14 not more than seventy-five thousand per annum shall contribute four and
15 one-half per centum of annual wages. On April one, two thousand twenty-
16 one, and every year thereafter, the wages in this subparagraph shall be
17 increased by three per centum;
- 18 4. members with wages greater than seventy-five thousand per annum but
19 not more than one hundred thousand per annum shall contribute five and
20 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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1 twenty-one, and every year thereafter, the wages in this subparagraph
2 shall be increased by three per centum; and

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

7 § 2. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 1 of
8 subdivision a, subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph
9 2 of subdivision a, paragraphs 1, 2, 3, 4 and 5 of subdivision f and
10 paragraphs 1, 2, 3, 4 and 5 of subdivision g of section 613 of the
11 retirement and social security law, subparagraphs (i), (ii), (iii), (iv)
12 and (v) of paragraph 1 and subparagraphs (i), (ii), (iii), (iv) and (v)
13 of paragraph 2 of subdivision a as amended by chapter 510 of the laws of
14 2015 and paragraphs 1, 2, 3, 4 and 5 of subdivision f and paragraphs 1,
15 2, 3, 4 and 5 of subdivision g as added by chapter 18 of the laws of
16 2012, are amended to read as follows:

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

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

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

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

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

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

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

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

54 (iv) members with wages greater than seventy-five thousand per annum
55 but not more than one hundred thousand per annum shall contribute five
56 and three-quarters per centum of annual wages. On April one, two thou-

1 sand twenty-one, and every year thereafter, the wages in this subpara-
2 graph shall be increased by three per centum; and

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

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

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

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

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

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

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

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

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

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

49 5. members with wages greater than one hundred thousand per annum
50 shall contribute six per centum of annual wages. On July one, two thou-
51 sand twenty-one, and every year thereafter, the wages in this subpara-
52 graph shall be increased by three per centum.

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

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

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

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

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

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

24 § 4. Paragraphs (a), (b), (c), (d) and (e) of subdivision 2 of section
25 182 of the education law, as added by chapter 18 of the laws of 2012,
26 are amended to read as follows:

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

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

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

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

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

50 § 5. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph (d) of
51 subdivision 2 of section 392 of the education law, as added by chapter
52 18 of the laws of 2012, are amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

49 § 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.