

# STATE OF NEW YORK

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5901--B

2019-2020 Regular Sessions

## IN SENATE

May 16, 2019

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Introduced by Sen. GOUNARDES -- 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 -- 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 g 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 g. Notwithstanding any other provision of law, effective the first day  
5 of September, two thousand twenty, the surviving spouse of a deceased  
6 retired member who retired under an option which provides that benefits  
7 are to be continued for life to the surviving spouse after the death of  
8 the retired member, shall be entitled to receive benefits pursuant to  
9 this section. Said benefits shall be [~~fifty~~] one hundred percent of the  
10 monthly benefits which the pensioner would be receiving pursuant to this  
11 section if living, and shall commence (i) with a payment for the month  
12 of September, two thousand twenty, or (ii) the month following the death  
13 of the deceased retired member, whichever is later.

14 § 2. Subdivision g of section 378-a of the retirement and social secu-  
15 rity law, as added by chapter 125 of the laws of 2000, is amended to  
16 read as follows:

17 g. Notwithstanding any other provision of law, effective the first day  
18 of September, two thousand twenty, the surviving spouse of a deceased  
19 retired member who retired under an option which provides that benefits  
20 are to be continued for life to the surviving spouse after the death of

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

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1 the retired member, shall be entitled to receive benefits pursuant to  
2 this section. Said benefits shall be [~~fifty~~] one hundred percent of the  
3 monthly benefits which the pensioner would be receiving pursuant to this  
4 section if living, and shall commence (i) with a payment for the month  
5 of September, two thousand twenty, or (ii) the month following the death  
6 of the deceased retired member, whichever is later.

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

9 g. Notwithstanding any other provision of law, effective the first day  
10 of September, two thousand twenty, the surviving spouse of a deceased  
11 retired member who retired under an option which provides that benefits  
12 are to be continued for life to the surviving spouse after the death of  
13 the retired member, shall be entitled to receive benefits pursuant to  
14 this section. Said benefits shall be [~~fifty~~] one hundred percent of the  
15 monthly benefits which the pensioner would be receiving pursuant to this  
16 section if living, and shall commence (i) with a payment for the month  
17 of September, two thousand twenty, or (ii) the month following the death  
18 of the deceased retired member, whichever is later.

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

22 g. Notwithstanding any other provision of law, effective the first day  
23 of September, two thousand twenty, the surviving spouse of a deceased  
24 retired member of the New York city employees' retirement system, the  
25 New York city teachers' retirement system, the New York city police  
26 pension fund, the New York city fire department pension fund or the New  
27 York city board of education retirement system who retired under an  
28 option which provides that benefits are to be continued for life to the  
29 surviving spouse after the death of the member, shall be entitled to  
30 receive a benefit pursuant to this section. Said benefit shall be  
31 [~~fifty~~] one hundred percent of the monthly benefit which the pensioner  
32 would be receiving if living, and shall commence (i) with a payment for  
33 the month of September, two thousand twenty, or (ii) the month following  
34 the death of the deceased retired member, whichever is later.

35 § 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 2020, the cost of living benefit payable to a surviving spouse who is eligible for COLA will be increased from fifty percent to one hundred percent of the benefit that the pensioner would have received.

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 \$1.1 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 \$110 million. The estimated first year cost would be approximately \$2.7 million to the State of New York and approximately \$11 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, 2018 actuarial valuation. Distributions and other statistics can be found in the 2018 Report of the Actuary and the 2018 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015, 2016, 2017 and 2018 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, 2018 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 May 16, 2019, and intended for use only during the 2019 Legislative Session, is Fiscal Note No. 2019-119, prepared by the Actuary for the New York State and Local Retirement System.

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

This bill would amend subdivision g of Section 532-a of the Education Law to increase the cost-of-living adjustment (COLA) benefit and "catch-up" supplemental benefit to the surviving spouse of an eligible deceased retired member. The COLA and "catch-up" supplemental survivor benefit would be equal to 100% of the monthly benefit which the retired member would be receiving if living. The current COLA and "catch-up" supplemental survivor benefit is equal to 50%. This benefit improvement would be effective in September 2020.

The annual cost to the employers of members of the New York State Teachers' Retirement System for this benefit is estimated to be \$55.9 million or .33% of payroll if this bill is enacted.

Member data is from the System's most recent actuarial valuation files, consisting of data provided by the employers to the Retirement System. Data distributions and statistics can be found in the System's Comprehensive Annual Financial Report (CAFR). System assets are as reported in the System's financial statements and can also be found in the CAFR. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2019-29 dated June 14, 2019 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2019 Legislative Session. I, Richard A. Young, am the Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.