## STATE OF NEW YORK

4236

2021-2022 Regular Sessions

## IN SENATE

February 3, 2021

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

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 1 of the retirement and social security law, as added by chapter 18 of the 2 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 thousand twenty-two, and every year thereafter, the wages in this б subparagraph shall be increased by three per centum; 7 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 one-half per centum of annual wages. On April one, two thousand twenty-10 11 two, 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 twentytwo, and every year thereafter, the wages in this subparagraph shall be 16 17 increased by three per centum; 4. members with wages greater than seventy-five thousand per annum but 18 not more than one hundred thousand per annum shall contribute five and 19 20 three-quarters per centum of annual wages. On April one, two thousand 21 twenty-two, and every year thereafter, the wages in this subparagraph 22 shall be increased by three per centum; and 5. members with wages greater than one hundred thousand per annum 23

shall contribute six per centum of annual wages. On April one, two thou-EXPLANATION--Matter in <u>italics</u> (underscored) is new; matter in brackets

24

[-] is old law to be omitted.

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sand twenty-two, and every year thereafter, the wages in this subpara-1 2 graph shall be increased by three per centum. 3 § 2. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 1 of 4 subdivision a, subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 5 2 of subdivision a, paragraphs 1, 2, 3, 4 and 5 of subdivision f and б 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) 7 and (v) of paragraph 1 and subparagraphs (i), (ii), (iii), (iv) and (v)8 9 of paragraph 2 of subdivision a as amended by chapter 510 of the laws of 10 2015 and paragraphs 1, 2, 3, 4 and 5 of subdivision f and paragraphs 1, 11 2, 3, 4 and 5 of subdivision g as added by chapter 18 of the laws of 12 2012, are amended to read as follows: 13 (i) members with wages of forty-five thousand dollars per annum or 14 less shall contribute three per centum of annual wages. On April one, 15 two thousand twenty-two, and every year thereafter, the wages in this subparagraph shall be increased by three per centum; 16 17 (ii) members with wages greater than forty-five thousand per annum, 18 but not more than fifty-five thousand per annum shall contribute three 19 and one-half per centum of annual wages. On April one, two thousand 20 twenty-two, and every year thereafter, the wages in this subparagraph 21 shall be increased by three per centum; 22 (iii) members with wages greater than fifty-five thousand per annum, 23 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 24 25 twenty-two, and every year thereafter, the wages in this subparagraph 26 shall be increased by three per centum; 27 (iv) members with wages greater than seventy-five thousand per annum 28 but not more than one hundred thousand per annum shall contribute five 29 and three-quarters per centum of annual wages. On April one, two thousand twenty-two, and every year thereafter, the wages in this subpara-30 31 graph shall be increased by three per centum; and 32 (v) members with wages greater than one hundred thousand per annum 33 shall contribute six per centum of annual wages. On April one, two thou-34 sand twenty-two, and every year thereafter, the wages in this subpara-35 graph shall be increased by three per centum. 36 (i) members with wages of forty-five thousand dollars per annum or 37 shall contribute three per centum of annual wages. On April one, less 38 two thousand twenty-two, and every year thereafter, the wages in this subparagraph shall be increased by three per centum; 39 (ii) members with wages greater than forty-five thousand per annum, 40 but not more than fifty-five thousand per annum shall contribute three 41 42 and one-half per centum of annual wages. On April one, two thousand 43 twenty-two, and every year thereafter, the wages in this subparagraph 44 shall be increased by three per centum; 45 (iii) members with wages greater than fifty-five thousand per annum, 46 but not more than seventy-five thousand per annum shall contribute four 47 and one-half per centum of annual wages. On April one, two thousand twenty-two, and every year thereafter, the wages in this subparagraph 48 shall be increased by three per centum; 49 50 (iv) members with wages greater than seventy-five thousand per annum 51 but not more than one hundred thousand per annum shall contribute five 52 and three-quarters per centum of annual wages. On April one, two thou-53 sand twenty-two, and every year thereafter, the wages in this subpara-54 graph shall be increased by three per centum; and 55 (v) members with wages greater than one hundred thousand per annum 56 shall contribute six per centum of annual wages. On April one, two thou-

sand twenty-two, and every year thereafter, the wages in this subpara-1 2 graph shall be increased by three per centum. 1. members with wages of forty-five thousand dollars per annum or less 3 4 shall contribute three per centum of annual wages. On April one, two 5 thousand twenty-two, and every year thereafter, the wages in this б subparagraph shall be increased by three per centum; 7 2. members with wages greater than forty-five thousand per annum, but 8 not more than fifty-five thousand per annum shall contribute three and 9 one-half per centum of annual wages. On April one, two thousand twenty-10 two, and every year thereafter, the wages in this subparagraph shall be 11 increased by three per centum; 12 3. members with wages greater than fifty-five thousand per annum, but 13 not more than seventy-five thousand per annum shall contribute four and 14 one-half per centum of annual wages. On April one, two thousand twentytwo, and every year thereafter, the wages in this subparagraph shall be 15 16 increased by three per centum; 17 4. members with wages greater than seventy-five thousand per annum but 18 not more than one hundred thousand per annum shall contribute five and 19 three-quarters per centum of annual wages. On April one, two thousand 20 twenty-two, and every year thereafter, the wages in this subparagraph 21 shall be increased by three per centum; and 22 5. members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thou-23 24 sand twenty-two, and every year thereafter, the wages in this subparagraph shall be increased by three per centum. 25 26 1. members with wages of forty-five thousand dollars per annum or less 27 shall contribute three per centum of annual wages. On July one, two thousand twenty-two, and every year thereafter, the wages in this 28 subparagraph shall be increased by three per centum; 29 30 2. members with wages greater than forty-five thousand per annum, but 31 not more than fifty-five thousand per annum shall contribute three and 32 one-half per centum of annual wages. On July one, two thousand twenty-33 two, and every year thereafter, the wages in this subparagraph shall be 34 increased by three per centum; 35 3. members with wages greater than fifty-five thousand per annum, but 36 not more than seventy-five thousand per annum shall contribute four and 37 one-half per centum of annual wages. On July one, two thousand twentytwo, and every year thereafter, the wages in this subparagraph shall be 38 39 increased by three per centum; 40 4. members with wages greater than seventy-five thousand per annum but 41 not more than one hundred thousand per annum shall contribute five and 42 three-quarters per centum of annual wages. On July one, two thousand 43 twenty-two, and every year thereafter, the wages in this subparagraph 44 shall be increased by three per centum; and 45 5. members with wages greater than one hundred thousand per annum 46 shall contribute six per centum of annual wages. On July one, two thou-47 sand twenty-two, and every year thereafter, the wages in this subparagraph shall be increased by three per centum. 48 49 § 3. Subdivisions a, b, c, d and e of section 1204 of the retirement 50 and social security law, as added by chapter 18 of the laws of 2012, are 51 amended to read as follows: 52 a. members with wages of forty-five thousand dollars per annum or less 53 shall contribute three per centum of annual wages. On April one, two 54 thousand twenty-two, and every year thereafter, the wages in this subdi-55 vision shall be increased by three per centum;

1 b. members with wages greater than forty-five thousand per annum, but 2 more than fifty-five thousand per annum shall contribute three and not 3 one-half per centum of annual wages. On April one, two thousand twenty-4 two, and every year thereafter, the wages in this subdivision shall be 5 increased by three per centum; б c. members with wages greater than fifty-five thousand per annum, but 7 not more than seventy-five thousand per annum shall contribute four and 8 one-half per centum of annual wages. On April one, two thousand twenty-9 two, and every year thereafter, the wages in this subdivision shall be 10 increased by three per centum; 11 d. members with wages greater than seventy-five thousand per annum but 12 more than one hundred thousand per annum shall contribute five and not 13 three-quarters per centum of annual wages. On April one, two thousand twenty-two, and every year thereafter, the wages in this subdivision 14 15 shall be increased by three per centum; and 16 e. members with wages greater than one hundred thousand per annum 17 shall contribute six per centum of annual wages. On April one, two thou-18 sand twenty-two, and every year thereafter, the wages in this subdivi-19 sion shall be increased by three per centum. 20 § 4. Paragraphs (a), (b), (c), (d) and (e) of subdivision 2 of section 21 182 of the education law, as added by chapter 18 of the laws of 2012, 22 are amended to read as follows: (a) members with wages of forty-five thousand dollars per annum or 23 less shall contribute three per centum of annual wages. On April one, 24 two thousand twenty-two, and every year thereafter, the wages in this 25 26 paragraph shall be increased by three per centum; 27 (b) 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 April one, two thousand twenty-30 two, and every year thereafter, the wages in this paragraph shall be 31 increased by three per centum; 32 (c) 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 April one, two thousand twenty-35 two, and every year thereafter, the wages in this paragraph shall be 36 increased by three per centum; 37 (d) 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 April one, two thousand twenty-two, and every year thereafter, the wages in this paragraph 40 41 shall be increased by three per centum; and 42 (e) members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thou-43 44 sand twenty-two, and every year thereafter, the wages in this paragraph 45 shall be increased by three per centum. 46 § 5. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph (d) of 47 subdivision 2 of section 392 of the education law, as added by chapter 48 18 of the laws of 2012, are amended to read as follows: (i) members with wages of forty-five thousand dollars per annum or 49 less shall contribute three per centum of annual wages. On July one, two 50 51 thousand twenty-two, and every year thereafter, the wages in this 52 subparagraph shall be increased by three per centum; 53 (ii) members with wages greater than forty-five thousand per annum, 54 but not more than fifty-five thousand per annum shall contribute three

55 and one-half per centum of annual wages. On July one, two thousand twen-

| 1  | ty-two, and every year thereafter, the wages in this subparagraph shall          |
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| 2  | be increased by three per centum;  |
| 3  | (iii) members with wages greater than fifty-five thousand per annum,             |
| 4  | but not more than seventy-five thousand per annum shall contribute four          |
| 5  | and one-half per centum of annual wages <u>. On July one, two thousand twen-</u> |
| 6  | ty-two, and every year thereafter, the wages in this subparagraph shall          |
| 7  | be increased by three per centum;  |
| 8  | (iv) members with wages greater than seventy-five thousand per annum             |
| 9  | but not more than one hundred thousand per annum shall contribute five           |
| 10 | and three-quarters per centum of annual wages. On July one, two thousand         |
| 11 | twenty-two, and every year thereafter, the wages in this subparagraph            |
| 12 | shall be increased by three per centum; and                                      |
| 13 | (v) members with wages greater than one hundred thousand per annum               |
| 14 | shall contribute six per centum of annual wages. On July one, two thou-          |
| 15 | sand twenty-two, and every year thereafter, the wages in this subpara-           |
| 16 | graph shall be increased by three per centum.                                    |
| 17 | § 6. Subparagraphs 1, 2, 3, 4 and 5 of paragraph (d) of subdivision 2            |
| 18 | of section 6252 of the education law, as added by chapter 18 of the laws         |
| 19 | of 2012, are amended to read as follows:   |
| 20 | (1) members with wages of forty-five thousand dollars per annum or               |
| 21 | less shall contribute three per centum of annual wages. On July one, two         |
| 22 | thousand twenty-two, and every year thereafter, the wages in this                |
| 23 | subparagraph shall be increased by three per centum;                             |
| 24 | (2) members with wages greater than forty-five thousand per annum, but           |
| 25 | not more than fifty-five thousand per annum shall contribute three and           |
| 26 | one-half per centum of annual wages. On July one, two thousand twenty-           |
| 27 | two, and every year thereafter, the wages in this subparagraph shall be          |
| 28 | increased by three per centum;   |
| 29 | (3) members with wages greater than fifty-five thousand per annum, but           |
| 30 | not more than seventy-five thousand per annum shall contribute four and          |
| 31 | one-half per centum of annual wages. On July one, two thousand twenty-           |
| 32 | two, and every year thereafter, the wages in this paragraph shall be             |
| 33 | increased by three per centum;   |
| 34 | (4) members with wages greater than seventy-five thousand per annum              |
| 35 | but not more than one hundred thousand per annum shall contribute five           |
| 36 | and three-quarters per centum of annual wages. On July one, two thousand         |
| 37 | twenty-two, and every year thereafter, the wages in this paragraph shall         |
| 38 | be increased by three per centum; and  |
| 39 | (5) members with wages greater than one hundred thousand per annum               |
| 40 | shall contribute six per centum of annual wages. On July one, two thou-          |
| 41 | sand twenty-two, and every year thereafter, the wages in this paragraph          |
| 42 | shall be increased by three per centum.  |
| 43 | § 7. Notwithstanding any other provision of law to the contrary, none            |
| 44 | of the provisions of this act shall be subject to section 25 of the              |
| 45 | retirement and social security law.  |
| 46 | § 8. This act shall take effect immediately.                                     |
|    | FISCAL NOTEPursuant 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, 2022 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 2021 legislative session, there will be an increase in the present value of future costs of approximately \$428 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 \$21.0 million to the State of New York and approximately \$30.3 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 2021 legislative session, there will be an increase in the present value of future costs of approximately \$9.37 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 \$199,000 to the State of New York and approximately \$832,000 to the participating employers in the NYSLPFRS.

Summary of relevant resources:

Membership data as of March 31, 2020 was used in measuring the impact of the proposed change, the same data used in the April 1, 2020 actuarial valuation. Distributions and other statistics can be found in the 2020 Report of the Actuary and the 2020 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 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, 2020 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 January 8, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-21, prepared by the Actuary for the New York State and Local Retirement System.