

# 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:

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-two, 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 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 twenty-  
16 two, 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  
21 twenty-two, and every year thereafter, the wages in this subparagraph  
22 shall be increased by three per centum; and

23 5. members with wages greater than one hundred thousand per annum  
24 shall contribute six per centum of annual wages. On April one, two thou-

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

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1 sand twenty-two, and every year thereafter, the wages in this subpara-  
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  
6 paragraphs 1, 2, 3, 4 and 5 of subdivision g of section 613 of the  
7 retirement and social security law, subparagraphs (i), (ii), (iii), (iv)  
8 and (v) of paragraph 1 and subparagraphs (i), (ii), (iii), (iv) and (v)  
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  
16 subparagraph shall be increased by three per centum;

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  
24 and one-half per centum of annual wages. On April one, two thousand  
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 thou-  
30 sand twenty-two, and every year thereafter, the wages in this subpara-  
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 less shall contribute three per centum of annual wages. On April one,  
38 two thousand twenty-two, and every year thereafter, the wages in this  
39 subparagraph shall be increased by three per centum;

40 (ii) members with wages greater than forty-five thousand per annum,  
41 but not more than fifty-five thousand per annum shall contribute three  
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  
48 twenty-two, and every year thereafter, the wages in this subparagraph  
49 shall be increased by three per centum;

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-

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

3 1. members with wages of forty-five thousand dollars per annum or less  
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  
6 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 twenty-  
15 two, and every year thereafter, the wages in this subparagraph shall be  
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  
23 shall contribute six per centum of annual wages. On April one, two thou-  
24 sand twenty-two, and every year thereafter, the wages in this subpara-  
25 graph shall be increased by three per centum.

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  
28 thousand twenty-two, and every year thereafter, the wages in this  
29 subparagraph shall be increased by three per centum;

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 twenty-  
38 two, and every year thereafter, the wages in this subparagraph shall be  
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 subpara-  
48 graph shall be increased by three per centum.

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 not more than fifty-five thousand per annum shall contribute three and  
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;

6 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 not more than one hundred thousand per annum shall contribute five and  
13 three-quarters per centum of annual wages. On April one, two thousand  
14 twenty-two, and every year thereafter, the wages in this subdivision  
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:

23 (a) members with wages of forty-five thousand dollars per annum or  
24 less shall contribute three per centum of annual wages. On April one,  
25 two thousand twenty-two, and every year thereafter, the wages in this  
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 thou-  
40 sand twenty-two, and every year thereafter, the wages in this paragraph  
41 shall be increased by three per centum; and

42 (e) members with wages greater than one hundred thousand per annum  
43 shall contribute six per centum of annual wages. On April one, two thou-  
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:

49 (i) members with wages of forty-five thousand dollars per annum or  
50 less shall contribute three per centum of annual wages. On July one, two  
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  
 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. On July one, two thousand twen-  
 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 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, 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.