

STATE OF NEW YORK

6651

2021-2022 Regular Sessions

IN SENATE

May 11, 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, 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 a 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 a. [A] Effective on the first day of September, two thousand twenty-
5 one, a cost-of-living adjustment shall be payable on the basis provided
6 for in this section to: (i) all pensioners who have attained age
7 [~~sixty-two~~] fifty-five and have been retired for five years; (ii) [~~all~~
8 ~~pensioners who have attained age fifty-five and have been retired for~~
9 ~~ten years; (iii)~~] all disability pensioners regardless of age who have
10 been retired for five years; and [~~(iv)~~] (iii) all recipients of an acci-
11 dental death benefit regardless of age who have been receiving such
12 benefit for five years.

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

16 a. [A] Effective on the first day of September, two thousand twenty-
17 one, a cost-of-living adjustment shall be payable on the basis provided
18 for in this section to: (i) all pensioners who have attained age
19 [~~sixty-two~~] fifty-five and have been retired for five years; and (ii)
20 [~~all pensioners who have attained age fifty-five and have been retired~~
21 ~~for ten years; and (iii)~~] all disability pensioners regardless of age
22 who have been retired for five years.

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

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

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1 a. [A] Effective on the first day of September, two thousand twenty-
2 one, a cost-of-living adjustment shall be payable on the basis provided
3 for in this section to: (i) all pensioners who have attained age
4 ~~[sixty-two]~~ fifty-five and have been retired for five years; (ii) ~~[all~~
5 ~~pensioners who have attained age fifty five and have been retired for~~
6 ~~ten years; (iii)]~~ all disability pensioners regardless of age who have
7 been retired for five years; and ~~[(iv)]~~ (iii) all recipients of an acci-
8 dental death benefit regardless of age who have been receiving such
9 benefit for five years.

10 § 4. Subdivision a of section 13-696 of the administrative code of the
11 city of New York, as amended by chapter 288 of the laws of 2001, is
12 amended to read as follows:

13 a. [A] Effective on the first day of September, two thousand twenty-
14 one, a cost-of-living adjustment shall be payable to retired members of
15 the New York city employees' retirement system, the New York city teach-
16 ers' retirement system, the New York city police pension fund, the New
17 York city fire department pension fund, the New York city board of
18 education retirement system or the relief and pension fund of the
19 department of street cleaning provided for in subchapter one of this
20 chapter on the basis provided for in this section to: (i) all retired
21 members who have attained age ~~[sixty-two]~~ fifty-five and have been
22 retired for five years; (ii) ~~[all retired members who have attained age~~
23 ~~fifty-five and have been retired for ten years; (iii)]~~ all members who
24 retired for disability regardless of age who have been retired for five
25 years; and ~~[(iv)]~~ (iii) all recipients of an accidental death benefit
26 regardless of age who have been receiving such benefit for five years.

27 § 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 2021, COLA will be payable to pensioners who have attained age fifty-five and been retired at least five years.

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 \$407 million.

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 \$85 million. The estimated first year cost would be approximately \$1.8 million to the State of New York and approximately \$7.5 million to the participating employers in the PFRS.

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 May 7, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-135, prepared by the Actuary for the New York State and Local Retirement System.

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

2 In as much as this bill would impact members and employers of the New
3 York State Teachers' Retirement System (NYSTRS), this bill (legislative
4 bill draft 09820-01-1) would amend subdivision a of Section 532-a of the
5 Education Law to lower the required eligibility age for the cost-of-liv-
6 ing adjustment (COLA) to all pensioners retired for service to age 55
7 with five years of retirement. The current COLA eligibility requirement
8 is the earlier of: 1) age 62 and five years of retirement, or 2) age 55
9 and ten years or retirement. This change would be effective in September
10 of 2021.

11 The annual cost to the participating employers of members of NYSTRS
12 for this benefit is estimated to be \$14.3 million or .08% of payroll if
13 this bill is enacted.

14 Member data is from the System's most recent actuarial valuation
15 files, consisting of data provided by the employers to the Retirement
16 System. Data distributions and statistics can be found in the System's
17 Annual Report. System assets and GASB disclosures are reported in the
18 System's financial statements and can also be found in the System's
19 Annual Report. Actuarial assumptions and methods are provided in the
20 System's Actuarial Valuation Report.

21 The source of this estimate is Fiscal Note 2021-29 dated May 5, 2021
22 prepared by the Actuary of the New York State Teachers' Retirement
23 System and is intended for use only during the 2021 Legislative Session.
24 I, Richard A. Young, am the Actuary for the New York State Teachers'
25 Retirement System. I am a member of the American Academy of Actuaries
26 and I meet the Qualification Standards of the American Academy of Actu-
27 aries to render the actuarial opinion contained herein.