

STATE OF NEW YORK

6835

2021-2022 Regular Sessions

IN SENATE

May 19, 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 increasing the base benefit amount for computation of pension 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 c 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 c. Said cost-of-living adjustment shall be computed on a base benefit
5 amount not to exceed eighteen thousand dollars of the annual retirement
6 allowance defined in subdivision b of this section, except that effec-
7 tive on the first day of September, two thousand twenty-two, the cost-
8 of-living adjustment shall be computed on a base benefit amount not to
9 exceed twenty-one thousand dollars of the annual retirement allowance
10 defined in subdivision b of this section.

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

14 c. Said cost-of-living adjustment shall be computed on a base benefit
15 amount not to exceed eighteen thousand dollars of the annual retirement
16 allowance defined in subdivision b of this section, except that effec-
17 tive on the first day of September, two thousand twenty-two, the cost-
18 of-living adjustment shall be computed on a base benefit amount not to
19 exceed twenty-one thousand dollars of the annual retirement allowance
20 defined in subdivision b of this section.

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

23 c. Said cost-of-living adjustment shall be computed on a base benefit
24 amount not to exceed eighteen thousand dollars of the annual retirement

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

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allowance defined in subdivision b of this section, except that effective on the first day of September, two thousand twenty-two, the cost-of-living adjustment shall be computed on a base benefit amount not to exceed twenty-one thousand dollars of the annual retirement allowance defined in subdivision b of this section.

§ 4. 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 the New York State and Local Retirement System and the New York State Teachers' Retirement System. Starting with a payment in September 2022, the annual cost of living adjustment will be computed on a base benefit amount not to exceed \$21,000.

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 \$1.06 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 \$145 million. The estimated first year cost would be approximately \$3.1 million to the State of New York and approximately \$13 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 18, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-146, prepared by the Actuary for the New York State and Local Retirement System.