

STATE OF NEW YORK

6635

2023-2024 Regular Sessions

IN ASSEMBLY

April 25, 2023

Introduced by M. of A. PHEFFER AMATO -- read once and referred to the
Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to
calculating certain pensions

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. Subdivision a of section 504 of the retirement and social
2 security law, as amended by chapter 18 of the laws of 2012, is amended
3 to read as follows:

4 a. The service retirement benefit for general members at normal
5 retirement age with twenty or more years of credited service shall be a
6 pension equal to one-fiftieth of final average salary times years of
7 credited service, not in excess of thirty years, less fifty percent of
8 the primary social security retirement benefit as provided in section
9 five hundred eleven of this article. The service retirement benefit for
10 general members at normal retirement age with twenty or more years of
11 service who first become members of the New York state and local employ-
12 ees' retirement system on or after April first, two thousand twelve at
13 normal retirement age shall be a pension equal to the sum of [~~thirty-~~
14 ~~five~~] forty per centum and one-fiftieth of final average salary for each
15 year of service in excess of twenty, but not in excess of thirty, times
16 final average salary times years of credited service.

17 § 2. Subdivisions a, b and b-1 of section 604 of the retirement and
18 social security law, subdivision a as amended and subdivision b-1 as
19 added by chapter 18 of the laws of 2012, subdivision b as amended by
20 chapter 266 of the laws of 1998 and the opening paragraph of subdivision
21 b as amended by section 8-b of part B of chapter 504 of the laws of
22 2009, are amended to read as follows:

23 a. The service retirement benefit at normal retirement age for a
24 member with less than twenty years of credited service[~~, or less than~~
25 ~~twenty-five years credited service for a member who joins the New York~~

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

LBD06271-03-3

1 ~~state teachers' retirement system on or after January first, two thou-~~
 2 ~~sand ten,~~] shall be a retirement allowance equal to one-sixtieth of
 3 final average salary times years of credited service. Normal retirement
 4 age for members who first become members of a public retirement system
 5 of the state on or after April first, two thousand twelve shall be age
 6 sixty-three.

7 b. The service retirement benefit at normal retirement age for a
 8 member with twenty years or more of credited service [~~, or with twenty-~~
 9 ~~five or more years credited service for a member who first joins the New~~
 10 ~~York state teachers' retirement system on or after January first, two~~
 11 ~~thousand ten,~~] shall be a retirement allowance equal to one-fiftieth of
 12 final average salary times years of credited service not in excess of
 13 thirty years.

14 Credited service in excess of thirty years shall provide an additional
 15 retirement allowance equal to three-two hundredths of the final average
 16 salary for each year of credited service in excess of thirty years.

17 b-1. Notwithstanding any other provision of law to the contrary, the
 18 service retirement benefit for members with twenty or more years of
 19 credit service who first become a member of a public retirement system
 20 of the state on or after April first, two thousand twelve at age sixty-
 21 three shall be a pension equal to the sum of [~~thirty-five~~] **forty** per
 22 centum and one-fiftieth of final average salary for each year of service
 23 in excess of twenty times final average salary times years of credited
 24 service. In no event shall any retirement benefit payable without
 25 optional modification be less than the actuarially equivalent annuitized
 26 value of the member's contributions accumulated with interest at five
 27 percent per annum compounded annually to the date of retirement.

28 § 3. Section 1312 of the retirement and social security law, as added
 29 by chapter 18 of the laws of 2012, is amended to read as follows:

30 § 1312. Benefit enhancements. Notwithstanding any other law to the
 31 contrary, eligible employees shall be permitted to retire, without
 32 penalty, upon reaching age fifty-seven and completing at least thirty
 33 years of credited service. Employees retiring pursuant to this section
 34 shall receive a pension allowance equal to the sum of [~~thirty-five~~]
 35 **forty** per centum and one-fiftieth of final average salary for each year
 36 of service in excess of twenty times final average salary times years of
 37 credited service.

38 § 4. Notwithstanding any other provision of law to the contrary, none
 39 of the provisions of this act shall be subject to section 25 of the
 40 retirement and social security law.

41 § 5. This act shall take effect immediately.

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

This bill would change the benefit fraction for a Tier 6 Article 15
 member for service greater than 20 years to 40% of FAS plus 2% per year
 of service greater than 20. Currently the benefit for service greater
 than 20 years is 35% of FAS plus 2% per year of service greater than 20.

Insofar as this bill affects the New York State and Local Employees'
 Retirement System (NYSLERS), increased costs would be shared by the
 State of New York and all participating employers in the NYSLERS. If
 this bill is enacted during the 2023 legislative session, there will be
 an increase in the present value of future costs of approximately \$1.41
 billion.

NYSLERS	Increase in present value benefits	Increase in future contributions
Tiers 1 - 5	\$0	\$280 million

Tier 6	\$1.41 billion	\$1.13 billion
Total	\$1.41 billion	\$1.41 billion

In the NYSLERS, this benefit improvement will be funded by increasing the billing rates charged annually. The annual contribution required of all participating employers in the NYSLERS is approximately 0.5% of billable salary, or approximately \$61 million to the State of New York and \$89 million to the local participating employers in the fiscal year ending March 31, 2025. This permanent annual cost will vary in subsequent billing cycles with changes in the billing rate and salary of the affected members.

Summary of relevant resources:

Membership data as of March 31, 2022 was used in measuring the impact of the proposed change, the same data used in the April 1, 2022 actuarial valuation. Distributions and other statistics can be found in the 2022 Report of the Actuary and the 2022 Annual Comprehensive Financial Report.

The actuarial assumptions and methods used are described in the 2020, 2021, and 2022 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, 2022 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 March 31, 2023, and intended for use only during the 2023 Legislative Session, is Fiscal Note No. 2023-42, prepared by the Actuary for the New York State and Local Retirement System.