

STATE OF NEW YORK

6635--B

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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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 Assembly, 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

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

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1 b as amended by section 8-b of part B of chapter 504 of the laws of
2 2009, are amended to read as follows:

3 a. The service retirement benefit at normal retirement age for a
4 member with less than twenty years of credited service [~~, or less than~~
5 ~~twenty-five years credited service for a member who joins the New York~~
6 ~~state teachers' retirement system on or after January first, two thou-~~
7 ~~sand ten,~~] shall be a retirement allowance equal to one-sixtieth of
8 final average salary times years of credited service. Normal retirement
9 age for members who first become members of a public retirement system
10 of the state on or after April first, two thousand twelve shall be age
11 sixty-three.

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

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

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

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

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

43 § 4. 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 § 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), the increased costs would be shared by the
State of New York and the local participating employers in the NYSLERS.
If this bill were enacted during the 2024 Legislative Session, the

increase in the present value of benefits would be approximately \$1.74 billion.

NYSLERS	Increase in present value benefits	Increase in required contributions
Tiers 1 - 5	\$0	\$332 million
Tier 6	\$1.74 billion	\$1.41 billion
Total	\$1.74 billion	\$1.74 billion

In the NYSLERS, this benefit improvement will be funded by increasing the billing rates charged annually to cover both retrospective and prospective benefit increases. The annual contribution required of all participating employers in NYSLERS is 0.6% of billable salary, or approximately \$76 million to the State of New York and approximately \$110 million to the local participating employers. This permanent annual cost will increase as Tier 6 salary grows and will vary by employer based upon the plan coverage and salary reported in Tier 6.

Summary of relevant resources:

Membership data as of March 31, 2023 was used in measuring the impact of the proposed change, the same data used in the April 1, 2023 actuarial valuation. Distributions and other statistics can be found in the 2023 Report of the Actuary and the 2023 Annual Comprehensive Financial Report.

The actuarial assumptions and methods used are described in the 2023 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, 2023 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 25, 2024, and intended for use only during the 2024 Legislative Session, is Fiscal Note No. 2024-43, prepared by the Actuary for the New York State and Local Retirement System.