STATE OF NEW YORK

6640--A

2023-2024 Regular Sessions

IN ASSEMBLY

April 25, 2023

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

Section 1. Subdivision a of section 78-a of the retirement and social security law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

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

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

a. [~~A~~] **Effective on the first day of September, two thousand twenty-four, a** cost-of-living adjustment shall be payable on the basis provided for in this section to: (i) all pensioners who have attained age [~~sixty-two~~] **fifty-five** and have been retired for five years; **and** (ii) [~~all pensioners who have attained age fifty-five and have been retired~~

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

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~~for ten years; and (iii)~~] all disability pensioners regardless of age who have been retired for five years.

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

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

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

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

§ 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 2024, COLA will be payable to pensioners who have attained age fifty-five and have been retired at least five years.

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), 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 during the 2024 Legislative Session, the increase in the present value of benefits would be approximately $611 million.

In the NYSLERS, this benefit improvement will be funded by (1) billing a past service cost to cover retrospective benefit increases and (2) increasing the billing rates charged annually to cover prospective benefit increases, as follows:

(1) To fund retrospective costs, the State of New York will be required to pay $398 million (including interest) as of March 1, 2025.

(2) To fund prospective costs, the annual contribution required of all participating employers in NYSLERS is 0.09% of billable salary, or approximately $11 million to the State of New York and approximately $17 million to the local participating employers. This **permanent annual cost** will vary in subsequent billing cycles with changes in the billing rate and salary of the affected members.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), the increased costs would be shared by the State of New York and the local participating employers in the NYSLPFRS. If this bill were enacted during the 2024 Legislative Session, the increase in the present value of benefits would be approximately $131 million.

NYSLPFRS	Increase in present value benefits	Increase in required contributions
Tiers 1 - 5	$107 million	$62 million
Tier 6	$24 million	$69 million
Total	$131 million	$131 million

In the NYSLPFRS, 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 NYSLPFRS is 0.3% of billable salary, or approximately $2.6 million to the State of New York and approximately $11 million to the local participating employers. 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, 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 February 6, 2024, and intended for use only during the Legislative Session, is Fiscal Note No. 2024-46, prepared by the Actuary for the New York State and Local Retirement System.