STATE OF NEW YORK

10189

IN SENATE

May 5, 2026

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, in relation to the definition of overtime ceiling

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

Section 1. Subdivision l of section 601 of the retirement and social security law, as amended by chapter 368 of the laws of 2017, is amended to read as follows:

l. (a) "Wages" shall mean regular compensation earned by and paid to a member by a public employer, except that for members who first join the New York state and local employees' retirement system or the New York state teachers' retirement system on or after January first, two thousand ten, overtime compensation paid in any year in excess of the overtime ceiling, as defined by this subdivision, shall not be included in the definition of wages.

(b) "Overtime compensation" shall mean, for purposes of this section, compensation paid under any law or policy under which employees are paid at a rate greater than their standard rate for additional hours worked beyond those required, including compensation paid under section one hundred thirty-four of the civil service law and section ninety of the general municipal law.

(c) The "overtime ceiling" shall mean fifteen thousand dollars per annum on January first, two thousand ten, and shall be increased by three per cent each year thereafter, provided, however, that:

(i) for members who first become members of a public retirement system of the state on or after April first, two thousand twelve, **other than a pension authorized under section six hundred four-b of this article,** "overtime ceiling" shall mean fifteen thousand dollars per annum on April first, two thousand twelve, and shall be increased each year thereafter by a percentage to be determined annually by reference to the consumer price index (all urban consumers, CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, for each applicable calendar year. Said percentage shall

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

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equal the annual inflation as determined from the increase in the consumer price index in the one year period ending on the December thirty-first preceding the overtime ceiling adjustment effective on the ensuing April first.

(ii) Commencing January first, two thousand eighteen, and each year thereafter, the overtime ceiling percentage shall be increased by an amount equal to the annual inflation as determined from the increase in the consumer price index in the one year period ending on the September thirtieth prior to the overtime ceiling adjustment effective on the ensuing January first.

(d) For members who first join a public retirement system of the state on or after April first, two thousand twelve, the following items shall not be included in the definition of wages: 1. wages in excess of the annual salary paid to the governor pursuant to section three of article four of the state constitution, 2. lump sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked, 3. any form of termination pay, 4. any additional compensation paid in anticipation of retirement, and 5. in the case of employees who receive wages from three or more employers in a twelve month period, the wages paid by the third and each additional employer.

§ 2. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would remove the Overtime Ceiling for Tier 6 New York City Transit Authority (NYCTA) members subject to the 25-Year and Age 55 Retirement Program (the 55/25 NYCTA Plan) for wages used to calculate member contributions and pension benefits.

EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years ($ in Millions)

Year	NYCERS
2027	22.0
2028	22.9
2029	23.9
2030	24.8
2031	25.7
2032	26.6
2033	27.6
2034	28.6
2035	29.6
2036	30.6
2037	31.6
2038	32.6
2039	33.6
2040	34.6
2041	35.6
2042	36.6
2043	25.4
2044	26.4
2045	27.3
2046	28.3
2047	29.2
2048	30.1
2049	31.0
2050	31.9

2051 32.8

Projected contributions include future new hires that may be impacted. For Fiscal Year 2052 and beyond, the expected increase in normal cost as a level percent of pay for impacted new entrants is approximately 0.40%.

The entire increase in employer contributions will be allocated to the New York City Transit Authority.

PRESENT VALUE OF BENEFITS: The Present Value of Benefits is the discounted expected value of benefits paid to current members if all assumptions are met, including future service accrual and pay increases. Future new hires are not included in this present value.

INITIAL INCREASE (DECREASE) IN ACTUARIAL PRESENT VALUES
as of June 30, 2025 ($ in Millions)

Present Value (PV)	NYCERS
(1) PV of Employer Contributions:	236.4
(2) PV of Employee Contributions:	**87.0**
Total PV of Benefits (1) + (2):	323.4

UNFUNDED ACCRUED LIABILITY (UAL): Actuarial Accrued Liabilities are the portion of the Present Value of Benefits allocated to past service. Changes in UAL were amortized over the expected remaining working life-time of those impacted using level dollar payments.

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	NYCERS
Increase (Decrease) in UAL:	111.6 M
Number of Payments:	16
Amortization Payment:	12.2 M

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2025. The census data for the impacted population is summarized below.

Active Members	NYCERS
- Number Count:	23,550
- Average Age:	43.7
- Average Service:	5.8
- Average Salary:	89,700

IMPACT ON MEMBER BENEFITS AND CONTRIBUTIONS: Under the proposed legislation, the Overtime Ceiling would become inapplicable to participants in the Tier 6 55/25 NYCTA Plan. As a result, overtime earnings exceeding the Overtime Ceiling would be included in determining member contribution rates and annual contributions to be paid by the member. Participants may be entitled to a higher annual pension benefit if such earnings increase their Final Average Salary.

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the Revised 2021 Actuarial Assumptions and Methods of the impacted retirement systems. In addition:

* Future overtime earnings exceeding the Overtime Ceiling were assumed to remain level based on reported overtime for the last three fiscal years.

* New entrants were assumed to replace exiting members so that total payroll increases by 3% each year for NYC Transit members. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models used, demographics of the impacted population, and other factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits). This Fiscal Note does not reflect any chapter laws that may have been enacted during the current legislative session.

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS, but do not believe it impairs our objectivity, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2026-69 dated April 22, 2026 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds and is intended for use only during the 2026 Legislative Session.