STATE OF NEW YORK

6956--B

Cal. No. 1224

2025-2026 Regular Sessions

IN SENATE

March 27, 2025

Introduced by Sens. C. RYAN, ADDABBO, BORRELLO, COMRIE, COONEY, FERNANDEZ, GALLIVAN, HARCKHAM, HINCHEY, JACKSON, LANZA, MARTINEZ, MATTERA, MAYER, MURRAY, ORTT, PALUMBO, RHOADS, ROLISON, SKOUFIS, WEBER -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- reported favorably from said committee and committed to the Committee on Finance -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading -- again amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the retirement and social security law, in relation to increasing the earning limitations for retired persons in positions of public service

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

Section 1. Section 212 of the retirement and social security law is amended by adding a new subdivision 2-a to read as follows:

2-a. Notwithstanding the provisions of subdivision two of this section, the earnings limitation for retired persons in a position of public service shall be increased to fifty thousand dollars from the year two thousand twenty-five and thereafter.

§ 2. This act shall take effect immediately.

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

This bill would allow a retired person from the New York State and Local Retirement System who returns to public employment with an annual salary of $50,000 or less to continue to receive their full retirement benefit. Currently, the salary limit is $35,000.

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), if this bill were enacted during the 2025 Legislative Session, the direct cost incurred would be the retiree's pension benefit paid while post-retirement earnings are between $35,000 and $50,000 each calendar year. The pension benefit expected to be paid by NYSLERS during that 2.5-month period is estimated to be $9,000 per person.

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

LBD03695-04-5

In addition to the direct cost quoted above, there would be additional costs in the form of lost employer contributions due to non-billable post-retirement earnings, which are estimated to be $2,250 per person.

In 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. For each retiree rehired pursuant to this proposal, an annual cost of $11,250 is expected.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), if this bill were enacted during the 2025 Legislative Session, the direct cost incurred would be the retiree's pension benefit paid while post-retirement earnings are between $35,000 and $50,000 each calendar year. The pension benefit expected to be paid by NYSLPFRS during that 1-month period is estimated to be $7,500 per person.

In addition to the direct cost quoted above, there would be additional costs in the form of lost employer contributions due to non-billable post-retirement earnings, which are estimated to be $4,500 per person.

All costs will be shared by the State of New York and all participating employers in NYSLPFRS and spread over future billing cycles. For each retiree rehired pursuant to this proposal, an annual cost of $12,000 is expected.

In addition to the direct costs quoted above, insofar as this proposal disrupts the usual pattern and timing of employee turnover (that is, if members retire earlier than assumed and participating employers hire a retiree instead of a new billable member), shifts in member behavior could generate losses that increase the average billing rate in 20-year and 25-year service-based plans from 33.7% to 43.3%. In age-based plans, average billing rates could increase from 16.5% to 19.9%. The actual increase in billing rates will depend upon member and employer utilization, with the rates above representing an upper maximum.

Because this proposal exclusively benefits retirees, the increased costs are primarily attributable to retirees from Tiers 1-4. Approximately half the contributions required to fund this proposal will be collected on salary reported for current members of Tier 6.

Summary of relevant resources:

Membership data as of March 31, 2024 was used in measuring the impact of the proposed change, the same data used in the April 1, 2024 actuarial valuation. Distributions and other statistics can be found in the 2024 Report of the Actuary and the 2024 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2024 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, 2024 New York State and Local Retirement System Financial Statements and Supplementary Information.

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 12, 2025, and intended for use only during the 2025 Legislative Session, is Fiscal Note No. 2025-71. As Chief Actuary of the New York State and Local Retirement System, I, Aaron Schottin Young, hereby certify that this analysis complies with applicable Actuarial Standards of Practice as well as the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member.

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

This bill would add a new subdivision 2-a to Section 212 of the Retirement and Social Security Law to increase the earnings-after-retirement limitation to $50,000 for retired members who return to work in positions of public employment for calendar year 2025 and thereafter. Currently this earnings limitation is $35,000. There is no earnings limitation for retirees age 65 and above.

It is expected that this increase in the earnings-after-retirement limit could have an impact on the Retirement System's patterns of retirement resulting in some members retiring earlier than they otherwise would have. Earlier retirement generally increases plan costs since members will be receiving their benefits for a longer period. If retirement patterns shift more than expected, there will be additional costs.

The annual cost to the employers of members of the New York State Teachers' Retirement System for this benefit is estimated to be $91.2 million or 0.45% of payroll if this bill is enacted.

Member data is from the System's most recent actuarial valuation files as of June 30, 2024, consisting of data provided by the employers to the Retirement System. The most recent data distributions and statistics can be found in the System's Annual Report for fiscal year ended June 30, 2024. System assets are as reported in the System's financial statements and can also be found in the System's Annual Report. Actuarial assumptions and methods will be provided in the System's Actuarial Valuation Report as of June 30, 2024. The retirement assumption which has been modified from this report to reflect earlier patterns of retirement.

The source of this estimate is Fiscal Note 2025-24 dated May 29, 2025 prepared by the Office of the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2025 Legislative Session. I, Richard A. Young, am the Chief Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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

SUMMARY: This proposed legislation would increase the $35,000 Retirement and Social Security Law (RSSL) Section 212 post-retirement public employment earnings limit to $50,000 for calendar year 2025 and each year thereafter for certain New York City Retirement Systems and Pension Funds (NYCRS) retirees who return to public service.

ILLUSTRATION - ADDITIONAL RETIREMENT ALLOWANCE TO BE PAID

Annual Retirement Allowance	Annual Post-Retirement Earnings in Calendar Year $40,000	$50,000	$60,000	$70,000	$80,000
$30,000	$3,750	$9,000	$7,500	$6,429	$5,625
$40,000	$5,000	$12,000	$10,000	$8,571	$7,500
$50,000	$6,250	$15,000	$12,500	$10,714	$9,375
$60,000	$7,500	$18,000	$15,000	$12,857	$11,250
$70,000	$8,750	$21,000	$17,500	$15,000	$13,125
$80,000	$10,000	$24,000	$20,000	$17,143	$15,000
$90,000	$11,250	$27,000	$22,500	$19,286	$16,875
$100,000	$12,500	$30,000	$25,000	$21,429	$18,750

The resulting increases in employer contributions will be allocated to New York City and other applicable obligors of NYCRS.

CENSUS DATA: The number of retirees who will return to public service in the future is unknown and the portion of the pension allowance

suspended is highly dependent on their salary earned. The results above illustrate the additional pension amount that would be paid under this legislation given a retiree's post-retirement earnings and pension allowance.

The preliminary census data collected as of June 30, 2024 for the potentially impacted service retiree population is summarized below.

	NYCERS	TRS	BERS	POLICE	FIRE
Receiving Members					
- Number Count:	21,977	10,531	2,157	24,530	1,243
- Average Age:	60.1	61.0	61.8	56.4	56.5
- Average Benefit:	45,300	57,200	18,800	71,800	96,600

IMPACT ON PENSION PAYMENTS: Retirees below age 65 who return to public service and elect to be covered under the provisions of RSSL Section 212 are permitted to earn an amount not exceeding a specific dollar limit in each calendar year. Once this dollar limit is reached, the retiree's retirement allowance is suspended for the remainder of that calendar year. The amount of the retirement allowance suspended is contingent upon both individual post-retirement earnings and annual retirement allowances.

Currently, the post-retirement earnings limitation in effect for calendar year 2020 and each year thereafter is $35,000. Under the proposed legislation, the post-retirement earnings limitation would be increased to $50,000 for calendar year 2025 and each year thereafter.

ASSUMPTIONS AND METHODS: For illustrative purposes only, the table above presents the estimated additional retirement allowances paid (i.e., those benefits that would not be subject to suspension) for various sample combinations of post-retirement annual earnings and annual retirement allowance amounts.

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 2025-77 dated June 6, 2025 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds and is intended for use only during the 2025 Legislative Session.