STATE OF NEW YORK

8574--A

2025-2026 Regular Sessions

IN ASSEMBLY

May 21, 2025

Introduced by M. of A. PHEFFER AMATO -- 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, in relation to the limitation of overtime compensation in final average salary calculations

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

Section 1. Section 1203 of the retirement and social security law, as added by section 1 of part A of chapter 504 of the laws of 2009, is amended to read as follows:

§ 1203. Overtime. A member's final average salary shall be calculated in accordance with such provisions of article eight or article eleven of this chapter as govern the member's benefits **including overtime**, except that earnings classified as overtime compensation in an amount in excess of [~~fifteen~~] **thirty** percent of a member's annual wages not classified as overtime compensation shall be excluded from such calculation. "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.

§ 2. This act shall take effect immediately.

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

This bill would increase the limit on overtime compensation used in the calculation of final average salary to 30 percent of annual wages for Tier 5 and 6 members in the New York State and Local Police and Fire Retirement System (NYSLPFRS). The current limit is 15 percent.

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

LBD08189-03-6

Insofar as this bill affects NYSLPFRS, the present value of benefits would increase by approximately $331 million.

NYSLPFRS	Increase in present value of benefits	Increase in required contributions
Actives Tiers 1-5 (Closed)	$ 35.6 mn	$ 50.3 mn
Actives Tier 6 (Open)	$ 295.1 mn	$ 280.3 mn
Total	$ 330.7 mn	$ 330.7 mn

Benefit improvements will be funded by increasing the billing rates charged annually. The annual contribution required of all participating employers in NYSLPFRS would increase 0.7% of billable salary, or approximately $6 million to the state of New York and $27 million to the local participating employers. This permanent annual cost will vary in future billing cycles with changes in the billing rate and salary of the affected members.

The number of current and future members who could be affected by this legislation cannot be readily determined.

Summary of relevant resources:

Membership data as of March 31, 2025 was used to measure the impact of the bill, the same data used in the Actuarial Valuations dated April 1, 2025. Distributions and other statistics can be found in the 2025 Report of the Actuary and the 2025 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2025 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control. The fair value of assets and GASB disclosures can be found in the 2025 Financial Statements and Supplementary Information.

Assumptions, demographics, and other considerations may have been modified to better reflect specific provisions of any proposed benefit change(s).

This fiscal note does not constitute a legal opinion on the viability of the bill, nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated January 28, 2026, and intended for use only during the 2026 Legislative Session, is Fiscal Note Number 2026-38. As Chief Actuary of the New York State and Local Retirement System (NYSLRS), 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. I am a member of NYSLRS but do not believe it impairs my objectivity.