STATE OF NEW YORK

7670

2025-2026 Regular Sessions

IN SENATE

April 28, 2025

Introduced by Sens. JACKSON, RAMOS -- 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 setting the increase to the overtime ceiling as a fixed percentage

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

Section 1. Paragraph (c) of subdivision 24 of section 501 of the retirement and social security law, as amended by chapter 368 of the laws of 2017, is amended to read as follows:

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

(i) For members who first become members of the New York state and local employees' retirement system on or after April first, two thousand twelve, "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 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.

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

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(iii) Commencing January first, two thousand twenty-six, and each year thereafter, for members who first become members of the New York state and local employees' retirement system on or after April first, two thousand twelve, the overtime ceiling percentage increase shall be equal to the greater of: (A) three percent, or (B) 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.

§ 2. Paragraph (c) of 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:

(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~~] **percent** each year thereafter, provided, however, that:

(i) [~~for~~] **For** members who first become members of a public retirement system of the state on or after April first, two thousand twelve, "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 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.

(iii) Commencing January first, two thousand twenty-six, and each year thereafter, for members who first become members of the New York state and local employees' retirement system on or after April first, two thousand twelve, the overtime ceiling percentage increase shall be equal to the greater of: (A) three percent, or (B) 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.

§ 3. Notwithstanding any provision of law to the contrary, none of the provisions of this act shall be subject to the appropriation requirement of section twenty-five of the retirement and social security law.

§ 4. This act shall take effect immediately.

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

This bill would change the overtime ceiling percentage increase for Tier 6 members in the New York State and Local Employees' Retirement System (NYSLERS) to the greater of three percent or the rate of annual inflation, beginning January 1, 2026. Under current law, the ceiling was set at $15,000 at the inception of Tier 6 and is increased annually by the rate of inflation.

The provisions of Section 25 of the Retirement and Social Security Law shall not apply.

Insofar as this bill affects NYSLERS, the increased costs would be shared by the State of New York and the local participating employers in NYSLERS. If this bill were enacted during the 2025 Legislative Session,

the increase in the present value of benefits would be approximately $290 million.

NYSLERS	Increase in present value of benefits	Increase in required contributions
Actives Tiers 1-5 (Closed)	$ 0 mn	$ 53 mn
Actives Tier 6 (Open)	$ 290 mn	$ 237 mn
Total	$ 290 mn	$ 290 mn

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 0.1% of billable salary, or approximately $13 million to the State of New York and approximately $20 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.

These estimated costs are based on 295,617 affected Tier 6 members, with annual salary of approximately $14 billion as of March 31, 2024.

To develop the above costs, our models included a Monte Carlo analysis consisting of 5,000 simulations, each consisting of thirty years of annual CPI-U projections. In all 5,000 simulations, for at least one year in the thirty-year period, the 3% floor provided by the proposed legislation resulted in a higher overtime ceiling. The 3% floor exceeded annual inflation projections in approximately 60% of the 150,000 trial years.

Summary of relevant resources:

The inflation measurement used in this analysis was based on the February 2025 Consumer Price Index for All Urban Consumers: U.S. City average, published by the U.S. Bureau of Labor Statistics.

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 April 28, 2025, and intended for use only during the 2025 Legislative Session, is Fiscal Note No. 2025-142. 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.