

# STATE OF NEW YORK

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8087

2025-2026 Regular Sessions

## IN SENATE

May 15, 2025

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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:

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

4 1. (a) "Wages" shall mean regular compensation earned by and paid to a  
5 member by a public employer, except that for members who first join the  
6 New York state and local employees' retirement system or the New York  
7 state teachers' retirement system on or after January first, two thou-  
8 sand ten, overtime compensation paid in any year in excess of the over-  
9 time ceiling, as defined by this subdivision, shall not be included in  
10 the definition of wages.

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

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

20 (i) for members who first become members of a public retirement system  
21 of the state on or after April first, two thousand twelve, other than a  
22 pension authorized under section six hundred four-b of this article,  
23 "overtime ceiling" shall mean fifteen thousand dollars per annum on  
24 April first, two thousand twelve, and shall be increased each year ther-  
25 eafter by a percentage to be determined annually by reference to the

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

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1 consumer price index (all urban consumers, CPI-U, U.S. city average, all  
 2 items, 1982-84=100), published by the United States bureau of labor  
 3 statistics, for each applicable calendar year. Said percentage shall  
 4 equal the annual inflation as determined from the increase in the  
 5 consumer price index in the one year period ending on the December thir-  
 6 ty-first preceding the overtime ceiling adjustment effective on the  
 7 ensuing April first.

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

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

24 § 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
2026	20.2
2027	21.1
2028	22.1
2029	23.1
2030	24.0
2031	25.0
2032	26.0
2033	27.0
2034	28.1
2035	29.2
2036	30.2
2037	31.3
2038	32.4
2039	33.5
2040	34.6
2041	35.7
2042	26.1
2043	27.2
2044	28.2
2045	29.3
2046	30.3



2047	31.3
2048	32.3
2049	33.3
2050	34.3

Projected contributions include future new hires that may be impacted. For Fiscal Year 2051 and beyond, the expected increase in normal cost as a level percent of pay for impacted new entrants is approximately 0.45%.

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, 2024 (\$ in Millions)

Present Value (PV)	NYCERS
(1) PV of Employer Contributions:	220.1
(2) PV of Employee Contributions:	<u>84.3</u>
Total PV of Benefits (1) + (2):	304.3

**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 lifetime of those impacted using level dollar payments.

**AMORTIZATION OF UNFUNDED ACCRUED LIABILITY**

	NYCERS
Increase (Decrease) in UAL:	97.0 M
Number of Payments:	16
Amortization Payment:	10.6 M

**CENSUS DATA:** The estimates presented herein are based on preliminary census data collected as of June 30, 2024. The census data for the impacted population is summarized below.

Active Members	NYCERS
- Number Count:	21,909
- Average Age:	43.2
- Average Service:	5.4
- Average Salary:	86,000

**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. Partic-

ipants 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 2025-62 dated May 14, 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.

