

STATE OF NEW YORK

5110--A

2021-2022 Regular Sessions

IN SENATE

February 23, 2021

Introduced by Sens. BROOKS, GALLIVAN -- 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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, the education law and the administrative code of the city of New York, in relation to supplemental military retirement allowances for members of public retirement systems of the state

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

1 Section 1. Section 1000 of the retirement and social security law is
2 amended by adding a new subdivision 8-a to read as follows:

3 8-a. A person who retired prior to May thirty-first, two thousand
4 seventeen and who would have been entitled to the provisions of this
5 section, may make application to such retirement system no later than
6 December thirty-first, two thousand twenty-two for a supplemental mili-
7 tary retirement allowance pursuant to this subdivision. The supple-
8 mental retirement allowance provided by this subdivision shall be in
9 lieu of any benefit otherwise provided pursuant to this section and any
10 credit granted for military service with any retirement system of this
11 state pursuant to any other section of law. Upon receipt of an applica-
12 tion, the retirement system shall determine the amount of service credit
13 such person would have been entitled to receive pursuant to subdivisions
14 one and two of this section, subject to the limitations contained in
15 this section. The supplemental military retirement allowance shall equal
16 the retirement allowance of such person, computed without optional
17 modification and not to exceed fifteen thousand dollars, multiplied by
18 twenty-five one-hundredths of one percent per month of the service cred-
19 it as determined pursuant to this subdivision. One-twelfth of the
20 supplemental military retirement allowance shall be added to the retire-

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

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1 ment allowance of such person each month. The benefit payable pursuant
2 to this section shall commence on the next retirement allowance payable
3 at least thirty days after the receipt of an application from such
4 person. For the purposes of this subdivision, retirement allowance shall
5 exclude any annuity derived from voluntary contributions made by the
6 individual, except those made pursuant to elections under subdivision
7 one of section five hundred eleven-a or paragraph c of subdivision three
8 of section five hundred sixteen of the education law, but shall include
9 any cost of living adjustment derived from sections seventy-eight-a and
10 three hundred seventy-eight-a of this chapter or section five hundred
11 thirty-two-a of the education law, as applicable. The benefit payable
12 pursuant to this subdivision shall be payable for the life of the
13 retired member only, except that the surviving spouse of a deceased
14 member who retired under an option providing a benefit to be continued
15 for life to the surviving spouse after the death of the member shall be
16 entitled to receive fifty percent of the monthly benefit that the
17 retired member would be receiving pursuant to this subdivision, if
18 living, commencing with the next retirement allowance payable at least
19 thirty days after receipt of an application from the retired member for
20 the benefit or payable after the death of the retired member.

21 § 2. Subdivision b of section 78-a of the retirement and social secu-
22 rity law, as added by chapter 125 of the laws of 2000, is amended to
23 read as follows:

24 b. Said cost-of-living adjustment shall be a percentage of the annual
25 retirement allowance otherwise payable, computed without optional
26 modification, but including any benefit derived from subdivision f of
27 this section ~~[and]~~, any prior year's cost-of-living adjustment derived
28 from this section and the amount of any supplemental military retirement
29 allowance derived from subdivision eight-a of section one thousand of
30 this chapter. Said percentage is set forth in subdivision d of this
31 section.

32 § 3. Subdivision b of section 378-a of the retirement and social secu-
33 rity law, as added by chapter 125 of the laws of 2000, is amended to
34 read as follows:

35 b. Said cost-of-living adjustment shall be a percentage of the annual
36 retirement allowance otherwise payable, computed without optional
37 modification, but including any benefit derived from subdivision f of
38 this section ~~[and]~~, any prior year's cost-of-living adjustment derived
39 from this section and the amount of any supplemental military retirement
40 allowance derived from subdivision eight-a of section one thousand of
41 this chapter. Said percentage is set forth in subdivision d of this
42 section.

43 § 4. Subdivision b of section 532-a of the education law, as added by
44 chapter 125 of the laws of 2000, is amended to read as follows:

45 b. Said cost-of-living adjustment shall be a percentage of the annual
46 retirement allowance otherwise payable, computed without optional
47 modification, excluding any annuity derived from voluntary contributions
48 made by members, except those made pursuant to elections under subdivi-
49 sion one of section five hundred eleven-a or paragraph c of subdivision
50 three of section five hundred sixteen of this article, but including any
51 benefit derived from subdivision f of this section ~~[and]~~, any prior
52 year's cost-of-living adjustment derived from this section and the
53 amount of any supplemental military retirement allowance derived from
54 subdivision eight-a of section one thousand of the retirement and social
55 security law. Said percentage is set forth in subdivision d of this
56 section.

§ 5. Subdivision b of section 13-696 of the administrative code of the city of New York, as added by chapter 125 of the laws of 2000, is amended to read as follows:

b. Said cost-of-living adjustment shall be a percentage of the annual fixed retirement allowance otherwise payable, computed without optional modification, but including any benefit derived from subdivision f of this section ~~and~~, any prior year's cost-of-living adjustment derived from this section and the amount of any supplemental military allowance derived from subdivision eight-a of section one thousand of the retirement and social security law. Said percentage is set forth in subdivision d of this section.

§ 6. This act shall take effect immediately.

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

This bill would amend Section 1000 of the Retirement and Social Security Law to give veterans who retired prior to May 31, 2017, a supplemental pension equal to their first \$15,000 of single life allowance together with any cost of living adjustment, multiplied by 3% per year for up to three (3) years of such service credit for military service that would have been eligible if the member retired on or after such date. The surviving spouse of such a retired veteran who chose a continued life benefit to the spouse shall receive half of what the deceased member would have received. There would not be any payment required by an affected retiree or surviving spouse for this supplemental pension. Such retiree may make application for the supplemental pension no later than December 31, 2022 and the payment of the benefit will begin with the next monthly pension payment payable at least 30 days after receipt of the application.

The exact number of retirees that could be affected by this legislation cannot be readily determined.

ERS Costs: Pursuant to Section 25 of the Retirement and Social Security Law, the increased cost to the New York State and Local Employees' Retirement System would be borne entirely by the State of New York and would require an itemized appropriation sufficient to pay the cost of the provision. Once a retiree applies for this benefit a cost will be generated, which will be billed to the State.

PFRS Costs: These costs would be shared by the State of New York and the participating employers in the PFRS.

Summary of relevant resources:

Membership data as of March 31, 2020 was used in measuring the impact of the proposed change, the same data used in the April 1, 2020 actuarial valuation. Distributions and other statistics can be found in the 2020 Report of the Actuary and the 2020 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 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, 2020 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

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 February 19, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-92, prepared by the Actuary for the New York State and Local Retirement System.

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

This bill (legislative bill draft 09719-02-1) would amend section 1000 of the Retirement and Social Security Law by adding a new subdivision 8-a to allow eligible retired members of public retirement systems of New York State to receive a supplemental military retirement allowance based upon the retirement allowance of such member and up to three years of military service credit. This supplemental benefit would be in lieu of any benefit otherwise provided by military service credit. The annual supplemental military retirement allowance shall be equal to the retirement allowance of such person, computed without optional modification and not to exceed fifteen thousand dollars, multiplied by twenty-five one-hundredths of one percent per month of military service claimed. The surviving spouse of a deceased member who retired under an option which provides them with a continuing lifetime benefit would be entitled to receive fifty percent of the supplemental military retirement allowance that the retired member would have received. A member must have retired prior to May 31, 2017 and make application no later than December 31, 2022. This benefit is prospective only and shall commence on the next retirement allowance payable at least 30 days after the receipt of said application. There is no member cost for this benefit.

It is not possible to determine the total annual cost to the employers of members of the New York State Teachers' Retirement System since the number of retired members who would be eligible for the supplemental military retirement allowance under this bill cannot be effectively estimated. However, the cost is estimated to be, on average, approximately \$12,400 for each retired member eligible for three years of supplemental military retirement allowance provided under this bill if enacted.

Member data is from the System's most recent actuarial valuation files, consisting of data provided by the employers to the Retirement System. Data distributions and statistics can be found in the System's Annual Report. 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 are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2021-51 dated June 2, 2021 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2021 Legislative Session. I, Richard A. Young, am the 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.