S T A T E O F N E W Y O R K

10131

I N A S S E M B L Y

May 9, 2012

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to providing veterans of the conflicts in Iraq and Afghanistan with the option to purchase retirement service credit for time served in the theater of operation

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Paragraphs (c) and (d) of subdivision 2 of section 1000 of the retirement and social security law, as added by chapter 548 of the laws of 2000, are amended and a new paragraph (e) is added to read as follows:

(c) hostilities participated in by the military forces of the United States in Panama, from the twentieth day of December, nineteen hundred eighty-nine to the thirty-first day of January, nineteen hundred ninety, as established by receipt of the armed forces expeditionary medal, the navy expeditionary medal, or the marine corps expeditionary medal; [or]

(d) hostilities participated in by the military forces of the United States, from the second day of August, nineteen hundred ninety, to the end of such hostilities in case of a veteran who served in the theater of operations including Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Oman, the Gulf of Aden, the Gulf of Oman, the Persian Gulf, the Red Sea, and the airspace above these locations[.]; OR

(E) HOSTILITIES PARTICIPATED IN BY THE MILITARY FORCES OF THE UNITED STATES, FROM THE SEVENTH DAY OF OCTOBER, TWO THOUSAND ONE, TO THE END OF SUCH HOSTILITIES IN THE CASE OF A VETERAN WHO SERVED IN THE THEATER OF OPERATIONS INCLUDING EITHER IRAQ OR AFGHANISTAN AND THE AIRSPACE ABOVE THESE LOCATIONS.

S 2. This act shall take effect immediately.

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

This bill would amend subdivision 2 of section 1000 of the Retirement and Social Security Law to add Iraq and Afghanistan to the list of theaters of operations in which a member of a public retirement system of New York State may claim service credit. A member may claim service

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

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credit for up to three years of military service performed during hostilities participated in by the military forces of the United States, from the seventh day of October, two thousand one, to the end of such hostilities. A member must have at least five years of credited service to be eligible and make application for such credit before the effective date of retirement. To obtain such credit, the member shall deposit in the pension accumulation fund a sum equal to the product of the period of military service being claimed and three percent of his or her current annual full-time rate of compensation. This act shall take effect immediately.

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 total amount of service credit which would be claimed under this bill cannot be estimated. However, the cost to the employers of members of the New York State Teachers' Retirement System is estimated to be $18,300 per year of service credited for Tier 1 and 2 members, $17,900 per year of service credited for Tier 3 and 4 members, and $16,700 per year of service credited for Tier 5 members if this bill is enacted.

The source of this estimate is Fiscal Note 2012-18 dated March 7, 2012 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2012 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.

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

This bill would allow up to three (3) years of service credit for members of public retirement systems in New York State who rendered military service from October 7, 2001 to the end of such hostilities in Afghanistan and were assigned to the theater of operations. However, the total service credit granted for any military service shall not exceed three (3) years. Members must have at least five years of credited service (not including military service). Members would be required to make a payment of three percent of their most recent compensation per year of additional service credit granted by this bill.

If this bill is enacted, insofar as this proposal affects the New York State and Local Employees' Retirement System (ERS), it is estimated that the past service cost will average approximately 12% of an affected members' compensation for each year of additional service credit that is purchased.

Insofar as this proposal affects the New York State and Local Police and Fire Retirement System (PFRS), it is estimated that the past service cost will average approximately 17% of an affected members' compensation for each year of additional service that is purchased.

If less than 300 of the active membership have such military service and will benefit by purchasing the service credit, there will be estimated increases in annual contributions of less than $450,000 to employers in the ERS and less than $170,000 to employers in the PFRS.

In addition to the above costs, there would be additional costs for future members of the Retirement System who have such military service.

Summary of relevant resources:

Data: March 31, 2011 Actuarial Year End File with distributions of membership and other statistics displayed in the 2011 Report of the Actuary and 2011 Comprehensive Annual Financial Report.

Assumptions and Methods: 2010 and 2011 Annual Report to the Comptroller on Actuarial Assumptions, Codes Rules and Regulations of the State of New York: Audit and Control.

Market Assets and GASB Disclosures: March 31, 2011 New York State and Local Retirement System Financial Statements and Supplementary Information.

Valuations of Benefit Liabilities and Actuarial Assets: summarized in the 2011 Actuarial Valuations report.

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

This estimate, dated February 17, 2012 and intended for use only during the 2012 Legislative Session, is Fiscal Note No. 2012-65, prepared by the Actuary for the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System.