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

4739

2013-2014 Regular Sessions

I N S E N A T E

April 19, 2013

Introduced by Sen. ADDABBO -- 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 allowing a buyback of certain military service credit

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

Section 1. Subdivisions 1, 2, 4 and 5 of section 1000 of the retirement and social security law, as added by chapter 548 of the laws of 2000, are amended to read as follows:

1. A member, upon application to such retirement system, may obtain a total not to exceed [three] FIVE years of service credit for up to [three] FIVE years of military duty, as defined in section two hundred forty-three of the military law, if the member was honorably discharged from the military and all or part of such military service was rendered during the following periods: (a) commencing December seventh, nineteen hundred forty-one and terminating December thirty-first, nineteen hundred forty-six; (b) commencing June twenty-seventh, nineteen hundred fifty and terminating January thirty-first, nineteen hundred fifty-five; or (c) commencing February twenty-eighth, nineteen hundred sixty-one and terminating May seventh, nineteen hundred seventy-five;

2. A member, upon application to such retirement system, may obtain a total not to exceed [three] FIVE years of service credit for up to [three] FIVE years of military duty, as defined in section two hundred forty-three of the military law, if honorably discharged therefrom, if all or part of such services was rendered in the military conflicts referenced below, as follows:

(a) hostilities participated in by the military forces of the United States in Lebanon, from the first day of June, nineteen hundred eighty-three to the first day of December, nineteen hundred eighty-seven, as established by receipt of the armed forces expeditionary medal, the navy expeditionary medal, or the marine corps expeditionary medal;

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

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(b) hostilities participated in by the military forces of the United States in Grenada, from the twenty-third day of October, nineteen hundred eighty-three to the twenty-first day of November, nineteen hundred eighty-three, as established by receipt of the armed forces expeditionary medal, the navy expeditionary medal, or the marine corps expeditionary medal;

(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, AFGHANISTAN, 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.

4. To obtain such credit, a member shall pay such retirement system, for deposit in the fund used to accumulate employer contributions, a sum equal to the product of the number of years of military service being claimed and three percent of such member's compensation earned during the twelve months of credited service immediately preceding the date that the member made application for credit pursuant to this section. If permitted by rule or regulation of the applicable retirement system, the member may pay such member costs by payroll deduction for a period which shall not exceed the time period of military service to be credited pursuant to this section. FOR ANY CURRENT MEMBER APPLYING TO OBTAIN SERVICE CREDIT IN ADDITION TO A TOTAL OF THREE YEARS OF SERVICE CREDIT ALREADY OBTAINED, SUCH MEMBER SHALL PAY SUCH RETIREMENT SYSTEM, FOR DEPOSIT IN THE FUND USED TO ACCUMULATE EMPLOYER CONTRIBUTION, A SUM EQUAL TO THE PRODUCT OF THE NUMBER OF YEARS OF MILITARY SERVICE BEING CLAIMED AND THREE PERCENT OF SUCH MEMBER'S COMPENSATION EARNED DURING THE TWELVE MONTHS OF CREDITED SERVICE IMMEDIATELY PRECEDING THE DATE THAT THE MEMBER MADE HIS OR HER FIRST APPLICATION FOR CREDIT PURSUANT TO THIS SECTION. IF PERMITTED BY RULE OR REGULATION OF THE APPLICABLE RETIREMENT SYSTEM, THE MEMBER MAY PAY SUCH MEMBER COSTS BY PAYROLL DEDUCTION FOR A PERIOD WHICH SHALL NOT EXCEED THE TIME PERIOD OF MILITARY SERVICE TO BE CREDITED PURSUANT TO THIS SECTION. In the event the member leaves the employer payroll prior to completion of payment, he or she shall forward all remaining required payments to the appropriate retirement system prior to the effective date of retirement. If the full amount of such member costs is not paid to the appropriate retirement system prior to the member's retirement, the amount of service credited shall be proportional to the total amount of the payments made prior to retirement.

5. In no event shall the credit granted pursuant to this section, when added to credit granted for military service with any retirement system of this state pursuant to this or any other provision of law, exceed a total of [three] FIVE years.

S 2. This act shall take effect immediately and shall apply to current and future members.

FISCAL NOTE.-- This bill would increase the amount of eligible military service credit under Chapter 548 of the Laws of 2000 from three years to five years. In addition, this bill will extend the benefits of such Chapter to members of public retirement systems in New York State

who rendered military service during the period of conflict in Afghanistan and were assigned to the theater of operations. Members must have at least five years of credited service (not including military service). Tier 1-5 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. Tier 6 members would be required to make a payment of six percent of their most recent compensation per year of additional service credit. For those members who have already purchased three years of such credit that will now be permitted to purchase up to two additional years of service credit, the member's payment will be based on the compensation used in the initial calculation.

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% (9% for Tier 6) 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% (14% for Tier 6) of an affected members' compensation for each year of additional service that is purchased.

The exact number of current members as well as future members who 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. Since a member can apply for this service credit at any time prior to retirement, a precise cost can't be determined until each member, as well as future members, applies for the service credit. Every year a cost will be determined (and billed to the state) based on those benefiting from this provision.

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

Summary of relevant resources:

Data: March 31,2012 Actuarial Year End File with distributions of membership and other statistics displayed in the 2012 Report of the Actuary and 2012 Comprehensive Annual Financial Report.

Assumptions and Methods: 2010, 2011 and 2012 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 31,2012 New York State and Local Retirement System Financial Statements and Supplementary Information.

Valuations of Benefit Liabilities and Actuarial Assets: summarized in the 2012 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 April 2, 2013 and intended for use only during the 2013 Legislative Session, is Fiscal Note No. 2013-112, 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.