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

4819--A

2013-2014 Regular Sessions

I N S E N A T E

April 25, 2013

Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Veterans, Homeland Security and Military Affairs -- recommitted to the Committee on Veterans, Homeland Security and Military Affairs in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the military law, in relation to non-contributory retirement service credit for members of the New York city retirement systems called to military duty on or after September eleventh, two thousand one

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

Section 1. Section 243-d of the military law, as added by chapter 326 of the laws of 2005, is amended to read as follows:

S 243-d. Non-contributory retirement service credit for members of the New York state and local retirement systems, THE NEW YORK CITY RETIREMENT SYSTEMS or the New York state teachers' retirement system called to active military duty on or after September eleventh, two thousand one. Notwithstanding any other provision of law, any member of the New York state and local employees' retirement system, THE NEW YORK CITY RETIREMENT SYSTEMS, the New York state and local police and fire retirement system, or the New York state teachers' retirement system who is called to active military duty on or after September eleventh, two thousand one and prior to January first, two thousand six, who is not receiving his or her full salary from a participating employer and is otherwise eligible to receive retirement service credit in such system for such active military duty pursuant to section two hundred forty-two or two hundred forty-three of this article, shall not be required to make member contributions to receive such credit.

S 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after September 11, 2001.

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

LBD05024-03-4

FISCAL NOTE.-- PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would amend Military Law Section 243-d to provide non-contributory retirement service credit for any member of the New York City Retirement Systems ("NYCRS") who was called to active military duty on or after September 11, 2001 and prior to January 1, 2006, who did not receive his or her full salary from a participating employer and who otherwise would be eligible to receive retirement service credit in the NYCRS for such active military service. Such member would not be required to make member contributions to receive such credit.

It is the understanding of the Actuary that the time period for which such member was not receiving his or her full salary from a participating employer would be the time period of such military service and not the time period after the return of such member to his or her employment with a participating employer of the NYCRS.

The Effective Date of the proposed legislation would be the date of enactment and would be deemed to have been in full force and effect on and after September 11, 2001.

FINANCIAL IMPACT - SUMMARY: Enactment of this proposed legislation would increase the Unfunded Actuarial Accrued Liability ("UAAL"), where such amount depends on the number of members affected and upon the amount of military service being credited as well as other characteristics including the age and salary history of the affected members.

Assuming that these affected members would purchase this military service if this legislation were not enacted, the enactment of this proposed legislation for each member affected would be expected to result in an increase in the UAAL reflecting the impact of making such purchases non-contributory.

Under Military Law Section 243, captioned "Provisions applicable to public employees who are absent on military duty," members who purchase such service would contribute such amount as he or she would have contributed had his or her employment been continuous.

Under Military Law Section 244-a, captioned "Credit to members of public retirement systems for military service performed during war," members who purchase such service would pay in full the cost of such service (i.e., both the member cost and the employer cost).

Under the Retirement and Social Security Law ("RSSL") Section 1000, captioned "Military service credit," members who purchase such service would contribute 3.0% of his or her compensation earned in the 12 months of credited service immediately preceding the date that the member purchases this service times the number of years of service being purchased.

However, RSSL Section 1000 also provides that a member who has purchased military service pursuant to Military Law Section 244-a would be entitled to a refund of the difference between the amount paid by the member for such purchase and the amount that would be payable if service had been purchased under RSSL Section 1000.

Thus, for purposes of this Fiscal Note, it has been assumed that the member would have purchased this service under RSSL Section 1000.

Accordingly, the increase in the UAAL would be comparable to the value of member contributions of 3.0% of his or her compensation earned in the 12 months of credited service immediately preceding the date that the member purchases this service times the number of years of service being purchased.

For purposes of amortization of the increase in UAAL, in accordance with Administrative Code of the City of New York ("ACNY") Section 13.638.2(k-2), the Actuary has roughly estimated the remaining working lifetimes of those likely to utilize the provisions of the proposed legislation to be 10 years. Under the One-Year Lag Methodology ("OYLM") used to finance the NYCRS, an amortization period of 10 years would include nine annual payments beginning one year after the actuarial valuation date.

The following Table summarizes the estimated financial impact of this proposed legislation on the NYCRS:

Table 1

Estimated Financial Impact to Provide Non-Contributory Service Credit for Certain Members Called to Active Military Duty on and after September 11, 2001 and prior to January 1,2006

($ Thousands)

Retirement System{1}	Estimated Increase in Unfunded Actuarial Accrued Liability	Estimated Additional Annual Employer Costs{2}
NYCERS	$459.2	$72.9
TRS	0.0{3}	0.0{3}
BERS	0.0{3}	0.0{3}
POLICE	3,774.9	599.4
FIRE	490.9	77.9
Total	$4,725.0	$750.2

{1} New York City Employees' Retirement System ("NYCERS")
New York City Teachers' Retirement System ("TRS")
New York City Board of Education Retirement System ("BERS")
New York City Police Pension Fund ("POLICE")
New York City Fire Department Pension Fund ("FIRE")
{2} Based on an amortization period of 10 years (9 payments under OYLM).
{3} De minimis.

Increases in employer contributions would be comparable to the increases in employer costs.

If enacted during the 2014 Legislative Session and if these affected members and their amounts of military service being credited were identified on or before June 30, 2014, this proposed legislation would be expected to increase employer contributions to the NYCRS beginning Fiscal Year 2016.

OTHER COSTS: The enactment of this proposed legislation would result in some administrative expenses for the NYCRS.

CENSUS DATA: The calculation of estimated changes in UAAL, employer costs and employer contributions presented herein is based upon data provided by NYCERS, POLICE and FIRE. NYCERS reported that 179 members were called to military duty between September 11, 2001 and December 31, 2005. POLICE provided data on 1,121 members who were called to military service between September 11, 2001 and December 31, 2005 along with each member's length of military service during that period and their rank when called to duty. FIRE provided data on 185 members who were on military service as of the end of each calendar year from 2001 through 2005 along with their salary at the time they were called to duty. Estimates were made for similar information for TRS and BERS based on the data received from the other systems.

STATEMENT OF ACTUARIAL OPINION: I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

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

FISCAL NOTE IDENTIFICATION: This estimate is intended for use only during the 2014 Legislative Session. It is Fiscal Note 2014-10, dated April 2, 2014 prepared by the Chief Actuary of the New York City Retirement Systems.