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

4993

2013-2014 Regular Sessions

I N S E N A T E

May 3, 2013

Introduced by Sen. NOZZOLIO -- 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 providing credit to members of public retirement systems of the state for military service rendered during periods of military conflict

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

Section 1. Paragraphs (a), (b) and (c) 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 subdivision 6-a is added to read 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];

(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

6-A. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION, AN INDIVIDUAL WHO RETIRED PRIOR TO THE EFFECTIVE DATE OF THIS SUBDIVISION, MAY MAKE AN APPLICATION FOR CREDIT WITHIN SIX MONTHS FOLLOWING SUCH

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

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EFFECTIVE DATE, IN WHICH EVENT, THE COST TO THE RETIREE WOULD BE BASED ON THE TWELVE MONTHS OF CREDITED SERVICE IMMEDIATELY PRECEDING RETIREMENT. A RETIREMENT SYSTEM SHALL RECALCULATE A RETIREE'S RETIREMENT ALLOWANCE RETROACTIVE TO THE DATE OF RETIREMENT TO ACCOUNT FOR ANY ADDITIONAL CREDIT PURCHASED PURSUANT TO THIS SUBDIVISION.

S 2. This act shall take effect immediately.

FISCAL NOTE.--This bill would extend the benefits of Chapter 548, Laws of 2000 to members and retirees of public retirement systems in New York State who rendered military services in Lebanon from 6/1/83-12/1/87, Grenada from 10/23/83-11/21/83 or Panama from 12/20/89-1/31/90 who did not receive an expeditionary medal. 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). 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.

Retirees must apply for this service credit within six months following the effective date of the passage of this bill. Tier 1-5 retirees would be required to make a payment of three percent of the twelve months salary immediately preceding retirement for each year of additional service credit granted by this bill. Tier 6 retirees would be required to make a payment of six percent of the twelve months salary immediately preceding retirement for each year of additional service credit. The increased retirement benefit will be paid retroactive to the date of retirement.

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 retirees, 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. In addition a retiree can apply for this service credit at any time. Every year a cost will be determined (and billed to the state) based on those benefiting from this provision.

PFRS Costs: These costs 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 a the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This estimate, dated May 2, 2013 and intended for use only during the 2013 Legislative Session, is Fiscal Note No. 2013-109, 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.