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

7942--A

2013-2014 Regular Sessions

I N A S S E M B L Y

June 11, 2013

Introduced by M. of A. ABBATE, BENEDETTO -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to additional credit for military service for disabled veterans

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

Section 1. Subdivision 5 of section 1000 of the retirement and social security law, as added by chapter 548 of the laws of 2000, is amended and a new subdivision 2-a is added to read as follows:

2-A. IN ADDITION TO THE CREDIT PERMITTED UNDER SUBDIVISIONS ONE AND TWO OF THIS SECTION, A MEMBER, UPON APPLICATION TO SUCH RETIREMENT SYSTEM, MAY OBTAIN ADDITIONAL CREDIT NOT TO EXCEED EIGHTEEN MONTHS OF SERVICE CREDIT FOR MILIARY DUTY, AS DEFINED IN SECTION TWO HUNDRED FORTY-THREE OF THE MILITARY LAW, IF HONORABLY DISCHARGED THEREFROM, IF SUCH MEMBER HAS AT LEAST FIVE YEARS OF ACTIVE MILITARY DUTY AND IS RECEIVING A FEDERAL GOVERNMENT SPONSORED DISABILITY BENEFIT INCLUDING, BUT NOT LIMITED TO SOCIAL SECURITY DISABILITY RETIREMENT. 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 AMOUNT REQUIRED AS SET FORTH IN SUBDIVISION FOUR OR TEN OF THIS SECTION, AS APPLICABLE.

5. [In] EXCEPT AS PROVIDED IN SUBDIVISION TWO-A OF THIS SECTION, 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 years.

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

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S 2. Notwithstanding any other provision of law to the contrary, none of the provisions of this act shall be subject to section 25 of the retirement and social security law.

S 3. This act shall take effect immediately.

FISCAL NOTE.--

This bill would amend Chapter 548 of the Laws of 2000 to allow certain members who were honorably discharged from the military with at least 5 years of active duty, who are now receiving a federal government sponsored disability benefit, to purchase up to an additional 18 months of service credit for military duty. Such military duty is not restricted to the theater of operations, receipt of an expeditionary medal or periods of conflict which are required by current law. The additional service credit granted pursuant to this legislation, when added to credit granted for military service pursuant to any other provision of law shall not exceed a total of four and a half (4.5) years. Members must have at least five (5) years of credited 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.

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 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, these per person one-time costs could be borne by the State of New York and would require an itemized appropriation by the State of New York sufficient to pay the cost of the provision. The State may amortize these per person one-time costs over a period of 5 years.

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

Summary of relevant resources:

The membership data used in measuring the impact of the proposed change was the same as that used in the March 31, 2013 actuarial valuation. Distributions and other statistics can be found in the 2013 Report of the Actuary and the 2013 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2010, 2011, 2012 and 2013 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, 2013 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 estimate, dated January 29, 2014 and intended for use only during the 2014 Legislative Session, is Fiscal Note No. 2014-68, 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.