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

3033

2015-2016 Regular Sessions

I N S E N A T E

February 2, 2015

Introduced by Sen. ORTT -- read twice and ordered printed, and when printed to be committed to the Committee on Veterans, Homeland Security and Military Affairs

AN ACT to amend the retirement and social security law, in relation to providing three years of retirement service credit to certain members of public retirement systems of the state honorably discharged from the military for medical reasons due to injuries suffered during certain military conflicts

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

Section 1. Section 1000 of the retirement and social security law is amended by adding a new subdivision 2-a to read as follows:

2-A. A MEMBER, UPON APPLICATION TO SUCH RETIREMENT SYSTEM, MAY OBTAIN A TOTAL OF THREE YEARS OF SERVICE CREDIT FOR LESS THAN THREE 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 FOR MEDICAL REASONS DUE TO INJURIES SUFFERED DURING SUCH MILITARY DUTY, IF ALL OR PART OF SUCH SERVICES WAS RENDERED IN THE MILITARY CONFLICTS REFERENCED BELOW, AS FOLLOWS:

(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;

(C) COMMENCING FEBRUARY TWENTY-EIGHTH, NINETEEN HUNDRED SIXTY-ONE AND TERMINATING MAY SEVENTH, NINETEEN HUNDRED SEVENTY-FIVE;

(D) 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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(E) 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;

(F) 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

(G) 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. HOWEVER, NOTHING PROVIDED HEREIN SHALL AUTHORIZE OR PERMIT THE CREDITING OF SERVICE WHERE NOT PERMITTED PURSUANT TO SECTION 415(N) OF THE INTERNAL REVENUE CODE OR ANY REGULATIONS PROMULGATED THEREUNDER.

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 and shall be deemed to have been in full force and effect on and after December 21, 1998.

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

This bill would amend Chapter 548 of the Laws of 2000 to allow members and retirees of public retirement systems in New York State with less than three (3) years of military duty, who were discharged from the military for medical reasons due to injuries suffered during such military duty, to purchase three (3) years of service credit for military duty. 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 three (3) years. Members must have at least five (5) year 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. Retirees must have retired on or after December 21, 1998. The recalculated annual allowance would be retroactive to the date of retirement. In addition, none of the provisions of this bill will be subject to Section 25 of the retirement and social security law.

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. For members who retired on or after December 21, 1998 there would be additional costs for payments which will be paid retroactive to their date of retirement.

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. For members who retired on or after December 21, 1998 there

would be additional costs for payments which will be paid retroactive to their date of retirement.

The exact number of retirees, current members as well as future members who could be affected by this legislation cannot be readily determined. In all likelihood, very few members would be affected.

These cost would be shared by the State of New York and the participating employers in the ERS and 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, 2014 actuarial valuation. Distributions and other statistics can be found in the 2014 Report of the Actuary and the 2014 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2010, 2011, 2012, 2013 and 2014 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, 2014 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 7, 2015 and intended for use only during the 2015 Legislative Session, is Fiscal Note No. 2015-20, 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.