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

5065--A

2015-2016 Regular Sessions

I N S E N A T E

April 29, 2015

Introduced by Sen. LARKIN -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, the education law and the administrative code of the city of New York, in relation to supplemental military retirement allowances for members of public retirement systems of the state

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 8-a to read as follows:

8-A. A PERSON WHO RETIRED PRIOR TO DECEMBER TWENTY-FIRST, NINETEEN HUNDRED NINETY-EIGHT AND WHO WOULD HAVE BEEN ENTITLED TO THE PROVISIONS OF THIS SECTION, MAY MAKE APPLICATION TO SUCH RETIREMENT SYSTEM NO LATER THAN DECEMBER THIRTY-FIRST, TWO THOUSAND SIXTEEN FOR A SUPPLEMENTAL MILITARY RETIREMENT ALLOWANCE PURSUANT TO THIS SUBDIVISION. THE SUPPLEMENTAL RETIREMENT ALLOWANCE PROVIDED BY THIS SUBDIVISION SHALL BE IN LIEU OF ANY BENEFIT OTHERWISE PROVIDED PURSUANT TO THIS SECTION AND ANY CREDIT GRANTED FOR MILITARY SERVICE WITH ANY RETIREMENT SYSTEM OF THIS STATE PURSUANT TO ANY OTHER SECTION OF LAW. UPON RECEIPT OF AN APPLICATION, THE RETIREMENT SYSTEM SHALL DETERMINE THE AMOUNT OF SERVICE CREDIT SUCH PERSON WOULD HAVE BEEN ENTITLED TO RECEIVE PURSUANT TO SUBDIVISIONS ONE AND TWO OF THIS SECTION, SUBJECT TO THE LIMITATIONS CONTAINED IN THIS SECTION. THE SUPPLEMENTAL MILITARY RETIREMENT ALLOWANCE SHALL EQUAL THE RETIREMENT ALLOWANCE OF SUCH PERSON, COMPUTED WITHOUT OPTIONAL MODIFICATION AND NOT TO EXCEED FIFTEEN THOUSAND DOLLARS, MULTIPLIED BY TWENTY-FIVE ONE-HUNDREDTHS OF ONE PERCENT PER MONTH OF THE SERVICE CREDIT AS DETERMINED PURSUANT TO THIS SUBDIVISION. ONE-TWELFTH OF THE SUPPLEMENTAL MILITARY RETIREMENT ALLOWANCE SHALL BE ADDED TO THE RETIREMENT ALLOWANCE OF SUCH PERSON EACH MONTH. THE BENEFIT PAYABLE PURSUANT

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

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TO THIS SECTION SHALL COMMENCE ON THE NEXT RETIREMENT ALLOWANCE PAYABLE AT LEAST THIRTY DAYS AFTER THE RECEIPT OF AN APPLICATION FROM SUCH PERSON. FOR THE PURPOSES OF THIS SUBDIVISION, RETIREMENT ALLOWANCE SHALL EXCLUDE ANY ANNUITY DERIVED FROM VOLUNTARY CONTRIBUTIONS MADE BY THE INDIVIDUAL, EXCEPT THOSE MADE PURSUANT TO ELECTIONS UNDER SUBDIVISION ONE OF SECTION FIVE HUNDRED ELEVEN-A OR PARAGRAPH C OF SUBDIVISION THREE OF SECTION FIVE HUNDRED SIXTEEN OF THE EDUCATION LAW, BUT SHALL INCLUDE ANY COST OF LIVING ADJUSTMENT DERIVED FROM SECTIONS SEVENTY-EIGHT-A AND THREE HUNDRED SEVENTY-EIGHT-A OF THIS CHAPTER OR SECTION FIVE HUNDRED THIRTY-TWO-A OF THE EDUCATION LAW, AS APPLICABLE. THE BENEFIT PAYABLE PURSUANT TO THIS SUBDIVISION SHALL BE PAYABLE FOR THE LIFE OF THE RETIRED MEMBER ONLY, EXCEPT THAT THE SURVIVING SPOUSE OF A DECEASED MEMBER WHO RETIRED UNDER AN OPTION PROVIDING A BENEFIT TO BE CONTINUED FOR LIFE TO THE SURVIVING SPOUSE AFTER THE DEATH OF THE MEMBER SHALL BE ENTITLED TO RECEIVE FIFTY PERCENT OF THE MONTHLY BENEFIT THAT THE RETIRED MEMBER WOULD BE RECEIVING PURSUANT TO THIS SUBDIVISION, IF LIVING, COMMENCING WITH THE NEXT RETIREMENT ALLOWANCE PAYABLE AT LEAST THIRTY DAYS AFTER RECEIPT OF AN APPLICATION FROM THE RETIRED MEMBER FOR THE BENEFIT OR PAYABLE AFTER THE DEATH OF THE RETIRED MEMBER.

S 2. Subdivision b of section 78-a of the retirement and social security law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

b. Said cost-of-living adjustment shall be a percentage of the annual retirement allowance otherwise payable, computed without optional modification, but including any benefit derived from subdivision f of this section [and], any prior year's cost-of-living adjustment derived from this section AND THE AMOUNT OF ANY SUPPLEMENTAL MILITARY RETIREMENT ALLOWANCE DERIVED FROM SUBDIVISION EIGHT-A OF SECTION ONE THOUSAND OF THIS CHAPTER. Said percentage is set forth in subdivision d of this section.

S 3. Subdivision b of section 378-a of the retirement and social security law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

b. Said cost-of-living adjustment shall be a percentage of the annual retirement allowance otherwise payable, computed without optional modification, but including any benefit derived from subdivision f of this section [and], any prior year's cost-of-living adjustment derived from this section AND THE AMOUNT OF ANY SUPPLEMENTAL MILITARY RETIREMENT ALLOWANCE DERIVED FROM SUBDIVISION EIGHT-A OF SECTION ONE THOUSAND OF THIS CHAPTER. Said percentage is set forth in subdivision d of this section.

S 4. Subdivision b of section 532-a of the education law, as added by chapter 125 of the laws of 2000, is amended to read as follows:

b. Said cost-of-living adjustment shall be a percentage of the annual retirement allowance otherwise payable, computed without optional modification, excluding any annuity derived from voluntary contributions made by members, except those made pursuant to elections under subdivision one of section five hundred eleven-a or paragraph c of subdivision three of section five hundred sixteen of this article, but including any benefit derived from subdivision f of this section [and], any prior year's cost-of-living adjustment derived from this section AND THE AMOUNT OF ANY SUPPLEMENTAL MILITARY RETIREMENT ALLOWANCE DERIVED FROM SUBDIVISION EIGHT-A OF SECTION ONE THOUSAND OF THE RETIREMENT AND SOCIAL SECURITY LAW. Said percentage is set forth in subdivision d of this section.

S 5. Subdivision b of section 13-696 of the administrative code of the city of New York, as added by chapter 125 of the laws of 2000, is amended to read as follows:

b. Said cost-of-living adjustment shall be a percentage of the annual fixed retirement allowance otherwise payable, computed without optional modification, but including any benefit derived from subdivision f of this section [and], any prior year's cost-of-living adjustment derived from this section AND THE AMOUNT OF ANY SUPPLEMENTAL MILITARY ALLOWANCE DERIVED FROM SUBDIVISION EIGHT-A OF SECTION ONE THOUSAND OF THE RETIREMENT AND SOCIAL SECURITY LAW. Said percentage is set forth in subdivision d of this section.

S 6. This act shall take effect immediately.

FISCAL NOTE.--This bill would amend Section 1000 of the Retirement and Social Security Law to give veterans who retired prior to December 21, 1998 or the surviving spouse of such a retired veteran who chose a continued life benefit to the spouse, a supplemental pension equal to their first $15,000 of single life allowance multiplied by 3% per year for up to three (3) years of such service credit for military service performed during certain periods of military conflicts for certain retirees of public retirement systems in New York State. Retirees who have already received credit in public retirement systems other than those in New York State will be allowed to receive credit for these same years of military service in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The annual allowance will be recalculated as of the date of enactment of this legislation. There would not be any payment required by an affected retiree for such service. Such retiree may make application for such supplemental pension no later than December 31, 2016.

The exact number of retirees or surviving spouses that 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 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. Once a retiree or surviving spouse applies for this benefit a cost will be generated. Every year a cost will be determined (and billed to the state) based on those benefitting 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:

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 April 21, 2015 and intended for use only during the 2015 Legislative Session, is Fiscal Note No. 2015-97, 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.

FISCAL NOTE.--This bill would amend section 1000 of the Retirement and Social Security Law by adding a new subdivision 8-a to allow eligible retired members of public retirement systems of New York State to receive a supplemental military retirement allowance based upon the retirement allowance of such member and up to three years of military service credit. The annual supplemental military retirement allowance shall be equal to the retirement allowance of such person, computed without optional modification and not to exceed fifteen thousand dollars, multiplied by twenty-five one hundredths of one percent per month of military service claimed. The surviving spouse of a deceased member who retired under an option which provides them with a continuing lifetime benefit would be entitled to receive fifty percent of the supplemental military retirement allowance that the retired member would have received. A member must have returned prior to December 21, 1998 and make application no later than December 31, 2016. This benefit is prospective only and shall commence at least 30 days after the receipt of said application.

It is not possible to determine the total annual cost to the employers of members of the New York State Teachers' Retirement System since the number of retired members who would be eligible for the supplemental military retirement allowance under this bill cannot be effectively estimated. However, the cost is estimated to be, on average, approximately $9,000 for each retired member eligible for the supplemental military retirement allowance provided under this bill if enacted.

Employee data is from the System's most recent actuarial valuation files, consisting of data provided by the employers to the Retirement System. Data distributions and statistics can be found in the System's Comprehensive Annual Financial Report (CAFR). System assets are as reported in the System's financial statements, and can also be found in the CAFR. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2015-27 dated May 7, 2015 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2015 Legislative Session. I, Richard A. Young, am the Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.