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

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I N A S S E M B L Y

June 7, 2016

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Curran) -- read once and referred to the Committee on Governmental Employees

AN ACT to authorize Harry L. Sidor eligibility to apply for military service credit in the New York city teachers' retirement system

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

Section 1. Notwithstanding subdivision 6 of section 1000 of the retirement and social security law, Harry L. Sidor, a retired member of the New York city teachers' retirement system, who was on active duty in the United States Navy from May 25, 1951 until May 19, 1955, shall be eligible to apply for military service credit in the New York city teachers' retirement system as otherwise provided pursuant to the provisions of section 1000 of the retirement and social security law.

S 2. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: With respect to the New York City Teachers' Retirement System (NYCTRS), the proposed legislation would, notwithstanding Section 1000 of the Retirement and Social Security Law, provide Mr. Harry Sidor the opportunity to apply for additional retirement service credits, up to three years (inclusive of any prior purchases of military service credit) for his military service. The additional service will not be considered in meeting any service or age requirement for pension eligibility purposes. For purposes of this Fiscal Note, we have assumed that the additional service will be reflected in his retirement benefit prospectively from the Date of Enactment.

All costs associated with the implementation of this proposed legislation would be borne by NYCTRS.

The Effective Date of the proposed legislation would be the Date of Enactment.

BACKGROUND: Chapter 644 of the Military Law of 1998 permitted public employees to purchase military service credit in their retirement system for the length of time of that military service, up to three years. Harry Sidor was a member of NYCTRS from February 1, 1988 until his

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

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retirement on July 17, 1997. Since Mr. Sidor retired before December 21, 1998, the effective date of Chapter 644, he was not eligible to apply for military service credit under such provision.

Mr. Sidor has been receiving a pension of $9,729.25 per year under the 100% Joint and Survivor with Pop-Up form of payment since July 17, 1997 from NYCTRS. Under this form of payment, pension is payable to him as long as he is alive and 100% of the benefit continues to his beneficiary after his death; if the beneficiary pre-deceases Mr. Sidor, the pension benefit "pops up" or reverts back to the maximum benefit.

If this legislation is passed, Mr. Sidor would receive a pension reflecting the additional military service purchased. For purposes of this Fiscal Note, we have assumed that Mr. Sidor will purchase three years of military service credit and that the cost to Mr. Sidor to purchase the service would be $4,472 based on his salary during his last 12 months of service.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: The estimated financial impact of this proposal as of June 30, 2015 has been calculated as follows: (1) the actuarial present value of the retirement benefits Mr. Sidor is expected to receive if this proposed legislation were enacted (reflecting the additional military service purchased), less (2) the actuarial present value of the retirement benefits Mr. Sidor is currently receiving, less (3) the employee cost of purchasing the additional military service.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Actuarial Present Value of Benefits (APVB) and the Unfunded Actuarial Accrued Liability (UAAL) of NYCTRS by approximately $15,500 as of June 30, 2015.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Section 13.638.2(k-2) of the Administrative Code of the City of New York (ACNY), new UAAL attributable to benefit changes are to be amortized as determined by the Actuary but generally over the remaining working lifetime of those impacted by the benefit changes.

For this proposed legislation, Mr. Sidor would be collecting the increase pension benefits immediately and therefore the entire increase in UAAL of approximately $15,500 based on the Actuary's actuarial assumptions and methods in effect on June 30, 2015 would be recognized in the first year.

If enacted into law during the 2016 Legislative Session, the increase in employer contributions would be recognized in Fiscal Year 2018.

OTHER COSTS: Not measured in this Fiscal Note is the impact on administrative costs.

ACTUARIAL ASSUMPTIONS AND METHODS: Additional APVB, UAAL and employer contributions presented herein have been calculated based on the Actuary's actuarial assumptions and methods in effect for the Preliminary June 30, 2015 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2017 employer contributions of NYCTRS.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Pension Funds and Retirement Systems. I am an Associate of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and 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 Fiscal Note 2016-32 dated June 1, 2016, was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2016 Legislative Session.