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

5596

2015-2016 Regular Sessions

I N A S S E M B L Y

February 27, 2015

Introduced by M. of A. GUNTHER, COLTON, BENEDETTO, JAFFEE, SCHIMEL, RUSSELL, DenDEKKER, WEPRIN -- Multi-Sponsored by -- M. of A. ARROYO, AUBRY, BARCLAY, BRENNAN, BROOK-KRASNY, BUTLER, CAHILL, CLARK, COOK, CORWIN, CROUCH, CUSICK, CYMBROWITZ, DINOWITZ, DUPREY, ENGLEBRIGHT, FINCH, GALEF, GIGLIO, GOTTFRIED, HAWLEY, HOOPER, KAVANAGH, KEARNS, KOLB, LAVINE, LIFTON, LOPEZ, LUPARDO, MAGEE, MARKEY, McDONOUGH, McKEVITT, MILLER, OAKS, ORTIZ, PAULIN, PEOPLES-STOKES, PERRY, PRETLOW, RAIA, RAMOS, RIVERA, ROBINSON, ROSENTHAL, SCARBOROUGH, TEDISCO, THIELE, TITONE, TITUS, WALTER, WRIGHT, ZEBROWSKI -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to certain members who re-enter public service

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

Section 1. Subdivisions 2 and 4 of section 645 of the retirement and social security law, subdivision 2 as amended by chapter 322 of the laws of 2002 and subdivision 4 as added by chapter 640 of the laws of 1998 and as renumbered by chapter 646 of the laws of 1999, are amended to read as follows:

2. Notwithstanding any other provision of law, any person [other than a retiree of a public retirement system,] who previously was a member of a public retirement system and whose membership in such public retirement system ceased by reason of (i) insufficient service credit, (ii) withdrawal of accumulated contributions, or (iii) withdrawal of membership, upon rejoining such public retirement system or another public retirement system, shall be deemed to have been a member of his or her current retirement system during the entire period of time commencing with and subsequent to the original date of such previous ceased membership, provided that such person (a) makes application therefor to the administrative head of his or her current public retirement system, and (b) repays the amount refunded, if any, at the time such previous

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

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membership ceased, together with interest at the rate of five percent per annum compounded annually from the date of such refund through the date of repayment. Upon such reinstatement of date of membership, such member shall be entitled to all the rights, benefits and privileges to which he or she would have been entitled had his or her current membership begun on such original date of membership except that, solely for the purposes of granting retirement credit to members of a public retirement system other than the New York city teachers' retirement system for service credited during such previous ceased membership where such was in a public retirement system other than the member's current retirement system, such previously credited service shall be deemed to be prior service, not subsequent service. Furthermore, any such member whose original date of membership was prior to July first, nineteen hundred seventy-three shall be entitled to all the rights, benefits and privileges to which he or she would have been entitled had he or she been in active service on June thirtieth, nineteen hundred seventy-three. Any contribution made to the public retirement system pursuant to article fourteen or fifteen of this chapter by a member who rejoined his or her current system on or after July twenty-seventh, nineteen hundred seventy-six shall not be refunded.

4. The provisions of this article shall be applicable to a person who [is, on the date this article becomes effective] WAS A MEMBER ON OR BEFORE JANUARY FIRST, NINETEEN HUNDRED EIGHTY-NINE, or who subsequent to such date becomes, a member of a public retirement system.

S 2. This act shall take effect immediately and shall only apply to all persons who are alive as of the effective date of this act and shall apply to payments made on or after the effective date of this act; and provided further, that any retirees qualifying under this act shall have their retirement allowance recalculated from January 1, 2015 or the date of reinstatement, whichever is later.

FISCAL NOTE.--This bill would allow certain living retirees of New York public retirement systems who retired prior to December 16, 1999 and who previously were members of a New York public retirement system to be deemed to have become members of the systems from which they retired as of the original date of such previous ceased membership. Tier 3 and 4 retirees of the New York State and Local Employees' Retirement System or the New York State Teachers' Retirement System who become Tier 1 or 2 retirees and who have already purchased their previous service would receive a refund of these contributions. No benefits will be deemed to have accrued prior to the effective date of this act.

In addition, this bill would also affect retirees who had a previous ceased membership with a public employee retirement system other than the NYS&LERS or the NYS&LPFRS.

If this bill is enacted, insofar as this bill affects the New York State and Local Employees' Retirement System (ERS), approximately 1,320 retirees of the ERS will be affected. The estimated past service cost would be approximately $13.9 million.

Pursuant to section 25 of the Retirement and Social Security Law, this ERS past service cost would 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 this past service cost over a period of 5 years. The first year cost, including interest would be approximately $3.2 million.

Insofar as this bill would affect employers in the New York State and Local Police and Fire Retirement System (PFRS), the estimated additional

costs would be negligible. 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 January 20, 2015 and intended for use only during the 2015 Legislative Session, is Fiscal Note No. 2015-31, 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 subdivisions 2 and 4 of Section 645 of the Retirement and Social Security Law to extend the tier reinstatement provisions to any retiree of a public retirement system. The retiree must be alive as of the effective date of the bill in order to be eligible. This bill only applies to payments made on or after the effective date of this act.

The annual cost to the employers of members of the New York State Teachers' Retirement System for this benefit is estimated to be $5.9 million or .04% of payroll if this bill is 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 2015-8 dated February 24, 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.