STATE OF NEW YORK

7882--A

2017-2018 Regular Sessions

IN ASSEMBLY

May 18, 2017

Introduced by M. of A. CURRAN -- 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 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.

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: With respect to the New York City Teachers' Retirement System (NYCTRS), the proposed legislation would, notwithstanding Retirement and Social Security Law Section 1000's restriction of limiting the purchase of military service to active members, provide NYCTRS retiree Mr. Harry Sidor the opportunity to purchase up to three years (inclusive of any prior purchases of military service credit) of additional retirement service credits based on his prior military service.

For purposes of this Fiscal Note, it has been assumed that the additional service will be reflected in prospective retirement benefits from the Date of Enactment.

All costs associated with this implementation of this proposed legislation, aside from the purchase price of the service credit paid by Mr. Sidor, would be borne by NYCTRS.

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

LBD08524-04-8

Effective Date: Upon enactment.

BACKGROUND: Chapter 644 of the Laws of 1998 permits active members to purchase and receive up to three years of service credit, corresponding to the length of time of their military service, in their respective public retirement system. Harry Sidor was a member of NYCTRS from February 1, 1988 until his retirement on July 17, 1997. Since Mr. Sidor retired before December 21, 1998, the effective date of Chapter 644, he was never eligible to apply for military service credit under such provision.

Mr. Sidor began receiving a pension or $9,729.25 per year under the 100% Joint and Survivor with Pop-Up form of payment since July 17, 1997 and has been receiving annual Cost of Living Adjustments beginning five years after his date of retirement from NYCTRS. Under this form of payment, his pension payable to him for life, and 100% of the benefit would continue to his beneficiary, if alive, after his death. If the beneficiary pre-deceases Mr. Sidor, his pension benefit "pops up" or reverts back to the maximum benefit.

If this legislation is passed, Mr. Sidor would receive a pension reflecting any military service purchased. For purposes of this Fiscal Note, it has been 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, 2017 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 any 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 any 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) by approximately $18,800 and the Unfunded Accrued Liability (UAL) of NYCTRS by approximately $14,300 as of June 30, 2017.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Section 13-638.2(k-2) of the Administrative Code of the City of New York (ACCNY), new UAL 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.

Since Mr. Sidor is retired, the entire increase in UAL of approximately $14,300 based on the Actuary's actuarial assumptions and methods in effect on June 30, 2017 would be recognized in the first year.

If enacted into law during the 2018 Legislative Session, the increase in employer contributions would be recognized in Fiscal Year 2020.

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

ACTUARIAL ASSUMPTIONS AND METHODS: Additional APVB, UAL and employer contributions presented herein have been calculated based on the same actuarial assumptions and methods in effect for the June 30, 2017 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2019 employer contributions of NYCTRS. Please note these assumptions and methods are subject to change as this valuation is not considered final until the end of Fiscal Year 2019.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and

Pension Funds. I am a Fellow of the Society of Actuaries, and Enrolled Actuary under the Employee Retirement Income and Security Act of 1974 (ERISA), a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2018-22 dated May 2, 2018, was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2018 Legislative Session.