STATE OF NEW YORK

5038

2019-2020 Regular Sessions

IN SENATE

April 4, 2019

Introduced by Sen. HARCKHAM -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, in relation to the military service credit

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 5-a to read as follows:

5-a. Notwithstanding the provisions of subdivision five of this section, a member, who is ineligible to receive the credit allowed pursuant to this section solely because such member retired on or before May thirty-first, two thousand sixteen, shall be eligible to receive the credit allowed pursuant to this section if such member makes application for such credit on or before December thirty-first, two thousand twenty. The service credit available pursuant to this subdivision shall, when calculated, apply only to benefits received by the member after the date such member makes application for such credit and no retroactive benefit payments shall be made to such applicant pursuant to this subdivision. To obtain credit pursuant to this subdivision, a member shall pay such retirement system, for deposit in the fund used to accumulate employer contributions, a sum equal to the product of the number of years of military service being claimed and three percent of such member's compensation earned during the last twelve consecutive months of credited service preceding the date that the member retired.

§ 2. This act shall take effect immediately.

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

This bill would allow members who retired on or before May 31, 2016 to apply to receive military service credit pursuant to §1000 of the Retirement and Social Security Law. Application must be made on or before December 31, 2020. If approved, the retirement benefit will be recalculated as of the date of application and no retroactive benefits

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

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will be paid. Members would be required to pay a sum equal to the product of number of years of miliary service granted times three percent (3%) of compensation earned during the last twelve consecutive months of credited service preceding the date of retirement. Such member may receive up to three (3) years of service credit for their military service.

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 10% of an affected members' compensation for each year of additional service credit that is purchased.

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 12% of an affected members' compensation for each year of additional service that is purchased.

The exact number of retired members who could be affected by this legislation cannot be readily determined.

ERS costs would be borne entirely by the State of New York. A precise cost can't be determined until each member applies for the service credit. After the application deadline, a cost will be determined (and billed to the state) based on those benefiting from this provision.

PFRS 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, 2018 actuarial valuation. Distributions and other statistics can be found in the 2018 Report of the Actuary and the 2018 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015, 2016, 2017 and 2018 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, 2018 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 fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated April 2, 2019, and intended for use only during the 2019 Legislative Session, is Fiscal Note No. 2019-98, prepared by the Actuary for the New York State and Local Retirement System.