

STATE OF NEW YORK

5278--A

2021-2022 Regular Sessions

IN ASSEMBLY

February 12, 2021

Introduced by M. of A. BARRETT, BURDICK -- read once and referred to the Committee on Governmental Employees -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to discharged LGBT veterans

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph a of subdivision 29 of section 2 of the retire-
2 ment and social security law is amended to read as follows:

3 a. (1) Has been honorably discharged or released therefrom under
4 honorable circumstances, or (2) has a qualifying condition, as defined
5 in section three hundred fifty of the executive law, and has received a
6 discharge other than bad conduct or dishonorable from such service, or
7 (3) is a discharged LGBT veteran, as defined in section three hundred
8 fifty of the executive law, and has received a discharge other than bad
9 conduct or dishonorable from such service, and

10 § 2. Paragraph d of subdivision 29-a of section 2 of the retirement
11 and social security law, as amended by chapter 528 of the laws of 1964,
12 is amended to read as follows:

13 d. Credit under this section shall not accrue to a person who is
14 released from active duty under conditions other than honorable, unless
15 such person has a qualifying condition, as defined in section three
16 hundred fifty of the executive law, and has received a discharge other
17 than bad conduct or dishonorable from such service, or is a discharged
18 LGBT veteran, as defined in section three hundred fifty of the executive
19 law, and has received a discharge other than bad conduct or dishonorable
20 from such service.

21 § 3. Subdivision 31 of section 2 of the retirement and social security
22 law, as amended by chapter 616 of the laws of 1995, is amended to read
23 as follows:

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

LBD05266-05-1

1 31. "Service in world war II." (1) Military service during the period
2 commencing July first, nineteen hundred forty, and terminating December
3 thirty-first, nineteen hundred forty-six, as a member of the armed forc-
4 es of the United States, or service by one who was employed by the War
5 Shipping Administration or Office of Defense Transportation or their
6 agents as a merchant seaman documented by the United States Coast Guard
7 or Department of Commerce, or as a civil servant employed by the United
8 States Army Transport Service (later redesignated as the United States
9 Army Transportation Corps, Water Division) or the Naval Transportation
10 Service; and who served satisfactorily as a crew member during the peri-
11 od of armed conflict, December seventh, nineteen hundred forty-one, to
12 August fifteenth, nineteen hundred forty-five, aboard merchant vessels
13 in oceangoing, i.e., foreign, intercoastal, or coastwise service as such
14 terms are defined under federal law (46 USCA 10301 & 10501) and further
15 to include "near foreign" voyages between the United States and Canada,
16 Mexico, or the West Indies via ocean routes, or public vessels in ocean-
17 going service or foreign waters and who has received a Certificate of
18 Release or Discharge from Active Duty and a discharge certificate, or an
19 Honorable Service Certificate/Report of Casualty, from the Department of
20 Defense, or service by one who served as a United States civilian
21 employed by the American Field Service and served overseas under United
22 States Armies and United States Army Groups in world war II during the
23 period of armed conflict, December seventh, nineteen hundred forty-one
24 through May eighth, nineteen hundred forty-five, and who (i) was
25 discharged or released therefrom under honorable conditions, or (ii) has
26 a qualifying condition, as defined in section three hundred fifty of the
27 executive law, and has received a discharge other than bad conduct or
28 dishonorable from such service, or (iii) is a discharged LGBT veteran,
29 as defined in section three hundred fifty of the executive law, and has
30 received a discharge other than bad conduct or dishonorable from such
31 service, or service by one who served as a United States civilian Flight
32 Crew and Aviation Ground Support Employee of Pan American World Airways
33 or one of its subsidiaries or its affiliates and served overseas as a
34 result of Pan American's contract with Air Transport Command or Naval
35 Air Transport Service during the period of armed conflict, December
36 fourteenth, nineteen hundred forty-one through August fourteenth, nine-
37 teen hundred forty-five, and who (iv) was discharged or released there-
38 from under honorable conditions, or (v) has a qualifying condition, as
39 defined in section three hundred fifty of the executive law, and has
40 received a discharge other than bad conduct or dishonorable from such
41 service, or (vi) is a discharged LGBT veteran, as defined in section
42 three hundred fifty of the executive law, and has received a discharge
43 other than bad conduct or dishonorable from such service, or of any
44 person who:

45 a. (i) Has been honorably discharged or released therefrom under
46 honorable circumstances, or (ii) has a qualifying condition, as defined
47 in section three hundred fifty of the executive law, and has received a
48 discharge other than bad conduct or dishonorable from such service, or
49 (iii) is a discharged LGBT veteran, as defined in section three hundred
50 fifty of the executive law, and has received a discharge other than bad
51 conduct or dishonorable from such service, and

52 b. Was a resident of this state at the time of his entrance into such
53 armed forces, or, if not a resident of this state at that time, was then
54 or thereafter became an employee of a participating employer created by
55 and deriving its powers from an agreement between this state and any

1 other state and was a resident of such other state at the time of his
2 entrance into such armed forces, and

3 c. Was either a member of the retirement system and an employee of the
4 state or of a participating employer at the time he entered such armed
5 forces or became such employee and such member while in such armed forc-
6 es on or before July first, nineteen hundred forty-eight, or became such
7 employee while in such armed forces and subsequently became such member
8 on or before July first, nineteen hundred forty-eight, or was an employ-
9 ee of an employer which was not a participating employer at the time he
10 entered such armed forces but which elected to become a participating
11 employer while he was absent on military duty, or was an employee of the
12 state or of a participating employer or was a teacher as defined in
13 article eleven of the education law at the time of his entrance into the
14 armed forces and became a member of the retirement system subsequent to
15 separation or discharge from the armed services, and

16 d. Returned to the employment of the state or a participating employ-
17 er, within one year following discharge or release or completion of
18 advanced education provided under the servicemen's readjustment act of
19 nineteen hundred forty-four, certified on a world war II military
20 service certificate, and allowable as provided in section forty-one of
21 this article. Such service shall not include any periods during which
22 civil compensation was received by the member under the provisions of
23 section two hundred forty-two of the military law, or section six of
24 chapter six hundred eight of the laws of nineteen hundred fifty-two; or

25 (2) Military service, not in excess of three years and not otherwise
26 creditable under paragraph one hereof, rendered on active duty in the
27 armed forces of the United States during the period commencing July
28 first, nineteen hundred forty, and terminating December thirty-first,
29 nineteen hundred forty-six, or service by one who was employed by the
30 War Shipping Administration or Office of Defense Transportation or their
31 agents as a merchant seaman documented by the United States Coast Guard
32 or Department of Commerce, or as a civil servant employed by the United
33 States Army Transport Service (later redesignated as the United States
34 Army Transportation Corps, Water Division) or the Naval Transportation
35 Service; and who served satisfactorily as a crew member during the peri-
36 od of armed conflict, December seventh, nineteen hundred forty-one, to
37 August fifteenth, nineteen hundred forty-five, aboard merchant vessels
38 in oceangoing, i.e., foreign, intercoastal, or coastwise service as such
39 terms are defined under federal law (46 USCA 10301 & 10501) and further
40 to include "near foreign" voyages between the United States and Canada,
41 Mexico, or the West Indies via ocean routes, or public vessels in ocean-
42 going service or foreign waters and who has received a Certificate of
43 Release or Discharge from Active Duty and a discharge certificate, or an
44 Honorable Service Certificate/Report of Casualty, from the Department of
45 Defense, or service by one who served as a United States civilian
46 employed by the American Field Service and served overseas under United
47 States Armies and United States Army Groups in world war II during the
48 period of armed conflict, December seventh, nineteen hundred forty-one
49 through May eighth, nineteen hundred forty-five, and who (i) was
50 discharged or released therefrom under honorable conditions, or (ii) has
51 a qualifying condition, as defined in section three hundred fifty of the
52 executive law, and has received a discharge other than bad conduct or
53 dishonorable from such service, or (iii) is a discharged LGBT veteran,
54 as defined in section three hundred fifty of the executive law, and has
55 received a discharge other than bad conduct or dishonorable from such
56 service, or service by one who served as a United States civilian Flight

1 Crew and Aviation Ground Support Employee of Pan American World Airways
2 or one of its subsidiaries or its affiliates and served overseas as a
3 result of Pan American's contract with Air Transport Command or Naval
4 Air Transport Service during the period of armed conflict, December
5 fourteenth, nineteen hundred forty-one through August fourteenth, nine-
6 teen hundred forty-five, and who (iv) was discharged or released there-
7 from under honorable conditions, or (v) has a qualifying condition, as
8 defined in section three hundred fifty of the executive law, and has
9 received a discharge other than bad conduct or dishonorable from such
10 service, or (vi) is a discharged LGBT veteran, as defined in section
11 three hundred fifty of the executive law, and has received a discharge
12 other than bad conduct or dishonorable from such service, by a person
13 who was a resident of New York state at the time of entry into such
14 service and at the time of being discharged therefrom (vii) under honor-
15 able circumstances, or (viii) with a qualifying condition, as defined in
16 section three hundred fifty of the executive law, and received a
17 discharge other than bad conduct or dishonorable from such service, or
18 (ix) as a discharged LGBT veteran, as defined in section three hundred
19 fifty of the executive law, and received a discharge other than bad
20 conduct or dishonorable from such service, or, if not a resident of this
21 state at such times was then or thereafter became an employee of a
22 participating employer created by and deriving its powers from an agree-
23 ment between this state and any other state, and was a resident of such
24 other state at the time of entry into and discharge from such service,
25 and who makes the payments required by subdivision k of section forty-
26 one of this article.

27 However, no military service shall be creditable under this paragraph
28 two in the case of a member under an existing plan permitting retirement
29 upon twenty years of creditable service who is receiving a federal
30 pension (other than for disability) based upon a minimum of twenty years
31 of full time active military service in the armed forces of the United
32 States nor shall any military service be creditable in the case of a
33 member under any other plan who is receiving a military pension (other
34 than for disability) for military service in the armed forces of the
35 United States.

36 § 4. Subparagraph (c) of paragraph 8 of subdivision a of section 80-a
37 of the retirement and social security law, as added by chapter 219 of
38 the laws of 1968, is amended to read as follows:

39 (c) In the case of a senator or assemblyman, service, not in excess of
40 three years and not otherwise creditable under subparagraph (b) of this
41 paragraph [~~eight~~], rendered on active duty in the armed forces of the
42 United States during the period commencing July first, nineteen hundred
43 forty, and terminating December thirty-first, nineteen hundred forty-
44 six, by a person who was a resident of the state at the time of entry
45 into service and at the time of being discharged therefrom (i) under
46 honorable circumstances, or (ii) has a qualifying condition, as defined
47 in section three hundred fifty of the executive law, and was a resident
48 of the state at the time of entry into service and at the time of
49 receiving a discharge other than bad conduct or dishonorable from such
50 service, or (iii) is a discharged LGBT veteran, as defined in section
51 three hundred fifty of the executive law, and was a resident of the
52 state at the time of entry into service and at the time of receiving a
53 discharge other than bad conduct or dishonorable from such service.

54 § 5. Subdivision (i) of section 89-a of the retirement and social
55 security law, as added by chapter 996 of the laws of 1966 and such

1 section as renumbered by chapter 1059 of the laws of 1968, is amended to
2 read as follows:

3 (i) In computing the twenty-five years of total service of a member
4 pursuant to this section full credit shall be given and full allowance
5 shall be made for service of such member in time of war after world war
6 I as defined in section two of this chapter, provided such member at the
7 time of his entrance into the military service of the United States was
8 then a resident of this state and in the service of a sheriffs depart-
9 ment and (1) had been honorably discharged or released under honorable
10 circumstances from such military service, or (2) has a qualifying condi-
11 tion, as defined in section three hundred fifty of the executive law,
12 and received a discharge other than bad conduct or dishonorable from
13 such service, or (3) is a discharged LGBT veteran, as defined in section
14 three hundred fifty of the executive law, and received a discharge other
15 than bad conduct or dishonorable from such service, and such member
16 returned to the service of a sheriffs department within the time limited
17 by section two of this chapter.

18 § 6. Paragraph a of subdivision 29 of section 302 of the retirement
19 and social security law, as added by chapter 1000 of the laws of 1966,
20 is amended to read as follows:

21 a. (1) Has been honorably discharged or released therefrom under
22 honorable circumstances, or (2) has a qualifying condition, as defined
23 in section three hundred fifty of the executive law, and has received a
24 discharge other than bad conduct or dishonorable from such service, or
25 (3) is a discharged LGBT veteran, as defined in section three hundred
26 fifty of the executive law, and has received a discharge other than bad
27 conduct or dishonorable from such service, and

28 § 7. Paragraph d of subdivision 29-a of section 302 of the retirement
29 and social security law, as added by chapter 1000 of the laws of 1966,
30 is amended to read as follows:

31 d. Credit under this section shall not accrue to a person who is
32 released from active duty under conditions other than honorable, unless
33 such person has a qualifying condition, as defined in section three
34 hundred fifty of the executive law, and has received a discharge other
35 than bad conduct or dishonorable from such service, or is a discharged
36 LGBT veteran, as defined in section three hundred fifty of the executive
37 law, and has received a discharge other than bad conduct or dishonorable
38 from such service.

39 § 8. Subdivision 31 of section 302 of the retirement and social secu-
40 rity law, as amended by chapter 616 of the laws of 1995, subparagraph c
41 of paragraph 1 as amended by chapter 476 of the laws of 2018, is amended
42 to read as follows:

43 31. "Service in world war II." (1) Military service during the period
44 commencing July first, nineteen hundred forty, and terminating December
45 thirty-first, nineteen hundred forty-six, as a member of the armed forc-
46 es of the United States, or service by one who was employed by the War
47 Shipping Administration or Office of Defense Transportation or their
48 agents as a merchant seaman documented by the United States Coast Guard
49 or Department of Commerce, or as a civil servant employed by the United
50 States Army Transport Service (later redesignated as the United States
51 Army Transportation Corps, Water Division) or the Naval Transportation
52 Service; and who served satisfactorily as a crew member during the peri-
53 od of armed conflict, December seventh, nineteen hundred forty-one, to
54 August fifteenth, nineteen hundred forty-five, aboard merchant vessels
55 in oceangoing, i.e., foreign, intercoastal, or coastwise service as such
56 terms are defined under federal law (46 USCA 10301 & 10501) and further

1 to include "near foreign" voyages between the United States and Canada,
2 Mexico, or the West Indies via ocean routes, or public vessels in ocean-
3 going service or foreign waters and who has received a Certificate of
4 Release or Discharge from Active Duty and a discharge certificate, or an
5 Honorable Service Certificate/Report of Casualty, from the Department of
6 Defense, or service by one who served as a United States civilian
7 employed by the American Field Service and served overseas under United
8 States Armies and United States Army Groups in world war II during the
9 period of armed conflict, December seventh, nineteen hundred forty-one
10 through May eighth, nineteen hundred forty-five, and who (i) was
11 discharged or released therefrom under honorable conditions, or (ii) has
12 a qualifying condition, as defined in section three hundred fifty of the
13 executive law, and has received a discharge other than bad conduct or
14 dishonorable from such service, or (iii) is a discharged LGBT veteran,
15 as defined in section three hundred fifty of the executive law, and has
16 received a discharge other than bad conduct or dishonorable from such
17 service, or service by one who served as a United States civilian Flight
18 Crew and Aviation Ground Support Employee of Pan American World Airways
19 or one of its subsidiaries or its affiliates and served overseas as a
20 result of Pan American's contract with Air Transport Command or Naval
21 Air Transport Service during the period of armed conflict, December
22 fourteenth, nineteen hundred forty-one through August fourteenth, nine-
23 teen hundred forty-five, and who (iv) was discharged or released there-
24 from under honorable conditions, or (v) has a qualifying condition, as
25 defined in section three hundred fifty of the executive law, and has
26 received a discharge other than bad conduct or dishonorable from such
27 service, or (vi) is a discharged LGBT veteran, as defined in section
28 three hundred fifty of the executive law, and has received a discharge
29 other than bad conduct or dishonorable from such service, or of any
30 person who:

31 a. (i) Has been honorably discharged or released therefrom under
32 honorable circumstances, or (ii) has a qualifying condition, as defined
33 in section three hundred fifty of the executive law, and has received a
34 discharge other than bad conduct or dishonorable from such service, or
35 (iii) is a discharged LGBT veteran, as defined in section three hundred
36 fifty of the executive law, and has received a discharge other than bad
37 conduct or dishonorable from such service, and

38 b. Was a resident of this state at the time of his entrance into such
39 armed forces, or, if not a resident of this state at that time, was then
40 or thereafter became an employee of a participating employer created by
41 and deriving its powers from an agreement between this state and any
42 other state and was a resident of such other state at the time of his
43 entrance into such armed forces, and

44 c. Was either a member of the New York state and local employees'
45 retirement system and an employee of the state or of a participating
46 employer of such system at the time he or she entered such armed forces
47 or became such employee and such member while in such armed forces on or
48 before July first, nineteen hundred forty-eight, or became such employee
49 while in such armed forces and subsequently became such member on or
50 before July first, nineteen hundred forty-eight, or was an employee of
51 an employer which was not a participating employer at the time he or she
52 entered such armed forces but which elected to become a participating
53 employer while he or she was absent on military duty, or was an employee
54 of the state or of a participating employer or was a teacher as defined
55 in article eleven of the education law at the time of his or her
56 entrance into the armed forces and became a member of the police and

1 fire retirement system subsequent to separation or discharge from the
2 armed services, and

3 d. Returned to the employment of the state or a participating employ-
4 er, within one year following discharge or release or completion of
5 advanced education provided under the servicemen's readjustment act of
6 nineteen hundred forty-four, certified on a world war II military
7 service certificate, and allowable as provided in section forty-one of
8 this article. Such service shall not include any periods during which
9 civil compensation was received by the member under the provisions of
10 section two hundred forty-two of the military law, or section six of
11 chapter six hundred eight of the laws of nineteen hundred fifty-two; or

12 (2) Military service, not in excess of three years and not otherwise
13 creditable under paragraph one hereof, rendered on active duty in the
14 armed forces of the United States during the period commencing July
15 first, nineteen hundred forty, and terminating December thirty-first,
16 nineteen hundred forty-six, or service by one who was employed by the
17 War Shipping Administration or Office of Defense Transportation or their
18 agents as a merchant seaman documented by the United States Coast Guard
19 or Department of Commerce, or as a civil servant employed by the United
20 States Army Transport Service (later redesignated as the United States
21 Army Transportation Corps, Water Division) or the Naval Transportation
22 Service; and who served satisfactorily as a crew member during the peri-
23 od of armed conflict, December seventh, nineteen hundred forty-one, to
24 August fifteenth, nineteen hundred forty-five, aboard merchant vessels
25 in oceangoing, i.e., foreign, intercoastal, or coastwise service as such
26 terms are defined under federal law (46 USCA 10301 & 10501) and further
27 to include "near foreign" voyages between the United States and Canada,
28 Mexico, or the West Indies via ocean routes, or public vessels in ocean-
29 going service or foreign waters and who has received a Certificate of
30 Release or Discharge from Active Duty and a discharge certificate, or an
31 Honorable Service Certificate/Report of Casualty, from the Department of
32 Defense, or service by one who served as a United States civilian
33 employed by the American Field Service and served overseas under United
34 States Armies and United States Army Groups in world war II during the
35 period of armed conflict, December seventh, nineteen hundred forty-one
36 through May eighth, nineteen hundred forty-five, and who (i) was
37 discharged or released therefrom under honorable conditions, or (ii) has
38 a qualifying condition, as defined in section three hundred fifty of the
39 executive law, and has received a discharge other than bad conduct or
40 dishonorable from such service, or (iii) is a discharged LGBT veteran,
41 as defined in section three hundred fifty of the executive law, and has
42 received a discharge other than bad conduct or dishonorable from such
43 service, or service by one who served as a United States civilian Flight
44 Crew and Aviation Ground Support Employee of Pan American World Airways
45 or one of its subsidiaries or its affiliates and served overseas as a
46 result of Pan American's contract with Air Transport Command or Naval
47 Air Transport Service during the period of armed conflict, December
48 fourteenth, nineteen hundred forty-one through August fourteenth, nine-
49 teen hundred forty-five, and who (iv) was discharged or released there-
50 from under honorable conditions, or (v) has a qualifying condition, as
51 defined in section three hundred fifty of the executive law, and has
52 received a discharge other than bad conduct or dishonorable from such
53 service, or (vi) is a discharged LGBT veteran, as defined in section
54 three hundred fifty of the executive law, and has received a discharge
55 other than bad conduct or dishonorable from such service, or by a person
56 who was a resident of New York state at the time of entry into such

1 service and at the time of being discharged therefrom (vii) under honor-
2 able circumstances, or (viii) with a qualifying condition, as defined in
3 section three hundred fifty of the executive law, and received a
4 discharge other than bad conduct or dishonorable from such service, or
5 (ix) as a discharged LGBT veteran, as defined in section three hundred
6 fifty of the executive law, and received a discharge other than bad
7 conduct or dishonorable from such service, or, if not a resident of this
8 state at such times was then or thereafter became an employee of a
9 participating employer created by and deriving its powers from an agree-
10 ment between this state and any other state, and was a resident of such
11 other state at the time of entry into and discharge from such service,
12 and who makes the payments required by subdivision k of section three
13 hundred forty-one of this chapter.

14 However, no military service shall be creditable under this paragraph
15 two in the case of a member under an existing plan permitting retirement
16 upon twenty years of creditable service who is receiving a federal
17 pension (other than for disability) based upon a minimum of twenty years
18 of military service in the armed forces of the United States nor shall
19 such military service be creditable in the case of a member under any
20 other plan who is receiving a military pension (other than for disabili-
21 ty) for such service.

22 § 9. Subdivision 1 of section 1000 of the retirement and social secu-
23 rity law, as amended by chapter 41 of the laws of 2016, is amended to
24 read as follows:

25 1. A member, upon application to such retirement system, may obtain a
26 total not to exceed three years of service credit for up to three years
27 of military duty, as defined in section two hundred forty-three of the
28 military law, if the member (a) was honorably discharged from the mili-
29 tary, or (b) has a qualifying condition, as defined in section three
30 hundred fifty of the executive law, and has received a discharge other
31 than bad conduct or dishonorable from such service, or (c) is a
32 discharged LGBT veteran, as defined in section three hundred fifty of
33 the executive law, and has received a discharge other than bad conduct
34 or dishonorable from such service.

35 § 10. Notwithstanding any other provision of law to the contrary, none
36 of the provisions of this act shall be subject to section 25 of the
37 retirement and social security law.

38 § 11. This act shall take effect one year after it shall have become a
39 law. Effective immediately, the addition, amendment and/or repeal of any
40 rule or regulation necessary for the implementation of this act on its
41 effective date are authorized to be made and completed on or before such
42 effective date.

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

This bill would extend the benefits of Section 1000 of Retirement and Social Security Law to any member of a public retirement system in New York State who has a qualifying condition or is a discharged LGBT veteran as defined in section 350 of the Executive Law. The total service credit granted for any military service shall not exceed three years. Members must have at least five years of credited service (not including military service). Tier 1-5 members would be required to make a payment of three percent of their most recent compensation per year of additional service credit granted by this bill. Tier 6 members would be required to make a payment of six percent of their most recent compensation per year of additional service credit.

If this bill is enacted during the 2021 legislative session, insofar as this proposal affects the New York State and Local Employees' Retire-

ment System (ERS), it is estimated that the past service cost will average approximately 15% (12% for Tier 6) 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 19% (16% for Tier 6) of an affected members' compensation for each year of additional service that is purchased.

The exact number of current members as well as future members who could be affected by this legislation cannot be readily determined.

Costs arising in ERS would be shared by the State of New York and the participating employers in the ERS

Costs arising in PFRS would be shared by the State of New York and the participating employers in the PFRS.

Summary of relevant resources:

Membership data as of March 31, 2020 was used in measuring the impact of the proposed change, the same data used in the April 1, 2020 actuarial valuation. Distributions and other statistics can be found in the 2020 Report of the Actuary and the 2020 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 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, 2020 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 May 18, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-148, prepared by the Actuary for the New York State and Local Retirement System.

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

As it applies to members of the New York State Teachers' Retirement System, section 9 of this bill (legislative bill drafts 05266-03-1/05266-04-1) would amend subdivision 1 of Section 1000 of the Retirement and Social Security Law to allow a member who has a qualifying condition as defined in Section 350 of the Executive Law (post-traumatic stress disorder or traumatic brain injury) or a member who is a discharged LGBT veteran as defined in Section 350 of the Executive Law to purchase up to three years of military service credit provided such member did not receive a dishonorable discharge and was not discharged for bad conduct. To obtain such credit, a member must make payments as required by Section 1000 of the Retirement and Social Security Law. Tier 1, 2, 3, 4 and 5 members are required to pay three percent of salary earned during the twelve months of credited service immediately preceding the year in which a claim is made for each year of military service. Tier 6 members are required to pay six percent of salary earned during the twelve months of credited service immediately preceding the year in which a claim is made for each year of military service.

It is not possible to determine the number of eligible current and future members, or the number of years of military service credit each such member may purchase under this bill. Therefore, it is not possible

to estimate the annual increase in the employers' cost for this bill. Whatever increase in liability that arises for service credited under this bill above that paid by the member would be included in the cost that would be shared by employers through the employer contribution rate.

It is estimated that the cost, expressed as a percentage of a member's salary for each year of service credit a member purchases under this bill is as follows:

Cost per year of Service Purchased (as a percentage of the member's salary)			
Tier(s)	1-4	5	6
Cost	11.4%	10.6%	9.0%
Member Contribution offset	3.0%	3.0%	6.0%
Net cost to participating employers	8.4%	7.6%	3.0%

Member 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 Annual Report. System assets are as reported in the System's financial statements, and can also be found in the System's Annual Report. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2021-56 dated May 26, 2021 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2021 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.

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

SUMMARY OF BILL: This proposed legislation, as it relates to members of the New York City Retirement Systems and Pension Funds (NYCRS), amends Retirement and Social Security Law (RSSL) Section 1000 to permit the purchase of qualifying, other than honorably discharged, military service for NYCRS service credit.

Effective Date: One year after enactment.

BACKGROUND: Members of NYCRS who were other than honorably discharged from military service due to (1) post-traumatic stress disorder; (2) traumatic brain injury; (3) an experience of military sexual trauma; (4) sexual orientation, gender identity, or gender expression; or (5) conduct or acts relating to sexual orientation, gender identity, or gender expression that was prohibited by the military at the time of discharge, are generally ineligible to purchase such military service for purposes of NYCRS benefits.

IMPACT ON BENEFITS: Under the proposed legislation, if enacted, military service with qualifying discharges described above, would become eligible for purchase pursuant to RSSL Section 1000. RSSL Section 1000 allows for up to three years of military service to be purchased as NYCRS service credit.

Prior military service with discharges due to bad conduct or dishonorable discharge would remain ineligible to purchase for purposes of NYCRS benefits.

IMPACT ON PAYABILITY: In addition to the impact on benefits above, once purchased, eligible military service would count towards meeting the minimum eligibility requirements for NYCRS pension benefits.

ADDITIONAL MEMBER CONTRIBUTIONS: Eligible NYCERS members are required to make contributions, equal to 3% of compensation earned during the year of credited service immediately preceding the date of application, for all military service being purchased.

FINANCIAL IMPACT - OVERVIEW: There is no data available to estimate the number of members who were previously ineligible to purchase qualifying military service and potentially benefit from this proposed legislation. Therefore, the estimated financial impact has been calculated on a per event basis equal to the increase in the Present Value of Future Benefits (PVFB) for an average NYCERS member who has purchased military service under Chapter 41 of the Laws of 2016. In determining the increase in the PVFB, it has been assumed that 2.4 years were purchased.

FINANCIAL IMPACT - PRESENT VALUES: Based on the census data and the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the PVFB by approximately \$49,300, on average, for each military buyback of 2.4 years purchased. The average cost to the member for each buyback was approximately \$8,300. This results in a net increase in the Present Value of future employer contributions of approximately \$41,000 for each military buyback of 2.4 years purchased.

With respect to an individual member, the additional cost of this proposed legislation could vary greatly depending on the member's length of service, age, and salary history.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: Enactment of this proposed legislation would increase employer contributions, where such amount would depend on the number of members affected as well as other member characteristics as described above.

As there is no data currently available to estimate the number of members who might become eligible and purchase military service due to the proposed legislation, the financial impact would be recognized at the time of the event. Consequently, changes in employer contributions have been estimated assuming that the increase in the PVFB will be financed over a time period used under the current amortization period for actuarial losses under the Entry Age Normal cost method. Using this approach, the additional PVFB would be amortized over a closed 15-year period (14 payments under the One-Year Lag Methodology (OYLM)) using level dollar payments.

Based on the Actuary's actuarial assumptions and methods in effect described herein, the enactment of this proposed legislation is estimated to increase annual employer contributions by approximately \$4,900 for each military buyback of 2.4 years purchased. With respect to the timing, increases in employer contributions would depend upon when members elect to purchase the service. Generally, increased employer contributions will first occur the second fiscal year following processing and payment of the buyback application.

The proposed legislation, pursuant to section 10 of the bill, is not subject to RSSL section 25. Therefore, costs associated with the enactment of this bill would not be subject to State reimbursement notwithstanding the increased cost of prior service associated with the bill.

CENSUS DATA: The estimates presented herein are based on the census data of members who have purchased military service under Chapter 41 of the Laws of 2016 as of June 30, 2020.

As of June 30, 2020, there were 3,202 NYCERS members who have purchased prior military service under Chapter 41. Those members had an average age of approximately 48.6 years, average service of approximately 16.9

years before buyback, and an average salary of approximately \$107,700. The average amount of service credit purchased was approximately 2.4 years.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the Present Value of future employer contributions and annual employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2019 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2021 employer contributions of each respective NYCERS.

The Actuary is proposing a set of changes for use beginning with the June 30, 2019 (Lag) actuarial valuations of each NYCERS to determine the respective Final Fiscal Year 2021 Employer Contributions (2021 A&M). If the 2021 A&M is enacted, it is estimated that it would produce PVFB and annual employer contribution results that are within 1% from the results shown above.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, as well as certain demographic characteristics of each respective NYCERS and other exogenous factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

Not measured in this Fiscal Note are the following:

- * The initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.
- * The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

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, an Enrolled Actuary under the Employee Retirement Income and Security Act of 1974, 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 2021-43 dated June 8, 2021 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2021 Legislative Session.