

# STATE OF NEW YORK

5278--B

2021-2022 Regular Sessions

## IN ASSEMBLY

February 12, 2021

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

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

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

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

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

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

LBD05266-07-2

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

31. "Service in world war II." (1) Military service during the period commencing July first, nineteen hundred forty, and terminating December thirty-first, nineteen hundred forty-six, as a member of the armed forces of the United States, or service by one who was employed by the War Shipping Administration or Office of Defense Transportation or their agents as a merchant seaman documented by the United States Coast Guard or Department of Commerce, or as a civil servant employed by the United States Army Transport Service (later redesignated as the United States Army Transportation Corps, Water Division) or the Naval Transportation Service; and who served satisfactorily as a crew member during the period of armed conflict, December seventh, nineteen hundred forty-one, to August fifteenth, nineteen hundred forty-five, aboard merchant vessels in oceangoing, i.e., foreign, intercoastal, or coastwise service as such terms are defined under federal law (46 USCA 10301 & 10501) and further to include "near foreign" voyages between the United States and Canada, Mexico, or the West Indies via ocean routes, or public vessels in oceangoing service or foreign waters and who has received a Certificate of Release or Discharge from Active Duty and a discharge certificate, or an Honorable Service Certificate/Report of Casualty, from the Department of Defense, or service by one who served as a United States civilian employed by the American Field Service and served overseas under United States Armies and United States Army Groups in world war II during the period of armed conflict, December seventh, nineteen hundred forty-one through May eighth, nineteen hundred forty-five, and who (i) was discharged or released therefrom under honorable conditions, or (ii) has a qualifying condition, as defined in section three hundred fifty of the executive law, and has received a discharge other than bad conduct or dishonorable from such service, or (iii) is a discharged LGBT veteran, as defined in section three hundred fifty of the executive law, and has received a discharge other than bad conduct or dishonorable from such service, or service by one who served as a United States civilian Flight Crew and Aviation Ground Support Employee of Pan American World Airways or one of its subsidiaries or its affiliates and served overseas as a result of Pan American's contract with Air Transport Command or Naval Air Transport Service during the period of armed conflict, December fourteenth, nineteen hundred forty-one through August fourteenth, nineteen hundred forty-five, and who (iv) was discharged or released therefrom under honorable conditions, or (v) has a qualifying condition, as defined in section three hundred fifty of the executive law, and has received a discharge other than bad conduct or dishonorable from such service, or (vi) is a discharged LGBT veteran, as defined in section three hundred fifty of the executive law, and has received a discharge other than bad conduct or dishonorable from such service, or of any person who:

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

b. Was a resident of this state at the time of his entrance into such armed forces, or, if not a resident of this state at that time, was then

1 or thereafter became an employee of a participating employer created by  
2 and deriving its powers from an agreement between this state and any  
3 other state and was a resident of such other state at the time of his  
4 entrance into such armed forces, and

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

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

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

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

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

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

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

§ 5. Subdivision (i) of section 89-a of the retirement and social security law, as added by chapter 996 of the laws of 1966 and such section as renumbered by chapter 1059 of the laws of 1968, is amended to read as follows:

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

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

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

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

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

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

31. "Service in world war II." (1) Military service during the period commencing July first, nineteen hundred forty, and terminating December thirty-first, nineteen hundred forty-six, as a member of the armed forces of the United States, or service by one who was employed by the War Shipping Administration or Office of Defense Transportation or their agents as a merchant seaman documented by the United States Coast Guard or Department of Commerce, or as a civil servant employed by the United States Army Transport Service (later redesignated as the United States Army Transportation Corps, Water Division) or the Naval Transportation Service; and who served satisfactorily as a crew member during the period of armed conflict, December seventh, nineteen hundred forty-one, to August fifteenth, nineteen hundred forty-five, aboard merchant vessels



1 in oceangoing, i.e., foreign, intercoastal, or coastwise service as such  
2 terms are defined under federal law (46 USCA 10301 & 10501) and further  
3 to include "near foreign" voyages between the United States and Canada,  
4 Mexico, or the West Indies via ocean routes, or public vessels in ocean-  
5 going service or foreign waters and who has received a Certificate of  
6 Release or Discharge from Active Duty and a discharge certificate, or an  
7 Honorable Service Certificate/Report of Casualty, from the Department of  
8 Defense, or service by one who served as a United States civilian  
9 employed by the American Field Service and served overseas under United  
10 States Armies and United States Army Groups in world war II during the  
11 period of armed conflict, December seventh, nineteen hundred forty-one  
12 through May eighth, nineteen hundred forty-five, and who (i) was  
13 discharged or released therefrom under honorable conditions, or (ii) has  
14 a qualifying condition, as defined in section three hundred fifty of the  
15 executive law, and has received a discharge other than bad conduct or  
16 dishonorable from such service, or (iii) is a discharged LGBT veteran,  
17 as defined in section three hundred fifty of the executive law, and has  
18 received a discharge other than bad conduct or dishonorable from such  
19 service, or service by one who served as a United States civilian Flight  
20 Crew and Aviation Ground Support Employee of Pan American World Airways  
21 or one of its subsidiaries or its affiliates and served overseas as a  
22 result of Pan American's contract with Air Transport Command or Naval  
23 Air Transport Service during the period of armed conflict, December  
24 fourteenth, nineteen hundred forty-one through August fourteenth, nine-  
25 teen hundred forty-five, and who (iv) was discharged or released there-  
26 from under honorable conditions, or (v) has a qualifying condition, as  
27 defined in section three hundred fifty of the executive law, and has  
28 received a discharge other than bad conduct or dishonorable from such  
29 service, or (vi) is a discharged LGBT veteran, as defined in section  
30 three hundred fifty of the executive law, and has received a discharge  
31 other than bad conduct or dishonorable from such service, or of any  
32 person who:

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

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

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

1 in article eleven of the education law at the time of his or her  
2 entrance into the armed forces and became a member of the police and  
3 fire retirement system subsequent to separation or discharge from the  
4 armed services, and

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

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

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

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

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

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

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

40 § 11. This act shall take effect one year after it shall have become a  
41 law. Effective immediately, the addition, amendment and/or repeal of any  
42 rule or regulation necessary for the implementation of this act on its  
43 effective date are authorized to be made and completed on or before such  
44 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 veter-  
an 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 addi-  
tional service credit granted by this bill. Tier 6 members would be  
required to make a payment of six percent of their most recent compen-  
sation per year of additional service credit.



If this bill is enacted during the 2022 legislative session, insofar as this proposal affects the New York State and Local Employees' Retirement System (NYSLERS), it is estimated that the past service cost will average approximately 18% (15% for Tier 6) of an affected members' compensation for each year of additional service credit that is purchased.

If this bill is enacted during the 2022 legislative session, insofar as this proposal affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), it is estimated that the past service cost will average approximately 22% (19% 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 the NYSLERS would be shared by the State of New York and the participating employers in the NYSLERS.

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

Summary of relevant resources:

Membership data as of March 31, 2021 was used in measuring the impact of the proposed change, the same data used in the April 1, 2021 actuarial valuation. Distributions and other statistics can be found in the 2021 Report of the Actuary and the 2021 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 and 2021 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, 2021 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 January 21, 2022, and intended for use only during the 2022 Legislative Session, is Fiscal Note No. 2022-57, 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 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 240 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	12.5%	10.9%	8.9%
Member Contribution offset	3.0%	3.0%	6.0%
Net cost to participating employers	9.5%	7.9%	2.9%

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 and the 2021 Actuarial Assumptions Report.

The source of this estimate is Fiscal Note 2022-27 dated April 6, 2022 prepared by the Office of the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2022 Legislative Session. I, Richard A. Young, am the Chief 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 NYCERS 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 NYCERS 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 \$49,500, on average, for each military buyback of 2.4 years purchased. The average cost to the member for each buyback was approximately \$8,400. This results in a net increase in the Present Value of future employer contributions of approximately \$41,100 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, 2021.

As of June 30, 2021, there were 3,461 NYCERS members who have purchased prior military service under Chapter 41. Those members had an average age of approximately 48.7 years, average service of approximately 16.8 years before buyback, and an average salary of approximately \$107,600. 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, 2020 (Lag) actuarial valuations used to determine the Final Fiscal Year 2022 employer contributions of each respective NYCERS.

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, Michael J. Samet, am the Interim 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 a 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. 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 2022-18 dated April 7, 2022 was prepared by the Interim Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2022 Legislative Session.