STATE OF NEW YORK

5936--B

2023-2024 Regular Sessions

IN ASSEMBLY

March 24, 2023

Introduced by M. of A. SILLITTI, McDONALD, BURDICK, DICKENS, WOERNER, SAYEGH, JEAN-PIERRE, ZEBROWSKI, GIBBS, LUNSFORD, PHEFFER AMATO, RAGA, DURSO, MORINELLO, NOVAKHOV, PALMESANO, McDONOUGH, MANKTELOW, ANGELINO, SLATER, STERN -- Multi-Sponsored by -- M. of A. SIMON -- 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 increasing the amount of years of military service credit a member may purchase

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

Section 1. Subdivision 4 of section 1000 of the retirement and social security law, as amended by chapter 41 of the laws of 2016, is amended to read as follows:

4. In no event shall the credit granted pursuant to this section, when added to credit granted for military service with any retirement system of this state pursuant to this or any other provision of law, exceed a total of [~~three~~] four years.

§ 2. Subdivision 1 of section 1000 of the retirement and social security law, as amended by chapter 585 of the laws of 2022, is amended to read as follows:

1. A member, upon application to such retirement system, may obtain a total not to exceed [~~three~~] four years of service credit for up to [~~three~~] four years of military duty, as defined in section two hundred forty-three of the military law, if the member (a) was honorably discharged from the military, or (b) has a qualifying condition, as defined in section three hundred fifty of the executive law, and has

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

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received a discharge other than bad conduct or dishonorable from such service, or (c) 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.

§ 3. Notwithstanding any provision of law to the contrary, none of the provisions of this act shall be subject to the appropriation requirement of section 25 of the retirement and social security law.

§ 4. This act shall take effect immediately.

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

SUMMARY: This proposed legislation, as it relates to members of the New York City Retirement Systems and Pension Funds (NYCRS), would increase the maximum number of years of military duty service credit that a member may purchase from three years to four.

ILLUSTRATION - INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years ($)

Year	One Year of Service Purchased	One Year of Service Purchased Per Year
2025	2,100	2,100
2026	2,100	4,200
2027	2,100	6,300
2028	2,100	8,500
2029	2,100	10,700
2030	2,100	13,000
2031	2,100	15,300
2032	2,100	17,700
2033	2,100	20,100
2034	2,100	22,500
2035	2,100	25,000
2036	2,100	27,600
2037	2,100	30,200
2038	2,100	32,900
2039	0	33,500
2040	0	34,200
2041	0	34,900
2042	0	35,600
2043	0	36,300
2044	0	37,000
2045	0	37,800
2046	0	38,500
2047	0	39,300
2048	0	40,100
2049	0	40,900

Employer contribution impact beyond Fiscal Year 2049 is not shown.

The potential increases in employer contributions will be allocated to New York City and other applicable obligors of NYCRS.

EXPECTED INCREASE (DECREASE) IN ACTUARIAL LIABILITIES
as of June 30, 2023 ($ in Thousands)

Present Value (PV)	Per Year of Service Purchased
PV of Benefits:	20.2
PV of Employee Contributions:	(2.8)
PV of Employer Contributions:	17.4
Unfunded Accrued Liabilities:	17.4

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY	
Recognized as Ongoing Gain/Loss	Per Year of Service Purchased
Number of Payments:	14
Amortization Payment:	2.1 K

CENSUS DATA: The number of members who will purchase an additional fourth year of military service is unknown. The estimates presented herein are based on preliminary census data collected as of June 30, 2023. The census data for the potentially impacted population used to develop the average costs in this Fiscal Note is based on active members who have already purchased three years of military service and is summarized below.

	NYCRS
Active Members	
- Number Count:	461
- Average Age:	49.3
- Average Service:	17.1
- Average Salary:	117,900

IMPACT ON MEMBER CONTRIBUTIONS: Eligible NYCRS members are required to contribute, for each year of military service purchased, 3% (or 6% for members who first join on or after April 1, 2012) of such member's compensation earned during the 12 months of credited service immediately preceding the date the member applies for military service credit.

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the Revised 2021 Actuarial Assumptions and Methods of the impacted retirement systems.

The number of members who will benefit in the future from this proposed legislation is unknown. The cost of this proposed legislation could vary greatly depending on the number of future members who benefit and, on their plan, length of service, age, and salary history.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models used, demographics of the impacted population and other factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits).

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS but do not believe it impairs our objectivity and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our 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 2024-24 dated March 11, 2024 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 2024 Legislative Session.

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

This bill would amend the current military law to allow for a member to obtain up to a total of four years of service credit for up to four years of military duty if the member was honorably discharged. The current maximum is three years of service credit. 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. Portions of the bill would become effective on November 10, 2023.

Insofar as this proposal affects the New York State and Local Employees' Retirement System (NYSLERS), all costs would be shared by the State of New York and the local participating employers in the NYSLERS. If enacted during the 2024 Legislative Session, it is estimated that the past service cost will be 18% (15% for Tier 6) of an affected member's compensation for each year of service credit that is purchased.

Insofar as this proposal affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), all costs would be shared by the State of New York and the local participating employers in the NYSLPFRS. If enacted during the 2024 Legislative Session, it is estimated that the past service cost will be 23% (20% for Tier 6) of an affected member's compensation for each year of service credit that is purchased.

Further, we anticipate some additional administrative costs to implement the provisions of this legislation.

The exact number of current and future members who could be affected by this legislation cannot be readily determined. Through December 31, 2023, approximately 11,200 members have purchased military service credit pursuant to Chapter 41 of the Laws of 2016, with a total cost of approximately $400 million. It is estimated that, had this proposal been law since 2016, approximately 7,700 of these members could have purchased a fourth year of military service credit for an additional cost of approximately $110 million.

Summary of relevant resources:

Membership data as of March 31, 2023 was used in measuring the impact of the proposed change, the same data used in the April 1, 2023 actuarial valuation. Distributions and other statistics can be found in the 2023 Report of the Actuary and the 2023 Annual Comprehensive Financial Report.

The actuarial assumptions and methods used are described in the 2023 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, 2023 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 March 1, 2024, and intended for use only during the 2024 Legislative Session, is Fiscal Note No. 2024-64, prepared by the Actuary for the New York State and Local Retirement System.