STATE OF NEW YORK

7219--A

2023-2024 Regular Sessions

IN ASSEMBLY

May 15, 2023

Introduced by M. of A. SILLITTI, DeSTEFANO, DARLING, JEAN-PIERRE, JACOBSON, KELLES, SAYEGH, SHIMSKY, BURDICK, CLARK, GUNTHER, LEVENBERG, LAVINE, BUTTENSCHON, CONRAD, EACHUS, JONES, ZEBROWSKI, WOERNER, PHEFFER AMATO, McMAHON, McDONALD, STIRPE, LUNSFORD, GONZALEZ-ROJAS, STERN, CUNNINGHAM, AUBRY, BENDETT, MCGOWAN, SIMPSON, RA, SANTABARBARA, SEAWRIGHT, BLUMENCRANZ -- Multi-Sponsored by -- M. of A. ANGELINO, K. BROWN, BYRNES, GALLAHAN, GRAY, McDONOUGH, MIKULIN, MORINELLO, NORRIS, SIMON, SMITH, THIELE -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to establishing a retirement service credit for volunteer fire or emergency service

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

Section 1. The retirement and social security law is amended by adding a new article 20-A to read as follows:

ARTICLE 20-A
CREDIT FOR NEW YORK STATE VOLUNTEER FIRE OR EMERGENCY SERVICE

Section 1050. New York state volunteer fire or emergency service credit.

§ 1050. New York state volunteer fire or emergency service credit. 1. For purposes of this section, the following terms shall have the following meanings:

(a) "Public retirement system of the state" shall have the same meaning as such term is defined pursuant to subdivision twenty-three of section five hundred one of this chapter.

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

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(b) "Member" shall mean a member of a public retirement system of the state.

2. Notwithstanding any law to the contrary, a member shall be eligible for credit for volunteer fire or emergency service as provided pursuant to this section.

3. A member, upon application to a public retirement system of the state, may obtain one year of service credit for every five years of volunteer fire or emergency service provided in the state. A member shall be limited under this section to obtain not more than three years of service credit for a total of fifteen years of volunteer fire or emergency service provided. Proof of volunteer fire or emergency service shall be certified by the volunteer agency for which such member volunteered time.

4. A member shall have at least five years of credited service, not including service granted hereunder, to be eligible to receive credit pursuant to this section.

5. To obtain credit pursuant to this section, a member shall pay the appropriate retirement system, for deposit in the fund used to accumulate employer contributions, a sum equal to the product of the number of years of volunteer fire or emergency service being credited and three percent of such member's compensation earned during the twelve months of credited service immediately preceding the date that such member made application for credit pursuant to this section. If permitted by rule or regulation of the applicable retirement system, a member may pay such member costs by payroll deduction for a period which shall not exceed the time period of volunteer fire or emergency service to be credited pursuant to this section. In the event such member leaves the employer payroll prior to completion of payment, such member shall forward all remaining required payments to the appropriate retirement system prior to the effective date of retirement. If the full amount of such member costs is not paid to the appropriate retirement system prior to the member's retirement, the amount of service credited shall be proportional to the total amount of the payments made prior to retirement.

6. In no event shall the credit granted pursuant to this section, when added to credit granted for volunteer fire or emergency service with any retirement system of this state pursuant to any other provision of law, exceed a total of three years.

7. To be eligible to receive credit for volunteer fire or emergency service under this section, a member shall make application for such credit before the effective date of retirement.

8. All costs for service credited to a member pursuant to this section, other than the member costs set forth in subdivision five of this section, shall be paid by the state and all employers which participate in the retirement system in which such member is granted credit.

9. Notwithstanding any provision of law to the contrary, none of the provisions of this section shall be subject to the appropriation requirement of section twenty-five of this chapter.

10. Notwithstanding any other provision of law, in the event of death prior to retirement, amounts paid by a member for the purchase of volunteer fire or emergency service credit pursuant to this section shall be refunded, with interest, to the extent the volunteer fire or emergency service purchased with such amounts does not produce a greater death benefit than would have been payable had such member not purchased such credit.

11. Service credit granted pursuant to this section shall be creditable in any special twenty or twenty-five year retirement plan.

§ 2. This act shall take effect immediately.

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

This bill would allow members of any New York State retirement system to purchase service credit for time rendered in volunteer fire or emergency service. A member may obtain one year of service credit for every five years of time rendered as a volunteer fire or emergency services, not to exceed three years of total credit. To be eligible, members must have at least five years of credited service (not including volunteer service). 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. Service credit would only be creditable on 20-year and 25-year service-based retirement plans. Members may not be credited more than one year for all service obtained in a calendar year.

This bill would not be consistent with the Retirement System's policy that service credit may only be granted for service for which a salary has been paid.

The provisions of Section 25 of the Retirement and Social Security Law shall not apply.

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 22% 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 22% of an affected member's compensation for each year of service credit that is purchased.

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

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

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 April 10, 2024, and intended for use only during the 2024 Legislative Session, is Fiscal Note No. 2024-161, prepared by the Actuary for the New York State and Local Retirement System.

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

SUMMARY: This proposed legislation would allow eligible active NYCRS members to purchase one year of service credit for every five years of volunteer fire or emergency service provided in the state, for up to a total of three years of NYCRS service credit.

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	1,700	1,700
2026	1,700	3,500
2027	1,700	5,400
2028	1,700	7,300
2029	1,700	9,200
2030	1,700	11,200
2031	1,700	13,300
2032	1,700	15,500
2033	1,700	17,700
2034	1,700	19,900
2035	1,700	22,300
2036	1,700	24,700
2037	1,700	27,200
2038	1,700	29,700
2039	0	30,600
2040	0	31,500
2041	0	32,500
2042	0	33,400
2043	0	34,400
2044	0	35,500
2045	0	36,500
2046	0	37,600
2047	0	38,800
2048	0	39,900
2049	0	41,100

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:	17.0
PV of Employee Contributions:	(2.4)
PV of Employer Contributions:	14.7
Unfunded Accrued Liabilities:	14.7

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

Recognized as Ongoing Gain/Loss	Per Year of Service Purchased
Number of Payments:	14
Amortization Payment:	1.7 K

CENSUS DATA: The number of members who will be eligible to purchase service based on certified volunteer fire or emergency 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 summarized below.

	NYCRS
Active Members	
- Number Count:	272,111
- Average Age:	48.6
- Average Service:	15.4
- Average Salary:	104,900

IMPACT ON MEMBER BENEFITS AND CONTRIBUTIONS: Eligible members who wish to purchase NYCRS service pursuant to this bill, must contribute three percent of such member's compensation earned during the twelve months of credited service immediately preceding the date that such member applied for NYCRS service credit for each year of credited service.

Members will receive one year of NYCRS service per five years of volunteer fire or emergency service certified, up to a maximum of three years of NYCRS service credit. A member must have at least five years of credited service in NYCRS, not including volunteer fire or emergency service credit requested, to be eligible to purchase volunteer service.

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 estimated per incident costs are based on the purchase of one year of NYCRS service (i.e., five years of volunteer service) for members with five or more years of service.

The number of members who will benefit in the future from this fiscal note 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 2024-38 dated March 28, 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 create Article 20-A of the Retirement and Social Security Law that would allow members to purchase service credit for volunteer fire or emergency services provided in the state. A member may purchase one year of service credit for every five years of volunteer fire or emergency service, not to exceed a total of three years purchased. To obtain such credit, members are required to pay three percent of salary earned during the twelve months of credited service immediately preceding the date of application for each year of volunteer service credited. A member must have at least five years of service credit, not including service credit granted under this bill, to be eligible.

It is not possible to determine the number of eligible current and future members, or the volunteer service credit each 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 arises for service credited under this bill above that paid for 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%	11.3%	9.5%
Member Contribution offset	3.0%	3.0%	3.0%
Net cost to participating employers	9.5%	8.3%	6.5%

Member data is from the System's most recent actuarial valuation files as of June 30, 2023, consisting of data provided by the employers to the Retirement System. The most recent data distributions and statistics can be found in the System's Annual Report for fiscal year ended June 30, 2023. 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 as of June 30, 2023.

The source of this estimate is Fiscal Note 2024-32 dated April 18, 2024 prepared by the Office of the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2024 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.