

STATE OF NEW YORK

7462--A

2023-2024 Regular Sessions

IN SENATE

May 30, 2023

Introduced by Sens. RYAN, CHU -- (at request of the New York State Teachers' Retirement System) -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the education law, in relation to allowing retirees of the New York state teachers' retirement system who suspend their retirement the option of a benefit recalculation after two years of service

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

- 1 Section 1. Subdivision 11 of section 503 of the education law, as
2 added by chapter 507 of the laws of 1972 and as renumbered by chapter
3 512 of the laws of 1976, is amended to read as follows:
- 4 11. a. If a retired member, receiving a retirement allowance for other
5 than disability, returns to active public service, except as otherwise
6 provided in ~~[sections]~~ section two hundred eleven or two ~~[hyndred]~~
7 hundred twelve of the retirement and social security law, and is eligi-
8 ble for membership in the retirement system, ~~[he thereupon]~~ such retired
9 member shall become a member and ~~[his]~~ such member's retirement allow-
10 ance shall be suspended in the same manner as provided in subdivision
11 five of this section ~~[five hundred three of this article. In such event,~~
12 ~~he shall contribute to the retirement system as if he were a new~~
13 ~~member]~~. Upon ~~[his]~~ subsequent retirement ~~[after at least two years of~~
14 ~~service he]~~ they shall:
- 15 1. Be credited with all member service earned ~~[by him]~~ since ~~[he]~~ such
16 retired member last became a member of the retirement system, and
17 2. Receive a retirement allowance which shall consist of~~+~~

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

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1 ~~(a) An annuity as provided in subdivision five of section five hundred~~
2 ~~three of this article plus an annuity which is the actuarial equivalent~~
3 ~~of any contributions made by him since he last became a member, and~~

4 ~~(b) The~~ the pension which [~~he~~] such member was receiving immediately
5 prior to [~~his~~] such member's last restoration to membership as provided
6 in subdivision five of this section [~~five hundred three of this arti-~~
7 ~~cle~~], plus a pension based upon the [~~member~~] service credit earned [~~by~~
8 ~~him~~] since [~~he~~] such member last became a member. Such latter pension
9 shall be computed as if [~~he~~] they were a new member when [~~he~~] such
10 member rejoined the system pursuant to the provisions of this subdivi-
11 sion.

12 b. Where such member shall have earned at least [~~five~~] two years of
13 [~~member~~] service credit after restoration to active service, the total
14 service credit to which [~~he~~] such member was entitled at the time of
15 [~~his~~] the earlier retirement may, at [~~his~~] such member's option, again
16 be credited to [~~him~~] such member and upon [~~his~~] subsequent retirement
17 [~~he~~] such member shall be credited in addition for purposes of computa-
18 tion of the pension portion of the retirement allowance with all
19 [~~member~~] service credit earned by [~~him~~] such member subsequent to [~~his~~]
20 the last restoration to membership. Such total service credit to which
21 [~~he~~] such member was entitled at the time of [~~his~~] the earlier retire-
22 ment shall be so credited only in the event that such member returns to
23 the retirement system with regular interest the actuarial equivalent of
24 the amount of the pension [~~he~~] received, or in the event that such
25 amount is not so repaid the actuarial equivalent thereof shall be
26 deducted from [~~his~~] such member's subsequent retirement allowance.

27 c. Notwithstanding the foregoing provisions of this subdivision, a
28 retired member who is receiving a retirement allowance for other than
29 physical disability, and who returns to active public service, may elect
30 not to be restored to membership in the retirement system until [~~he~~]
31 such retired member has rendered one year of service following [~~his~~]
32 such member's return to public service. In such event [~~his~~] such
33 member's retirement allowance shall be suspended during such year of
34 service in the same manner as provided in subdivision five of this
35 section [~~five hundred three of this article~~]. Upon restoration to
36 membership following completion of such year of service, [~~his~~] such
37 member's service in such year shall be deemed to be service while a
38 member for purposes of subdivision b of section five hundred twelve of
39 this article. [~~He~~] Such member may purchase [~~member~~] service credit for
40 such year, which shall be deemed earned [~~member~~] service credit. If a
41 retired member receiving a retirement benefit allowance for other than
42 physical disability, returns to active public service, and is then inel-
43 igible for membership in the retirement system, such retired member's
44 retirement allowance shall be suspended in the same manner as provided
45 in this section.

46 d. Notwithstanding any other provision of this article, a retired
47 member who rejoins the system under the provisions of [~~paragraphs a or e~~
48 ~~of~~] this subdivision shall only be entitled to a death benefit according
49 to the provisions of paragraph two of subdivision b of section five
50 hundred twelve of this article and of no other subdivision thereof and
51 for the purposes of said paragraph two of subdivision b of section five
52 hundred twelve the credited service as a teacher shall be service as a
53 teacher credited since last joining the system.

54 § 2. This act shall take effect on the sixtieth day after it shall
55 have become a law.

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

This bill would amend subdivision 11 of Section 503 of the Education Law to allow a retired member of the New York State Teachers' Retirement System (NYSTRS), who returns to active service and suspends their pension benefit, to elect to combine their service credit earned prior to their retirement with the service credit earned after their restoration to active service, provided they have earned at least two years of service credit since restoration and they pay back their prior pension received or have the new benefit reduced for life based upon the actuarial equivalent of the prior pension received. Current law requires five years of service credit since restoration to combine all service credit into one pension benefit. State employees and other members of the New York State and Local Retirement System (NYS&LRS) are eligible to combine their service credit after earning two years of service credit after restoration. This bill would make this eligibility the same for teachers as it is for state employees. This bill would take effect on the sixtieth day after it shall become a law.

The annual cost to the employers of members of the New York State Teachers' Retirement System would be negligible if this bill is enacted.

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 2024-2 dated October 16, 2023 prepared by 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.