STATE OF NEW YORK

8003

2025-2026 Regular Sessions

IN ASSEMBLY

April 17, 2025

Introduced by M. of A. BAILEY -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to allowing for certain members of a public retirement system of the state to apply for credit for military service

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

Section 1. Section 1000 of the retirement and social security law is amended by adding a new subdivision 5-a to read as follows:

5-a. Notwithstanding the provisions of subdivision five of this section, a member, who is ineligible to receive the credit allowed pursuant to this section solely because such member retired on or before May thirty-first, two thousand sixteen, shall be eligible to receive the credit allowed pursuant to this section if such member makes application for such credit on or before December thirty-first, two thousand twenty-six. The service credit available pursuant to this subdivision shall, when calculated, apply only to benefits received by the member after the date such member makes application for such credit and no retroactive benefit payments shall be made to such applicant pursuant to this subdivision. To obtain credit pursuant to this subdivision, a member shall pay such retirement system, for deposit in the fund used to accumulate employer contributions, a sum equal to the product of the number of years of military service being claimed and three percent of such member's compensation earned during the last twelve consecutive months of credited service preceding the date that the member retired.

§ 2. This act shall take effect immediately.

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

This bill would allow former members who retired on or before May 31, 2016 to apply to receive military service credit pursuant to §1000 of the Retirement and Social Security Law (RSSL). If approved, the retirement benefit will be recalculated as of the date of application and no

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

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retroactive benefits will be paid. Retirees would be required to pay a sum equal to the product of number of years of military service granted multiplied by three percent (3%) of compensation earned during the last twelve consecutive months of credited service preceding the date of retirement. Such retirees may receive up to three (3) years of service credit for their military service. Application must be made on or before December 31, 2026.

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), pursuant to Section 25 of the RSSL, the increased costs would be borne entirely by the State of New York and would require an itemized appropriation sufficient to pay the cost of the provision. If this bill were enacted during the 2025 Legislative Session, the increase in the present value of benefits would be approximately $72.2 million, which is estimated to average 10% of an affected retiree's final average salary (FAS) per year of additional service granted. After the application deadline, a precise cost will be determined (and billed to the State of New York) based on those benefiting from this provision.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), the increased costs would be shared by the State of New York and the local participating employers in NYSLPFRS and would be spread over future billing cycles. If this bill were enacted during the 2025 Legislative Session, the increase in present value of benefits would be approximately $63.8 million, which is estimated to average 13% of an affected retiree's FAS per year of additional service granted.

NYSLPFRS	Increase in present value of benefits	Increase in required contributions
Pensioners	$ 63.8 mn	$ 0.0 mn
Actives Tiers 1-5 (Closed)	$ 0.0 mn	$ 26.2 mn
Actives Tier 6 (Open)	$ 0.0 mn	$ 37.6 mn
Total	$ 63.8 mn	$ 63.8 mn

In NYSLPFRS, this benefit improvement will be funded by increasing the billing rates charged annually to cover both retrospective and prospective benefit increases. The annual contribution required of all participating employers in NYSLPFRS is 0.1% of billable salary, or approximately $872,000 to the State of New York and approximately $3.8 million to the local participating employers. This is a permanent annual cost.

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

The estimated NYSLERS cost above is based on approximately 4,600 retirees, with average FAS of approximately $51,000, who may benefit from this bill. The estimated NYSLPFRS cost above is based on approximately 1,900 retirees, with average FAS of approximately $88,000, who may benefit from this bill. A precise cost cannot be calculated until each retiree applies for the additional service credit.

Summary of relevant resources:

Membership data as of March 31, 2024 was used in measuring the impact of the proposed change, the same data used in the April 1, 2024 actuarial valuation. Distributions and other statistics can be found in the 2024 Report of the Actuary and the 2024 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2024 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, 2024 New York State and Local Retirement System Financial Statements and Supplementary Information.

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 9, 2025, and intended for use only during the 2025 Legislative Session, is Fiscal Note No. 2025-77. As Chief Actuary of the New York State and Local Retirement System, I, Aaron Schottin Young, hereby certify that this analysis complies with applicable Actuarial Standards of Practice as well as the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member.