

STATE OF NEW YORK

5919

2019-2020 Regular Sessions

IN SENATE

May 16, 2019

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Cities

AN ACT to amend the administrative code of the city of New York, in relation to the pensionable earnings of first grade police officers

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

1 Section 1. Section 14-111 of the administrative code of the city of
2 New York is amended by adding two new subdivisions c and d to read as
3 follows:

4 c. When a first grade police officer shall have served in the rank of
5 police officer for a period of twenty-five years, he or she shall have
6 the same rights in respect to the police pension fund as a police offi-
7 cer designated to act as detective of the third grade who shall have
8 served as such for a period of time aggregating two years at the highest
9 salary rate for a detective of the third grade.

10 d. When a first grade police officer shall have served in the rank of
11 police officer for a period of thirty years, he or she shall have the
12 same rights in respect to the police pension fund as a sergeant who
13 shall have served as such for a period of time aggregating two years at
14 the highest salary rate for a sergeant.

15 § 2. This act shall take effect immediately.

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

We have estimated the impact of the FAS Bill, a copy of which is attached, on the projected employer contributions of the New York City Police Pension Fund. A brief summary of the new provisions is outlined below:

* When a first grade police officer achieves 25 years of service, s/he shall be entitled to the same base pay for the purpose of pensionable earnings as a detective of the third grade who served in such position for a period of 2 years at the highest pay rate for that position.

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

LBD02616-02-9

* When a first grade police officer achieves 30 years of service, s/he shall be entitled to the same base pay for the purpose of pensionable earnings as a sergeant who served in such position for a period of 2 years at the highest pay rate for that position.

The table below summarizes the additional contributions that result from this bill by year.

(in millions)

Year	Annual Cost
2020	24.9
2021	25.3
2022	25.9
2023	26.4
2024	26.9

While it is possible that over time, these plan provisions could influence retirement behavior, we are unable to accurately predict the specific behavior, and therefore have measured the cost of these provisions assuming no change to the retirement rates.

Specific to this bill, we collected the data about the pensionable pay increases at the 25 and 30 year of service levels, based on historical information from the applicable contracts in place for the past seven actuarial valuation dates.

Taking the average of the ratios over this 7-year historical period resulted in the following increases:

* Increase at 25 Years of Service is 10.93% pay increase.

* Increase at 30 Years of Service is 26.42% pay increase.

These increases are applied to the prior 2 years of pay (for Tier 3 and Tier 6) once the service level is achieved.

The assumptions used in this analysis were those released by the New York City Office of the Actuary on January 2, 2019 in the "Proposed Changes in Actuarial Assumptions and Methods Used in Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2018 for the New York City Police Pension Fund" document, and subsequently approved by the Police Pension Fund's Board on March 6, 2019. The data used to determine the cost was provided by the Police Pension Fund and was a snapshot of the active plan participants as of July 1, 2018.

This fiscal note, dated May 6, 2019, is intended only for use in the 2019 legislative session. The source of this fiscal note is Heidi E. Andorfer, FSA, EA, MAAA, Foster & Foster, Actuaries and Consultants, who is familiar with the immediate and long-term aspects of pension calculations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.