S T A T E O F N E W Y O R K

7516--A

Cal. No. 1188

I N S E N A T E

May 6, 2016

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Cities -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the administrative code of the city of New York, in relation to promotions of lieutenants

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 14-114 of the administrative code of the city of New York is amended by adding a new subdivision d to read as follows:

D. WHEN A LIEUTENANT SHALL HAVE SERVED IN THE RANK OF LIEUTENANT FOR A PERIOD OF FIFTEEN YEARS, HE OR SHE SHALL HAVE THE SAME RIGHTS IN RESPECT TO THE POLICE PENSION FUND AS A LIEUTENANT DETAILED TO ACT AS LIEUTENANT COMMANDER DETECTIVE SQUAD OR LIEUTENANT SPECIAL ASSIGNMENT.

S 2. This act shall take effect immediately.

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

FISCAL NOTE: PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Administrative Code of the City of New York (ACNY) Section 14-114 to allow for a Lieutenant of the New York City Police Department, who has been a lieutenant for at least 15 years, to have the same rights in respect to the New York City Police Pension Fund (POLICE) as a Lieutenant detailed to act as lieutenant commander detective squad or lieutenant special assignment.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: A member who would benefit under this proposed legislation, if enacted, would receive an increase in their annual pension of approximately $6,000 per year. Based on this increase and an estimate of the number of members that are expected to be impacted by this change, it is estimated that if this proposed legislation is enacted, the annual increase in POLICE pensions paid will be approximately $65,000 per year.

This would result in an increase in the Actuarial Present Value of Benefits (APVB) of approximately $900,000 in the first year based on the actuarial assumptions and methods in effect for the Preliminary June 30,

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

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2015 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2017 employer contributions of POLICE. These results are expected to increase at the same rate as increases in salary in future years.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: Due to data limitations the number of Lieutenants that will retire with 15 or more years in rank cannot be known in advance with credibility. Therefore, increases in the APVB due to this legislation would be treated as actuarial losses as the affected members retire. These actuarial losses would be amortized over a 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments. Based on the assumption that the first group of retirees impacted by this legislation would occur during Fiscal Year 2017 and the estimated increase in APVB of $900,000, the estimated increase in employer contributions would be approximately $110,000 beginning in Fiscal Year 2019. Future years costs in addition to the aforementioned cost would depend on the number of retirees that benefit under the legislation.

CENSUS DATA: These estimates are based on data provided by the NYPD Lieutenants Benevolent Association which was not audited but was checked for reasonableness.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Pension Funds and Retirement Systems. I am an Associate of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2016-34, dated June 10, 2016 was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2016 Legislative Session.