

# STATE OF NEW YORK

7900--A

2017-2018 Regular Sessions

## IN ASSEMBLY

May 18, 2017

Introduced by M. of A. ABBATE -- 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 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

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

LBD08490-04-8

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.

\* 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
2018	15.9
2019	16.7
2020	17.2
2021	17.6
2022	18.0

#### Assumptions and Methods

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 made the following assumptions about the pensionable pay increases at the 25 and 30 year of service levels, based on information from the applicable police contracts and pay applicable to 2017:

\* Increase at 25 Years of Service is \$92,183/\$85,292.

\* Increase at 30 Years of Service is \$106,175/\$85,292.

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

All other assumptions used to illustrate the expected contribution impact are consistent with our current understanding of the actuarial assumptions employed by the New York City Office of the Actuary.

This assessment was made for the purpose of estimating the cost impact of this proposed legislation. Use of the results for other purposes may not be applicable and produce significantly different results. Future actuarial measurements may differ significantly from the current measurements presented in this letter for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

The undersigned 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.