

STATE OF NEW YORK

8305

IN SENATE

May 8, 2020

Introduced by Sen. SKOUFIS -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT granting Camille and Brian Mulkeen, the parents of Detective Brian Mulkeen, special accidental death benefits

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

1 Section 1. Notwithstanding the provisions of any general or special
2 law, rule or regulation to the contrary, Camille and Brian Mulkeen who
3 were the parents of Detective Brian Mulkeen who was previously employed
4 by the New York City police department as a Detective and was a Tier 3
5 member of the Police Pension Fund at the time of his death on September
6 29, 2019 shall be eligible to file for any special accidental death
7 benefits that would have been available to Brian Mulkeen or his widow or
8 widower under section 208-f of the general municipal law. Any amounts
9 paid under section 208-f of the general municipal law to Brian Mulkeen,
10 his estate or Camille and Brian Mulkeen prior to the filing of the
11 application for benefits pursuant to this act shall be deducted from the
12 benefit payable thereafter.

13 § 2. All costs pursuant to this act shall be borne by the city of New
14 York.

15 § 3. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would provide to deceased Detective Brian Mulkeen's parents the Special Accidental Death Benefit (SADB) provided to surviving spouses pursuant to General Municipal Law (GML) section 208-f.

Effective Date: Upon enactment.

BACKGROUND: Detective Mulkeen died as a Tier 3 Enhanced member of the New York City Police Pension Fund (POLICE) on September 29, 2019. His surviving parents, Brian and Camille Mulkeen, currently receive the annual accidental death retirement allowance equal to 50% of his five year final average salary pursuant to Retirement and Social Security Law (RSSL) section 509.

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

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If this legislation is passed, Detective Mulkeen's parents would be eligible for the SADB provided by under GML Section 208-f, entitling his parents to receive an annual benefit equal to 100% of his final year's compensation, not less than the next higher grade, retroactively and prospectively, less any accidental death benefit paid.

Note that beginning in Fiscal Year 2018, the SADB, including 3% annual escalation, is included as a liability for POLICE notwithstanding the State appropriation provision contained in GML section 208-f(e).

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposal has been calculated as the difference between the present value of (1) and (2), where:

(1) is Detective Mulkeen's final year's compensation, not less than the next higher grade, his parents would receive (Gross Benefit) if the proposed legislation were enacted (retroactive to the date of death on September 29, 2019), and

(2) is the accidental death benefit currently being paid.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) and the Unfunded Accrued Liability (UAL) of POLICE by approximately \$2.2 million. This calculation does not reflect the offset for a Social Security death benefit, if any, payable to Brian and Camille Mulkeen.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Section 13-638.2(k-2) of the Administrative Code of the City of New York (ACCNY), new UAL attributable to benefit changes are to be amortized as determined by the Actuary, but are generally amortized over the remaining working lifetime of those impacted by the benefit changes.

For the purposes of this Fiscal Note, because Detective Mulkeen is deceased and has no remaining working lifetime, the entire increase in UAL would be recognized immediately.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the UAL and annual employer contributions would be reflected for the first time in the June 30, 2020 actuarial valuation of POLICE. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would be reflected in Fiscal Year 2022.

CENSUS DATA: As of June 30, 2020, Brian and Camille Mulkeen are approximately age 64 and 65 respectively and are receiving an annual accidental death benefit. Below is a summary of the benefits, calculated as of the date of death, provided by POLICE:

* Annual Accidental Death Benefit: \$33,606

* Annual SADB Benefit: \$120,034

* Annual Gross Benefit: \$153,640

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the PVFB presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2019 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2021 employer contributions of POLICE.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, as well as certain demographic characteristics of POLICE and other exogenous factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could

produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

Not measured in this Fiscal Note are the following:

* The initial, additional administrative costs to implement the proposed legislation.

* The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries, an Enrolled Actuary under the Employee Retirement Income and Security Act of 1974, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2020-34 dated May 1, 2020 was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2020 Legislative Session.