STATE OF NEW YORK

7181--A

2021-2022 Regular Sessions

IN SENATE

June 4, 2021

Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to authorize Frank R. Smith to receive performance of duty disability retirement benefits

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

Section 1. Notwithstanding any other provision of law, Frank R. Smith, a retired member of the New York city police department, who joined the New York city employees retirement system on June 30, 1992 and who applied for accidental performance of duty disability retirement benefits based upon illnesses suffered as a result of exposure to diseases during the course of undercover duties performed beginning in August 2002, and who has had those benefits denied, shall be hereby awarded such benefits retroactively from his August 12, 2009 service retirement.

§ 2. The benefits and awards provided for under this act shall be paid for, and shared equally by, all public retirement systems, of which Frank R. Smith was a member.

§ 3. This act shall take effect immediately.

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

SUMMARY OF BILL: Police officer Frank R. Smith retired with an Ordinary Disability Retirement (ODR) from the New York City Police Pension Fund (POLICE) on August 12, 2009. This proposed legislation would reclassify Mr. Smith's benefit as an Accident Disability Retirement (ADR). The ADR benefit would be payable prospectively and retroactively to Mr. Smith's August 12, 2009 date of retirement.

Effective Date: Upon enactment.

For the purposes of calculating the fiscal impact of the proposed legislation, Mr. Smith's actual June 30, 1992 date of membership with

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

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POLICE and the change from his actual ODR benefit to the proposed ADR benefit were used. All costs associated with the implementation of this proposed legislation would be borne by POLICE.

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposed legislation has been calculated based on the difference between the present value of (1) the ADR benefits Mr. Smith would receive if this proposed legislation were enacted (retroactive to his August 12, 2009 retirement date) and (2) the ODR benefits that have been and are expected to be paid to Mr. Smith if this proposed legislation were not enacted. For purposes of this Fiscal Note, it has been assumed that the increase in benefits for periods prior to June 30, 2022 would not be credited with interest.

Mr. Smith has been receiving a pension of $65,846 per year payable under the maximum form of payment (i.e., payable to him as long as he is alive) since his retirement date of August 12, 2009. If this legislation is enacted, he would receive an ADR pension of $111,093 per year under the maximum form of payment, retroactive to his retirement date.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) as of June 30, 2022 by approximately $1.1 million.

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 Unfunded Accrued Liability (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 purposes of this Fiscal Note, since Mr. Smith is retired and collecting a pension, and therefore has no remaining working lifetime, the entire increase in UAL (or PVFB) would be recognized immediately.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in PVFB and UAL would be reflected for the first time in the June 30, 2022 actuarial valuation of POLICE. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2024.

CENSUS DATA: The estimates presented herein are based on the census data used in the June 30, 2021 (Lag) actuarial valuation of POLICE to determine the Preliminary Fiscal Year 2023 employer contributions.

As of June 30, 2022, Mr. Smith will be approximately age 52, and will receive a pension of $65,846 per year under the maximum payment option.

ACTUARIAL ASSUMPTIONS AND METHODS: The change in PVFB presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2021 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2023 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 of POLICE and other New York City agencies to implement the proposed legislation.

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

STATEMENT OF ACTUARIAL OPINION: I, Michael J. Samet, am the Interim Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of 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. 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 2022-14 dated April 1, 2022 was prepared by the Interim Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2022 Legislative Session.