STATE OF NEW YORK

7714--A

2023-2024 Regular Sessions

IN ASSEMBLY

June 6, 2023

Introduced by M. of A. PHEFFER AMATO -- 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 promotions of detectives

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. (1) When a detective of the third grade shall have served in the rank of detective of the third grade for a period of fifteen years, such detective shall have the same rights in respect to the police pension fund as a detective of the third grade detailed to act as detective of the second grade.

(2) When a detective of the second grade shall have served in the rank of detective of the second grade for a period of ten years, such detective shall have the same rights in respect to the police pension fund as a detective of the second grade detailed to act as detective of the first grade.

§ 2. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would increase the salary used for determining pension benefits for certain NYPD detectives to salaries equivalent to a detective of the next higher rank. Pensions for 3rd grade detectives, who served in such rank for 15 years, would be based on salaries for 2nd grade detectives, and pensions for 2nd grade detectives, who served in such rank for 10 years, would be based on salaries of 1st grade detectives.

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

LBD08615-03-4

ILLUSTRATION - INCREASE IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years ($ in Millions)

Year	POLICE
2025	0.0
2026	0.9
2027	1.8
2028	2.7
2029	3.7
2030	4.7
2031	5.7
2032	6.8
2033	7.9
2034	9.1
2035	10.3
2036	11.6
2037	13.0
2038	14.5
2039	16.1
2040	16.9
2041	17.7
2042	18.6
2043	19.5
2044	20.4
2045	21.4
2046	22.4
2047	23.4
2048	24.5
2049	25.5

Projected contributions are based on historical experience for Tier 2 members. Future retirement experience may differ as Tier 3 members begin to retire.

The entire increase in employer contributions will be allocated to New York City.

EXPECTED INCREASE (DECREASE) IN ACTUARIAL LIABILITIES

The enactment of this proposed legislation is expected to increase the Present Value of Future Benefits (PVFB) by approximately $7.5 million in the first year and every year thereafter. Each year's PVFB increase will depend on the actual experience of benefiting retirees and will be recognized in the year benefits are first payable.

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

Recognized as Ongoing Gain/Loss	POLICE
Number of Payments:	14
Fiscal Year of Last Payment:	N/A
First-year Amortization Payment:	$0.9 M

CENSUS DATA: The estimates presented herein are based on data provided by the Police Pension Fund which was not audited but was checked for reasonableness. This data was used to supplement valuation data collected as of June 30, 2023.

Historical experience was used to estimate the number of retirees who could potentially benefit from this proposed legislation and is summarized below.

* 3rd grade detectives who retired after serving in such rank for 15 years - 187 retired over the past five years.

* 2nd grade detectives who retired after serving in such rank for 10 years - 78 retired over the past five years.

The average age of all detectives who retired over the past five years is 49.3 for males and 49.2 for females, where approximately 84% of retirees were male.

IMPACT ON MEMBER BENEFITS: The proposed legislation would permit 3rd grade police detectives, who have served in such grade for at least 15 years, and 2nd grade police detectives, who have served in such grade for at least 10 years, to have their pension calculations based on a higher assumed salary. Pensions for such 3rd grade detectives would be based on salaries 2nd grade detectives and pensions for such 2nd grade detectives would be based on salaries of 1st grade detectives.

With respect to an individual member, the impact on benefits due to this proposed legislation could vary greatly depending on the member's age, years of service, retirement cause, and Tier.

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods to be used for the Preliminary Fiscal Year 2025 employer contributions of the impacted retirement systems. In addition:

* Future retirement patterns were assumed to remain consistent with prior experience. The number of 3rd grade detectives who retire after serving in such rank for 15 years was assumed to be 40 per year. The number of 2nd grade detectives who retire after serving in such rank for 10 years was assumed to be 20 per year.

* For 3rd grade police detectives who retire and benefit from the proposed legislation in the first year, annual pension benefits are assumed to increase by $8,700 for Tier 2 members and $8,400 for Tier 3 members. Each year thereafter, annual pension benefits for new retirees are assumed to increase by an additional 3% per year.

* For 2nd grade police detectives who retire and benefit from the proposed legislation in the first year, annual pension benefits are assumed to increase by $11,600 for Tier 2 members and $11,300 for Tier 3 members. Each year thereafter, annual pension benefits for new retirees are assumed to increase by an additional 3% per year.

* For police detectives who benefit from the proposed legislation, the assumed number of retirements for each gender, and the assumed retirement ages for each gender are assumed to remain the same.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models used, demographics of the impacted population, and other factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits).

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS but do not believe it impairs our objectivity and we meet the Qualification Standards of the American

Academy of Actuaries to render the actuarial opinion contained herein. To the best of our 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 2024-56 dated May 14, 2024 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2024 Legislative Session.