STATE OF NEW YORK

7740

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

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.

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Administrative Code of the City of New York Section 14-114 to allow for a Lieutenant of the New York City Police Department (NYPD), 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 a Lieutenant Commander Detective Squad or Lieutenant Special Assignment.

Effective Date: Upon enactment.

IMPACT ON BENEFITS: The proposed legislation would permit Lieutenants who have served in the rank of Lieutenant for at least 15 years, to have their pension calculations based on a higher-grade salary.

A Lieutenant, assuming a service retirement benefit with 20 years of service (15 of which was in the title of a Lieutenant), who would benefit under this proposed legislation, if enacted, would receive an increase in their annual pension benefit, due to the assumed higher salary grade and overtime, of approximately $8,500 per year.

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

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Based on this increase and an estimate of the number of POLICE 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 pension benefits paid will be approximately $227,000 per year.

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.

FINANCIAL IMPACT - PRESENT VALUES: Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately $2.9 million every year.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: Enactment of this proposed legislation would increase employer contributions, where such amount would depend on the number of members affected as well as other characteristics including the age, years of service, and salary history of the member. Future years' costs would depend on the number of retirees who benefit under the legislation amongst other factors.

The estimate of the increase in annual employer contributions for Fiscal Years 2025 through 2029, assuming a homogeneous population and consistent retirement pattern, is shown in the table below.

Fiscal Year	Increase in Employer Contributions ($ Millions)
2025	$ 0.3
2026	$ 0.7
2027	$ 1.0
2028	$ 1.4
2029	$ 1.7

Since the number of Lieutenants who will retire with 15 or more years in rank cannot be known in advance with credibility, the increase in PVFB due to this legislation has been treated as an actuarial loss and was amortized over a closed 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments.

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

* Salary (excluding overtime)
  - o Lieutenant - $135,511
  - o Lieutenant Commander of Detective Squad and Lieutenant Special Assignment - $149,067

* Lieutenants who retired with 15+ years in rank - 38 retired from January 1, 2021 through January 1, 2023.

ACTUARIAL ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods used for the Preliminary Fiscal Year 2024 employer contributions of POLICE.

For the purposes of this Fiscal Note, it is assumed that the changes would be reflected for the first time in the June 30, 2023 actuarial valuation of POLICE used to determine employer contributions for Fiscal Year 2025.

The salaries for Lieutenants provided for this analysis have been adjusted by 6.61% for assumed salary increases prior to June 30, 2022 consistent with contract settlements and assumptions of pattern bargaining.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, demograph-

ics 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.

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.

STATEMENT OF ACTUARIAL OPINION: I, Marek Tyszkiewicz, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am a member of NYCERS but do not believe it impairs my objectivity and 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 2023-62 dated May 31, 2023 was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.