STATE OF NEW YORK

10487

IN ASSEMBLY

May 29, 2024

Introduced by COMMITTEE ON RULES -- (at request of 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 sergeants

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 sergeant shall have served in the rank of sergeant for a period of fifteen years, such sergeant shall have the same rights in respect to the police pension fund as a sergeant detailed to act as sergeant commander detective squad or sergeant special assignment.

§ 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 a sergeant of the New York City Police Department (NYPD), who has been a sergeant for at least 15 years, to salaries equivalent to a sergeant commander detective squad or sergeant special assignment.

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

Year	Police
2025	0.0
2026	1.4
2027	2.8
2028	4.2
2029	5.7
2030	7.2
2031	8.8
2032	10.4
2033	12.1
2034	13.9

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

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2035	15.8
2036	17.7
2037	19.8
2038	22.2
2039	24.6
2040	25.8
2041	27.1
2042	28.4
2043	29.8
2044	31.2
2045	32.7
2046	34.2
2047	35.8
2048	37.4
2049	39.0

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 $11.5 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:	$1.4 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.

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

o Sergeants who retired after serving in such rank for 15 years - 396 retired over the past five years.

The average age of all sergeants who retired over the past five years is 49.3 for males and 48.5 for females, where approximately 81% of retirees were male.

IMPACT ON MEMBER BENEFITS: The proposed legislation would permit police sergeants, who have served in such rank for at least 15 years, to have their pension calculations based on the salary for the rank of sergeant commander of detective squad or sergeant special assignment.

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:

o Future retirement patterns were assumed to remain consistent with prior experience. The number of sergeants who retire after serving in such rank for 15 years was assumed to be 80 per year.

o For police sergeants who retire and benefit from the proposed legislation in the first year, annual pension benefits are assumed to increase by $11,000 for Tier 2 members and $10,700 for Tier 3 members. Each year thereafter, annual pension benefits for new retirees are assumed to increase by an additional 3% per year.

o For police sergeants 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 2024-58 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.