STATE OF NEW YORK

7714

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 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, he or she 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, he or she 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 OF BILL: This proposed legislation would amend Administrative Code of the City of New York Section 14-114 to allow for a Detective Third grade of the New York City Police Department (NYPD), who has been a Detective Third grade for at least 15 years, to have the same rights in respect to the New York City Police Pension Fund (POLICE) as a Detective Third grade detailed to act as a Detective Second grade and to allow for a Detective Second grade of the New York City Police Department, who has been a Detective Second grade for at least 10 years, to have the same rights in respect to POLICE as a Detective Second grade detailed to act as a Detective First grade.

Effective Date: Upon enactment.

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

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IMPACT ON BENEFITS: The proposed legislation would permit Detectives of the Third and Second grade, who have met certain service requirements, to have their pension calculations based on a higher-grade salary.

A Detective Third grade who would benefit under this proposed legislation, if enacted, would receive an increase in their annual pension benefit of approximately $8,600 per year and a Detective Second grade who would benefit under this proposed legislation, if enacted, would receive an increase in their annual pension benefit of approximately $11,500 per year, due to the assumed higher salary grade and overtime, and assuming a service retirement benefit with 20 years of service.

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 $1.3 million 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 $16.3 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 contribitions for Fiscal Years 2025 through 2029, assuming a homogenous population and consistent retirement pattern, is shown in the table below.

Fiscal Year	Increase in Employer Contributions ($ Millions)
2025	$ 1.9
2026	$ 3.8
2027	$ 5.8
2028	$ 7.7
2029	$ 9.6

Since the number of Detectives Third grade that will retire with 15 or more years in rank or Detectives Second grade that will retire with 10 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 Detectives' Endowment Association which was not audited but was checked for reasonableness. Below is a summary of the data provided:

* Salary (excluding overtime and outstanding wage contract increases)
* Detective Third grade - $114,999
* Detective Second grade - $128,034
* Detective First grade - $145,548

* Detectives Third grade who retired with 15+ years in rank - 522 retired over the past 19 years.

* Detectives Second grade who retired with 10+ years in rank - 1,783 retired over the past 20 years.

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 Detectives provided for this analysis have been adjusted by 12.55% 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, 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.

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 2023-63 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.