



## OFFICE OF THE ACTUARY

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ROBERT C. NORTH, JR.  
CHIEF ACTUARY

### MEMORANDUM

TO: Board of Trustees  
New York City Police Pension Fund

FROM: Robert C. North, Jr. *RN*  
Chief Actuary

SUBJ: Draft Resolution for Adoption of  
Additional Demographic Assumptions

DATE: March 9, 2011

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Attached in Appendix A is a draft Resolution for which I respectfully request consideration and adoption by the Board of Trustees of the New York City Police Pension Fund ("POLICE").

The Resolution provides for the Board of Trustees to adopt two tables of probabilities of decrement from active service applicable to Tier III members (the "Tables").

These Tables will supplement the current probabilities of decrement from active service that will continue to be used for Tier I and Tier II members.

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One Table provides age-related probabilities of decrement from active service for Tier III members. The second Table provides service-related probabilities of decrement from active service for Tier III members.

I would appreciate the Board of Trustees considering and adopting the draft Resolution on or before its April 2011 meeting.

Thank you.

Att.

RCN/srh

cc: Mr. J.R. Gibney  
Mr. K. Holloran  
Mr. S.H. Rumley  
Mr. R. Sens-Castet  
I. Van Eysden, Esq.

073M:srh

**APPENDIX A**

**NEW YORK CITY POLICE PENSION FUND**

**DRAFT RESOLUTION**

**PROPOSED CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS  
ADOPTION OF ADDITIONAL DEMOGRAPHIC TABLES**

The following Resolution is presented to the Board of Trustees of the New York City Police Pension Fund ("POLICE") for consideration and adoption:

**WHEREAS**, The Actuary proposed changes in certain actuarial assumptions and methods as presented in his Report dated August 24, 2005 entitled "Proposed Changes in Actuarial Assumptions and Methods for Fiscal Years Beginning on and After July 1, 2005 for the New York City Police Pension Fund" ("August 2005 Report"); and

**WHEREAS**, The Board of Trustees adopted those actuarial assumptions requiring Board approval (i.e., the demographic and Salary Scale assumptions presented as Appendix D of the August 2005 Report) at its meeting on September 23, 2005; and

**WHEREAS**, The Governor, in his Veto Message Number 5 dated June 2, 2009, vetoed the extension of Tier II benefits for members joining POLICE on and after July 1, 2009; and

**WHEREAS**, The August 2005 Report does not include tables containing appropriate probabilities of decrement from active service for Tier III members; and

**WHEREAS**, The August 2005 Report does not specify that the existing tables containing probabilities of decrement from active service would apply for Tier III members; and

**WHEREAS**, The Actuary believes that different tables of probabilities of decrement from active service should be utilized for determining actuarial present values for Tier III members; and

**WHEREAS**, The Board of Trustees has reviewed the Actuary's proposed tables of probabilities of decrement from active service presented in a March 9, 2011 memorandum; and

**WHEREAS**, The Board of Trustees accepts and supports the Actuary's proposed probabilities of decrement from active service for Tier III members, now therefore; be it

NEW YORK CITY POLICE PENSION FUND

DRAFT RESOLUTION

PROPOSED CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS  
ADOPTION OF ADDITIONAL DEMOGRAPHIC TABLES

**RESOLVED**, That the Board of Trustees hereby adopts the tables of probabilities of decrement from active service for Tier III members as presented in a March 9, 2011 memorandum from the Actuary.

Respectfully submitted:

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Kevin Holloran  
Executive Director

APPENDIX B

**NEW YORK CITY POLICE PENSION FUND**

**AGE-RELATED PROBABILITIES OF DECREMENT FROM ACTIVE SERVICE  
RECOMMENDED BY THE ACTUARY  
FOR TIER III MEMBERS**

Age	*** Ordinary Death ***		Accidental Death	Ordinary Disability	Accidental Disability	** Service Retirement with Full COLA **		
	Males	Females				Year 1	Year 2	Ultimate
19	0.028%	0.014%	0.01%	0.01%	0.20%	0.00%	0.00%	0.00%
20	0.030%	0.015%	0.01%	0.01%	0.20%	0.00%	0.00%	0.00%
21	0.032%	0.016%	0.01%	0.01%	0.22%	0.00%	0.00%	0.00%
22	0.034%	0.017%	0.01%	0.02%	0.24%	0.00%	0.00%	0.00%
23	0.036%	0.018%	0.01%	0.03%	0.26%	0.00%	0.00%	0.00%
24	0.038%	0.019%	0.01%	0.04%	0.28%	0.00%	0.00%	0.00%
25	0.040%	0.020%	0.01%	0.05%	0.30%	0.00%	0.00%	0.00%
26	0.042%	0.021%	0.01%	0.06%	0.32%	0.00%	0.00%	0.00%
27	0.044%	0.022%	0.01%	0.07%	0.34%	0.00%	0.00%	0.00%
28	0.046%	0.023%	0.01%	0.08%	0.36%	0.00%	0.00%	0.00%
29	0.048%	0.024%	0.01%	0.09%	0.38%	0.00%	0.00%	0.00%
30	0.050%	0.025%	0.01%	0.10%	0.40%	0.00%	0.00%	0.00%
31	0.052%	0.026%	0.01%	0.12%	0.42%	0.00%	0.00%	0.00%
32	0.054%	0.027%	0.01%	0.14%	0.44%	0.00%	0.00%	0.00%
33	0.056%	0.028%	0.01%	0.16%	0.46%	0.00%	0.00%	0.00%
34	0.058%	0.029%	0.01%	0.18%	0.48%	0.00%	0.00%	0.00%
35	0.060%	0.030%	0.01%	0.20%	0.50%	0.00%	0.00%	0.00%
36	0.064%	0.032%	0.01%	0.22%	0.52%	0.00%	0.00%	0.00%
37	0.068%	0.034%	0.01%	0.24%	0.54%	0.00%	0.00%	0.00%
38	0.072%	0.036%	0.01%	0.26%	0.56%	0.00%	0.00%	0.00%
39	0.076%	0.038%	0.01%	0.28%	0.58%	0.00%	0.00%	0.00%
40	0.080%	0.040%	0.01%	0.30%	0.60%	0.00%	0.00%	0.00%
41	0.094%	0.047%	0.01%	0.32%	0.64%	0.00%	0.00%	0.00%
42	0.108%	0.054%	0.01%	0.34%	0.68%	0.00%	0.00%	0.00%
43	0.122%	0.061%	0.01%	0.36%	0.72%	60.00%	0.00%	0.00%
44	0.136%	0.068%	0.01%	0.38%	0.76%	60.00%	40.00%	0.00%
45	0.150%	0.075%	0.01%	0.40%	0.80%	60.00%	40.00%	20.00%
46	0.170%	0.085%	0.01%	0.42%	0.84%	60.00%	40.00%	20.00%
47	0.190%	0.095%	0.01%	0.44%	0.88%	60.00%	40.00%	20.00%
48	0.210%	0.105%	0.01%	0.46%	0.92%	60.00%	40.00%	20.00%
49	0.230%	0.115%	0.01%	0.48%	0.96%	60.00%	40.00%	20.00%
50	0.250%	0.125%	0.01%	0.50%	1.00%	60.00%	40.00%	20.00%
51	0.280%	0.140%	0.01%	0.60%	1.10%	60.00%	40.00%	20.00%
52	0.310%	0.155%	0.01%	0.70%	1.20%	60.00%	40.00%	20.00%
53	0.340%	0.170%	0.01%	0.80%	1.30%	60.00%	40.00%	20.00%
54	0.370%	0.185%	0.01%	0.90%	1.40%	60.00%	40.00%	20.00%
55	0.400%	0.200%	0.01%	1.00%	1.50%	60.00%	40.00%	20.00%
56	0.440%	0.220%	0.01%	1.20%	1.60%	60.00%	40.00%	20.00%
57	0.480%	0.240%	0.01%	1.40%	1.70%	60.00%	40.00%	20.00%
58	0.520%	0.260%	0.01%	1.60%	1.80%	60.00%	40.00%	20.00%
59	0.560%	0.280%	0.01%	1.80%	1.90%	60.00%	40.00%	20.00%
60	0.600%	0.300%	0.01%	2.00%	2.00%	60.00%	40.00%	20.00%
61	0.640%	0.320%	0.01%	3.00%	3.00%	60.00%	40.00%	20.00%
62	0.680%	0.340%	0.01%	4.00%	4.00%	60.00%	50.00%	50.00%
63	NA	NA	NA	NA	NA	100.00%	100.00%	100.00%

NA: Not Applicable as members age 63 and greater are assumed to leave active employment immediately.

Note: All probabilities are rounded as shown and (except for Ordinary Death) apply to both males and females. Disability probabilities applied at all ages but members are assumed to elect Service Retirement benefit plus Variable Supplements Fund benefit if member has 22 or more years of service. Tier III assumptions are for use in actuarial valuations on and after June 30, 2010 in conjunction with One-Year Lag methodology to determine Fiscal Year 2012 and later employer contributions.

## NEW YORK CITY POLICE PENSION FUND

### SERVICE-RELATED PROBABILITIES OF DECREMENT FROM ACTIVE SERVICE RECOMMENDED BY THE ACTUARY FOR TIER III MEMBERS

Years of Service	Withdrawal	Early Service Retirement	Service Ret before Full COLA
0	10.00%	NA	NA
1	8.00%	NA	NA
2	6.00%	NA	NA
3	4.00%	NA	NA
4	3.00%	NA	NA
5	2.00%	NA	NA
6	1.80%	NA	NA
7	1.60%	NA	NA
8	1.40%	NA	NA
9	1.20%	NA	NA
10	1.00%	NA	NA
11	0.90%	NA	NA
12	0.80%	NA	NA
13	0.70%	NA	NA
14	0.60%	NA	NA
15	0.50%	NA	NA
16	0.50%	NA	NA
17	0.50%	NA	NA
18	0.50%	NA	NA
19	0.50%	NA	NA
20	NA	5.00%	NA
21	NA	2.00%	NA
22	NA	NA	5.00%
23	NA	NA	2.00%
24	NA	NA	2.00%

NA: Not Applicable to members with these years of service.

Note: All probabilities apply to both males and females, and are rounded as shown. Tier III assumptions are for use in actuarial valuations on and after June 30, 2010 in conjunction with One-Year Lag methodology to determine Fiscal Year 2012 and later employer contributions.