

ASSEMBLY, No. 3223

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 22, 2016

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman ROBERT AUTH

District 39 (Bergen and Passaic)

SYNOPSIS

Provides public employee in State-administered retirement system who continues preexisting volunteer relationship with employer from whom employee retires has bona fide severance from employment for compliance with NJ and federal regulations.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/8/2016)

1 AN ACT concerning retirement from public employment covered by
2 any State-administered pension fund or retirement system and
3 supplementing P.L.1968, c.23 (C.43:3C-1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Notwithstanding any other law or regulation to the contrary,
9 the retirement of a member of any pension fund or retirement
10 system, contributory or noncontributory, established under any law
11 of this State, who: (1) on the date of retirement has attained the
12 service retirement age applicable to that member and is serving in a
13 volunteer capacity in an office or position not related to the paid job
14 title with the same employer from whose employment the member
15 retires; and (2) remains in that volunteer capacity after the date of
16 retirement, shall be a bona fide severance from employment,
17 notwithstanding that the retired employee maintains the volunteer
18 relationship with the same employer from whose employment the
19 member retired. This act shall be effective if the qualified status of
20 the retirement system under federal law can be maintained upon its
21 application, and such modifications to the system as may be
22 available shall be made to allow for its application.
23

24 2. This act shall take effect immediately.
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27 STATEMENT
28

29 This bill provides that the retirement of a member of any pension
30 fund or retirement system established under any law of this State
31 who: (1) on the date of retirement has attained the service
32 retirement age applicable to that member and is serving in a
33 volunteer capacity in an office or position not related to the paid job
34 title with the same employer from whose employment the member
35 retires; and (2) remains in that volunteer capacity after retirement,
36 will be a bona fide severance from employment, notwithstanding
37 that the retired employee maintains the volunteer relationship with
38 the same employer from whom the member retired.

39 It is the sponsor's intention to permit retirees who worked for
40 public entities to continue serving their communities without
41 interruption in volunteer positions such as firefighters or members
42 of a first aid squad, planning board, or recreation committee.

43 A regulation of the Division of Pensions and Benefits in the
44 Department of the Treasury, in compliance with the federal Internal
45 Revenue Code, provides: " 'Bona fide severance from employment'
46 means a complete termination of the employee's employment
47 relationship with the employer for a period of at least 180 days."
48 (N.J.A.C.17:1-17.14(a)2.) The division's August 22, 2014 letter to

1 local government certifying officers of the defined benefit pension
2 systems states: “If the employer and employee make an
3 arrangement prior to the employee’s retirement to return to the
4 same employer in any capacity, including as a volunteer – at any
5 future time, regardless whether the position is covered by the
6 former retirement system – the employer/employee relationship is
7 not completely severed and the retirement will be invalid.” This
8 bill will allow persons with a pre-existing volunteer relationship
9 with their employer to retire from service as an employee covered
10 by a State-administered pension fund or retirement system and
11 continue to serve that employer as a volunteer.

12 The bill also provides that it will be effective if the qualified
13 status of the State-administered pension funds or retirement systems
14 under federal law can be maintained upon its application, and such
15 modifications to the system as may be available will be made to
16 allow for its application.