

LEGISLATIVE FISCAL ESTIMATE

[Fourth Reprint]

SENATE, No. 1403

STATE OF NEW JERSEY
218th LEGISLATURE

DATED: APRIL 3, 2019

SUMMARY

- Synopsis:** Permits service credit transferred from another State-administered retirement system to apply toward creditable service requirement for retirement in SPRS.
- Type of Impact:** Expenditure Increase - State General Fund
- Agencies Affected:** Department of Treasury, Division of Pensions and Benefits

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Increase		Indeterminate	

- The bill provides that members of the State Police Retirement system (SPRS) who transfer service credit earned in another retirement system, or transfer previously purchased credit, will have that credit recognized as creditable service for the purposes of retirement and benefits.
- The bill will result in an indeterminate increase in State contributions to the SPRS for the additional benefits available as a result of the recognition of credit transferred from other State-administered retirement systems as creditable service in the SPRS when regular contributions by the member and employer have not been made for that transferred service credit.

BILL DESCRIPTION

This bill provides that service credit transferred from another State-administered retirement system into the State Police Retirement System (SPRS) will be considered the same for retirement and benefit purposes as creditable service rendered as a full-time commissioned officer, noncommissioned officer, or trooper.

Under current law, a member of SPRS who established service credit in another State-administered retirement system prior to becoming a member is permitted to purchase credit or transfer credit previously purchased while in that system. The credit is included in the computation of a retirement allowance on the basis of one percent of final compensation for each year of that service credit. However, only service rendered as a member of the State Police may be used to satisfy the minimum creditable service requirement for retirement on a service or special service retirement, which requires a certain number of years of creditable service to qualify for those retirement benefits.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None

OFFICE OF LEGISLATIVE SERVICES

The bill will result in an indeterminate increase in State contributions to the SPRS for the additional benefits available to members as a result of the recognition of credit transferred from other State-administered retirement systems as creditable service in the SPRS when regular contributions by the member and employer have not been made to the SPRS for that transferred service credit. The OLS does not have information on the number of SPRS members with service accumulated in other retirement systems or the total years of that service, nor does it have a basis for projecting the future accumulation of transferrable service, so it cannot estimate the magnitude of the impact on the revenue and liabilities of the SPRS, and the resultant impact on State contributions.

Section: *State Government*

Analyst: *Aggie Szilagyi*
 Section Chief

Approved: *Frank W. Haines III*
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).