

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2317  
STATE OF NEW JERSEY  
219th LEGISLATURE

DATED: NOVEMBER 19, 2020

SUMMARY

- Synopsis:** “Dominick Marino PFRS Enhanced Benefits for Surviving Spouses Act”; enhances PFRS accidental death benefit for surviving spouse who becomes eligible after effective date by providing for minimum of \$50,000 annually.
- Type of Impact:** Periodic expenditure increase to the State General Fund and local government entities.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; local government entities.

Office of Legislative Services Estimate

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

- PFRS Employer Contribution
- The Office of Legislative Services (OLS) estimates that this bill will result in indeterminate, marginal State and local cost increases because its provision would apply only when the annual compensation of a member of the Police and Firemen’s Retirement System (PFRS) is less than \$71,429 at the time of death. The 2010 and 2013 experience studies and actuarial valuations for the PFRS indicate that out of ten accidental deaths since 2007, only one PFRS member, who died before 2010, had a salary below \$71,429 at the time of death.
- According to a recent actuarial valuation, local PFRS members earn salaries greater than \$71,429 per year after four years of service and State PFRS members earn salaries greater than this amount after nine years of service.
- According to the 2013 experience study, the incident rate of a PFRS accidental death is 0.296 percent, with the highest probability of the expected incidents of accidental death in the 40 to 44 and 45 to 49 year-old age groups.

## **BILL DESCRIPTION**

This bill enhances the accidental death benefit of a member of the PFRS for a member's surviving spouse. Currently, that benefit is 70 percent of the compensation upon which contributions by the member to PFRS were based in the last year of creditable service. The bill provides an alternative benefit, if larger, of \$50,000 annually for the surviving spouse of a member who dies on or after the effective date of this bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that this bill will result in indeterminate, marginal State and local cost increases because its provision would apply only when the annual compensation of a member of the PFRS is less than \$71,429 at the time of death. The 2010 and 2013 experience studies and actuarial valuations indicate that out of ten accidental death incidents since 2007, only one PFRS member, who died before 2010, had a salary below \$71,429 at the time of death. According to a recent actuarial valuation, local PFRS members earn salaries greater than \$71,429 per year after four years of service and State PFRS members earn salaries greater than this amount after nine years of service. According to the 2013 experience study, the incident rate of a PFRS accidental death is 0.296 percent with the highest probability of the expected incidents of accidental death in the 40 to 44 and 45 to 49 year-old age groups. Currently, the total average annual compensation for all PFRS-local members is \$99,691 and the total average annual compensation for a PFRS-State member is \$70,507.

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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.).