

ASSEMBLY, No. 555

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman TURNER

1 AN ACT concerning retirement benefits for certain State employees.

2

3 **BE IT ENACTED** *by the Senate and General Assembly of the State*
4 *of New Jersey:*

5

6 1. A State employee who:

7 a. is at least 50 years of age and has at least 25 years of service
8 credit under the Public Employees' Retirement System (PERS) or the
9 Teachers' Pension and Annuity Fund (TPAF), or service with public
10 employers in this State participating in the Alternate Benefit Program
11 (ABP) for which contributions were made by the employee under the
12 program before the effective date of retirement;

13 b. files an application to retire on or before June 1, 1995; and

14 c. retires under the retirement system on or after April 1, 1995, but
15 not later than July 1, 1995, other than a veteran who retires on a
16 special veteran's retirement, shall receive an additional five years of
17 service credit under PERS or TPAF, or an amount equal to 100% of
18 the employee's base annual salary at the time of retirement from the
19 employer for members of ABP. An employee who meets the age and
20 service credit requirements under this section and retires on a special
21 veteran's retirement under PERS or TPAF shall receive an additional
22 pension under the retirement system in the amount of 5/60 of the
23 compensation upon which the special retirement allowance is based.

24 A full-time employee of the Rutgers University Cooperative Extension
25 Service who meets the age and service requirements based upon
26 service credited in the federal Civil Service Retirement System or the
27 Federal Employees Retirement System earned as a result of full-time
28 employment at Rutgers University alone, or in combination with
29 service credit under PERS or qualifying service under ABP, and is
30 eligible to retire under the federal Civil Service Retirement System or
31 the Federal Employees Retirement System within the time period set
32 forth in subsection c., shall receive the benefits provided by this
33 section. If the employee is a member of the federal Civil Service
34 Retirement System or the Federal Employees Retirement System, the
35 employee shall receive an amount equal to 100% of the employee's

1 base annual salary at the time of retirement from the employer. The
2 amount payable to retirees under ABP and the federal retirement
3 systems shall be paid in two equal installments with the first
4 installment due not later than the thirtieth day after the effective date
5 of retirement, and the second due not later than the same calendar day
6 in the following calendar year. The additional retirement benefit
7 provided under this section is applicable only to the full-time State
8 employment from which an eligible employee retires to receive the
9 benefit and the compensation for that employment.

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11 2. For a State employee who:

12 a. is at least 60 years of age and has at least 20, but less than 25,
13 years of service credit under the Public Employees' Retirement System
14 (PERS) or the Teachers' Pension and Annuity Fund (TPAF), or service
15 with public employers in this State participating in the Alternate
16 Benefit Program (ABP) for which contributions were made by the
17 employee under the program before the effective date of retirement;

18 b. files an application to retire on or before June 1, 1995; and

19 c. retires under the retirement system on or after April 1, 1995, but
20 not later than July 1, 1995, the retirement system for PERS or TPAF
21 members, or the State for ABP members, shall pay the premium or
22 periodic charges for benefits provided to the retired State employee
23 and the employee's dependents, but not including survivors, under the
24 "New Jersey State Health Benefits Program Act," P.L.1961, c.49
25 (C.52:14-17.25 et seq.), in the same manner provided for State
26 payment of premiums or periodic charges for retired State employees
27 under subsection c. of section 8 of that act (C.52:14-17.32). A
28 full-time employee of the Rutgers University Cooperative Extension
29 Service who meets the age and service requirements based upon
30 service credited in the federal Civil Service Retirement System or the
31 Federal Employees Retirement System earned as a result of full-time
32 employment at Rutgers University alone, or in combination with
33 service credit under PERS or qualifying service under ABP, and is
34 eligible to retire under the federal Civil Service Retirement System or
35 the Federal Employees Retirement System within the time period set
36 forth in subsection c., shall receive the benefits provided by this
37 section. The State shall pay the premium or periodic charges for the
38 benefits if the employee is a member of the federal Civil Service
39 Retirement System or the Federal Employees Retirement System.

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41 3. A State employee who:

42 a. is at least 60 years of age and has at least 10, but less than 20,
43 years of service credit under the Public Employees' Retirement System
44 (PERS) or the Teachers' Pension and Annuity Fund (TPAF), or service
45 with public employers in this State participating in the Alternate
46 Benefit Program (ABP) for which contributions were made by the

1 employee under the program before the effective date of retirement;
2 b. files an application to retire on or before June 1, 1995; and
3 c. retires under the retirement system on or after April 1, 1995, but
4 not later than July 1, 1995, shall receive an additional pension under
5 PERS or TPAF, or payment from the employer for members of ABP,
6 of \$500 month in each of the 24 months following the date of
7 retirement. A full-time employee of the Rutgers University
8 Cooperative Extension Service who meets the age and service
9 requirements based upon service credited in the federal Civil Service
10 Retirement System or the Federal Employees Retirement System
11 earned as a result of full-time employment at Rutgers University alone,
12 or in combination with service credit under PERS or qualifying service
13 under ABP, and is eligible to retire under the federal Civil Service
14 Retirement System or the Federal Employees Retirement System
15 within the time period set forth in subsection c., shall receive the
16 benefits provided by this section for members of ABP.

17
18 4. The actuaries for PERS and TPAF shall determine the liabilities
19 of the retirement systems for the additional service credit or pensions
20 and health benefits payments provided under this act and for the early
21 retirement of employees in accordance with the tables of actuarial
22 assumptions adopted by the boards of trustees of the retirement
23 systems. These liabilities shall be added to the unfunded accrued
24 liabilities of the State under the retirement systems and shall be paid
25 in the same manner and over the remaining time periods provided for
26 the State's unfunded accrued liability under section 24 of P.L.1954,
27 c.84 (C.43:15A-24) and N.J.S.18A:66-18, respectively. The State
28 shall pay the cost of the actuarial work to determine the additional
29 liabilities of the retirement systems for the benefits under this act.

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31 5. The cost of the cash payments to members of ABP, the federal
32 Civil Service Retirement System and the Federal Employees
33 Retirement System under this act shall be funded by the employer from
34 annual appropriations to the employer in the State Budget or from
35 funds otherwise available for payment of operating expenditures.

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37 6. A State employee who receives a benefit under this act shall
38 forfeit all tenure rights.

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40 7. Where the needs of State government or a State college or
41 university require the services of an employee who elects to retire and
42 receive a benefit under this act, a State department, with the approval
43 of the State Treasurer, or a State college or university, with the
44 approval of the State Board of Higher Education, may delay, with the
45 consent of the employee, the effective retirement date of the employee
46 until the first day of any calendar month after July 1, 1995, but not

1 later than July 1, 1996. The effective retirement date of an employee
2 of the Legislative or Judicial Branch of State government who elects
3 to retire and receive a benefit under this act may be similarly delayed
4 with the consent of the employee and with the approval of the Senate
5 President in the case of an employee of the Senate, the Speaker of the
6 General Assembly in the case of an employee of the General Assembly,
7 the Legislative Services Commission in the case of an employee of the
8 Office of Legislative Services, and the Chief Justice of the Supreme
9 Court in the case of an employee of the Judicial Branch. A delay in
10 the effective retirement date of an employee shall not extend the dates
11 set forth in sections 1 and 2 to qualify for benefits under this act.

12 For a member of PERS or TPAF whose effective retirement date is
13 delayed under this section and who dies before the retirement becomes
14 effective, the retirement shall be effective as of the first day of the
15 month after the date of death of the member if the member's surviving
16 beneficiary requests in writing to the board of trustees of the
17 retirement system that the retirement be effective under the option
18 settlement selected by the member, or under Option 3 if the member
19 did not select an option.

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21 8. A State employee retiring under PERS or TPAF with a benefit
22 under this act who has not repaid the full amount of a loan from the
23 retirement system by the effective date of retirement, may repay the
24 loan through deductions from the member's retirement benefit
25 payments in the same monthly amount which was deducted from the
26 member's compensation immediately preceding retirement until the
27 balance of the amount borrowed together with interest at the statutory
28 rate is repaid. If the retiree dies before the outstanding balance of the
29 loan and interest is repaid, the remaining amount shall be repaid as
30 provided in section 2 of P.L.1981, c.55 (C.43:15A-34.1) or section 2
31 of P.L.1981, c.212 (C.18A:66-35.1), as appropriate.

32

33 9. The provisions of this act shall not apply to any State employee
34 who would be required to retire on or before July 1, 1995 under any
35 statute, under any rule or regulation adopted by an employer of State
36 employees, or under the provisions of any applicable contract of
37 employment.

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39 10. For the purposes of this act:

40 a. "State employee" means a full-time employee, eligible to
41 participate in the New Jersey State Health Benefits Program, of the
42 State of New Jersey, or Rutgers, The State University, the New Jersey
43 Institute of Technology, the University of Medicine and Dentistry of
44 New Jersey, or a State college. It does not include an employee of an
45 authority, board, commission, corporation, or other agency or
46 instrumentality, other than Rutgers, The State University, authorized

1 to participate in PERS under section 73 of P.L.1954, c.84
2 (C.43:15A-73) or P.L.1990, c.25 (C.43:15A-73.2 et seq.), or a public
3 agency or organization as defined in section 71 of P.L.1954, c.84
4 (C.43:15A-71).

5 b. "Final year compensation" means the compensation received in
6 the last 12 months immediately preceding retirement in which
7 compensation is received and upon which contributions are made by
8 the employee to the retirement system.

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10 11. The Director of the Division of Pensions and Benefits may
11 promulgate rules and regulations which the director deems necessary
12 for the effective implementation of this act.

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14 12. Notwithstanding the provisions of any law to the contrary, an
15 amount not to exceed \$2.24 million may be expended by the Division
16 of Pensions and Benefits for administration of this act and shall be
17 charged to the funds of the retirement systems affected by this act
18 which are established by law to receive employer contributions or
19 payments. Receipts from such charges, payable on a schedule to be
20 determined by the Director of the Division of Budget and Accounting,
21 shall be deposited in the General Fund and anticipated as revenue
22 thereto. These expenses charged to each retirement system shall be
23 included as a liability of the system for the purpose of determining
24 future employer contributions or payments to the system.

25

26 13. a. The Director of the Division of Budget and Accounting
27 shall eliminate the same number of positions authorized as the number
28 of employees that elect to participate in the early retirement program
29 pursuant to P.L.1995, c. (C.) (now pending before the
30 Legislature as this bill). Additionally, any new hiring undertaken to fill
31 vacancies created under this program shall receive approval of the
32 Vacancy Review Board created pursuant to Executive Order #10 of
33 1982 or any successor to that Board. The Director shall report to the
34 Joint Budget Oversight Committee on or before December 1, 1995 on
35 the total number of positions eliminated.

36 b. The Division of Pensions and Benefits shall report in writing to
37 the Joint Budget Oversight Committee on (1) the number of
38 applications to retire filed pursuant to P.L.1995, c. (C.) (now
39 pending before the Legislature as this bill), (2) the number of
40 applications to retire which have been approved, (3) the number of
41 cases in which the effective retirement date of an employee has been
42 delayed pursuant to section 7 of P.L.1995, c. (C.) (now
43 pending before the Legislature as this bill), and (4) the number of
44 positions held by employees whose applications to retire have been
45 approved which positions are determined to be critical and essential to
46 State services and need to be filled by a new or transferred employee.

1 The division shall report the information required by this subsection to
2 the Joint Budget Oversight Committee on April 30, May 31, June 15
3 and July 15, 1995.

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5 14. A State employee purchasing service credit on or after the
6 effective date of this act to qualify for a benefit under this act may
7 purchase a portion of the credit which the employee is eligible to
8 purchase.

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10 15. For an employee who retires on a special veteran's retirement
11 under PERS or TPAF and receives a benefit under this act, the
12 retirement allowance shall be based on the compensation, upon which
13 contributions are made to the annuity savings fund or the contingent
14 reserve fund, received during the last year of employment or either of
15 the two years of employment immediately preceding the last year,
16 whichever provides the largest possible benefit to the member or
17 member's beneficiary.

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19 16. The Division of Pensions and Benefits shall report in writing
20 to the Joint Budget Oversight Committee beginning on July 15, 1996,
21 and annually thereafter on or before July 15, through 2006, on the
22 results of the early retirement program provided by P.L.1995,
23 c. (C.) (now pending before the Legislature as this bill). The
24 report shall provide an analysis of the program in order to document
25 the aggregate costs incurred and aggregate savings realized by the
26 State as a result of this program.

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28 17. This act shall take effect immediately.

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31 STATEMENT

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33 This bill provides additional retirement benefits for certain State
34 employees who retire under the Public Employees' Retirement System
35 (PERS), the Teachers' Pension and Annuity Fund (TPAF), or the
36 Alternate Benefit Program (ABP) between April 1, 1995 and July 1,
37 1995.

38 The bill provides the following additional benefits:

39 (1) Employees who, as of the effective date of retirement, are at
40 least 50 years old with at least 25 years of service credit in PERS or
41 TPAF will receive an additional five years of service credit under
42 those respective retirement systems;

43 (2) Employees who satisfy the age and service requirements noted
44 in (1) and who are eligible to retire under a special veteran's retirement
45 under PERS or TPAF will receive an additional pension amount of
46 5/60 of the compensation on which the special veteran's allowance is

1 based;

2 (3) Members of ABP who are at least 50 years old with at least 25
3 years of service with public employers in this State participating in the
4 program will receive an amount equal to one year of base annual salary
5 at the time of retirement, one-half of which is to be payable upon
6 retirement and the other half one year later;

7 (4) Employees who are at least 60 years old with at least 20, but
8 less than 25, years of service in PERS, TPAF or ABP will receive
9 payment of premiums for retired coverage under the State Health
10 Benefits Program for themselves and their dependents, but not for
11 survivors;

12 (5) Employees who are at least 60 years old with at least 10, but
13 less than 20, years of service in PERS, TPAF or ABP will receive an
14 additional benefit of \$500 per month for two years following
15 retirement.

16 The bill also provides that a full-time employee of the Rutgers
17 University Cooperative Extension Service who meets the age and
18 service requirements based upon service credited in the federal Civil
19 Service Retirement System or the Federal Employees Retirement
20 System earned as a result of full-time employment with Rutgers
21 University alone, or in combination with service credit under PERS or
22 qualifying service under ABP, and is eligible to retire under the federal
23 retirement systems within the time period specified shall receive the
24 benefits provided by this bill. In the case of an Extension Service
25 employee in the 25 years of service category who is retiring from
26 either of the federal systems, the benefit shall take the same form (cash
27 payment of one year's base annual salary) as provided to 25-year
28 employees under ABP.

29 Where the needs of State government or a State college or
30 university require the services of an employee who elects to retire
31 under the provisions of this bill, the department, college or university
32 may delay the effective retirement date up to July 1, 1996, with the
33 consent of the employee and the approval of the State Treasurer or
34 State Board of Higher Education. The effective retirement dates for
35 employees of the Legislative and Judicial Branches may be similarly
36 delayed with the approval of the appropriate authorities.

37 The employees eligible for the benefits under this bill are all eligible
38 to retire under their respective retirement systems. The purpose of
39 these additional benefits is to induce a large number of the employees
40 to retire and thus assist in reducing the workforce in State
41 government.

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45 Provides additional retirement benefits for certain State employees
46 who retire between April 1, 1995 and July 1, 1995.