

ASSEMBLY, No. 558

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 some employees of certain
2 employers participating in the Public Employees' Retirement
3 System.

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

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8 1. An employee of a public agency or instrumentality which elects
9 to provide the benefits authorized under this act who:
- 10 a. is at least 50 years of age and has at least 25 years of service
11 credit under the Public Employees' Retirement System (PERS) before
12 the effective date of retirement;
 - 13 b. files an application to retire on or after August 1, 1995 in the
14 case of an employee of a county public agency or instrumentality, or
15 November 1, 1995 in the case of an employee of any other public
16 agency or instrumentality, and on or before December 1, 1995 in the
17 case of an employee of a county public agency or instrumentality, or
18 March 1, 1996 in the case of an employee of any other public agency
19 or instrumentality; and
 - 20 c. retires under the retirement system on or after September 1,
21 1995 in the case of an employee of a county public agency or
22 instrumentality, or December 1, 1995 in the case of an employee of
23 any other public agency or instrumentality, but not later than January
24 1, 1996 in the case of an employee of a county public agency or
25 instrumentality, or April 1, 1996 in the case of an employee of any
26 other public agency or instrumentality, other than a veteran who
27 retires on a special veteran's retirement, shall receive an additional five
28 years of service credit under PERS. An employee who meets the age
29 and service credit requirements under this section and retires on a
30 special veteran's retirement under PERS shall receive an additional
31 pension under the retirement system in the amount of 5/60 of final year
32 compensation. The additional retirement benefit under this section is
33 applicable only to the full-time employment with the employer which
34 elects to provide the benefits authorized under this act and from which
35 the employee retires to receive the benefit and the compensation for

1 that employment.

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3 2. For an employee of a public agency or instrumentality which
4 provides paid health benefits to retirees pursuant to section 7 of
5 P.L.1964, c.125 (C.52:14-17.38), N.J.S.40A:10-23, or another group
6 health insurance contract or health benefits plan and which elects to
7 provide the benefits authorized under this section who:

8 a. is at least 60 years of age and has at least 20, but less than 25,
9 years of service credit under the Public Employees' Retirement System
10 (PERS) before the effective date of retirement;

11 b. files an application to retire on or after August 1, 1995 in the
12 case of an employee of a county public agency or instrumentality, or
13 November 1, 1995 in the case of an employee of any other public
14 agency or instrumentality, and on or before December 1, 1995 in the
15 case of an employee of a county public agency or instrumentality, or
16 March 1, 1996 in the case of an employee of any other public agency
17 or instrumentality; and

18 c. retires under the retirement system on or after September 1,
19 1995 in the case of an employee of a county public agency or
20 instrumentality, or December 1, 1995 in the case of an employee of
21 any other public agency or instrumentality, but not later than January
22 1, 1996 in the case of an employee of a county public agency or
23 instrumentality, or April 1, 1996 in the case of an employee of any
24 other public agency or instrumentality, the employer shall pay the
25 entire cost for coverage for the retired employee and the employee's
26 dependents, but not including survivors, unless the employer is paying
27 the entire cost for coverage for survivors on the effective date of this
28 act. For employers participating in the New Jersey State Health
29 Benefits Program (NJSHBP), the payment shall be made in the same
30 manner provided for payment by an employer other than the State of
31 premiums or periodic charges for retired employees under section 7 of
32 P.L.1964, c.125 (C.52:14-17.38). For employers not participating in
33 the NJSHBP, the payment shall be made in the same manner provided
34 for payment of premiums after retirement under N.J.S.40A:10-23 or
35 N.J.S.18A:16-19, or the employer's group health insurance contract or
36 health benefits plan, and the level of benefits to retirees under this
37 section shall be the same as the level of benefits provided to other
38 retirees by that employer.

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40 3. A public agency or instrumentality which does not provide paid
41 health benefits to retirees and which elects to provide the benefits
42 authorized under this act shall pay to an employee who meets the
43 qualifications of subsections a. and b. of section 2 of this act an
44 additional pension of \$500 per month in each of the 24 months
45 following the date of retirement.

1 4. An employee of a public agency or instrumentality which elects
2 to provide the benefits authorized under this act who:

3 a. is at least 60 years of age and has at least 10, but less than 20,
4 years of service credit under PERS before the effective date of
5 retirement;

6 b. files an application to retire on or after August 1, 1995 in the
7 case of an employee of a county public agency or instrumentality, or
8 November 1, 1995 in the case of an employee of any other public
9 agency or instrumentality, and on or before December 1, 1995 in the
10 case of an employee of a county public agency or instrumentality, or
11 March 1, 1996 in the case of an employee of any other public agency
12 or instrumentality; and

13 c. retires under the retirement system on or after September 1,
14 1995 in the case of an employee of a county public agency or
15 instrumentality, or December 1, 1995 in the case of an employee of
16 any other public agency or instrumentality, but not later than January
17 1, 1996 in the case of an employee of a county public agency or
18 instrumentality, or April 1, 1996 in the case of an employee of any
19 other public agency or instrumentality, the employer shall pay an
20 additional pension of \$500 per month in each of the 24 months
21 following the date of retirement.

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23 5. An employer may elect to provide the benefits under this act by
24 adoption of a resolution by its governing body and filing a certified
25 copy of the resolution with the Director of the Division of Pensions
26 and Benefits on or before July 1, 1995 in the case of a county public
27 agency or instrumentality, or September 1, 1995 in the case of any
28 other public agency or instrumentality. The employer shall submit to
29 the director any information necessary to provide the benefits or to
30 determine the liability for them.

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32 6. The actuary for PERS shall determine the liability of the
33 retirement system for the additional service credit or pensions
34 provided under this act and for the early retirement of employees in
35 accordance with the tables of actuarial assumptions adopted by the
36 board of trustees of the retirement system. This liability shall be added
37 to the unfunded accrued liability of the employer under the retirement
38 system and shall be paid in the same manner and over the remaining
39 time period provided for the unfunded accrued liability under section
40 24 of P.L.1954, c.84 (C.43:15A-24). The employer shall pay the cost
41 of the actuarial work to determine the additional liability of the
42 retirement system for the benefits under this act which shall be
43 included in the initial contribution required from the employer.

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45 7. An employee who receives a benefit under this act shall forfeit
46 all tenure rights.

1 8. Where the needs of a public agency or instrumentality require
2 the services of an employee who elects to retire and receive a benefit
3 under this act, the employer, with the approval of the governing body
4 of that agency or instrumentality and with the consent of the
5 employee, may delay the effective retirement date of the employee
6 until the first day of any calendar month after January 1, 1996 in the
7 case of an employee of a county public agency or instrumentality, or
8 April 1, 1996 in the case of an employee of any other public agency or
9 instrumentality, but not later than January 1, 1997 in the case of an
10 employee of a county public agency or instrumentality, or April 1,
11 1997 in the case of an employee of any other public agency or
12 instrumentality. A delay in the effective retirement date of an
13 employee shall not extend the dates set forth in sections 1 through 4
14 to qualify for benefits under this act.

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

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

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35 10. An employee of a public agency or instrumentality purchasing
36 service credit on or after the effective date of this act to qualify for a
37 benefit under this act may purchase a portion of the credit which the
38 employee is eligible to purchase.

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40 11. For the purposes of this act:

41 a. "Employee of a public agency or instrumentality" means a
42 full-time employee of an authority, board, commission, corporation,
43 or other agency or instrumentality which is a participating employer in
44 PERS, including an agency or instrumentality authorized to participate
45 in PERS under section 73 of P.L.1954, c.84 (C.43:15A-73) and
46 P.L.1990, c.25 (C.43:15A-73.2 et seq.) and a public agency or

1 organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71)
2 but excluding Rutgers, The State University, the New Jersey Institute
3 of Technology, the University of Medicine and Dentistry of New
4 Jersey, a State or a county college, a board of education, a county and
5 a municipality, who is eligible to participate in the employer's health
6 benefits plan.

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

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12 12. Prior to July 1, 1995 in the case of a county public agency or
13 instrumentality, or September 1, 1995 in the case of any other public
14 agency or instrumentality, each public agency or instrumentality
15 covered by the provisions of this act shall meet and consult with the
16 representatives of the bargaining unit or units representing the
17 employees who would be eligible for benefits under this act.

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19 13. This act shall take effect immediately.

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22 STATEMENT

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24 This bill provides for additional benefits for certain employees of a
25 public agency or instrumentality, other than the State, who retire under
26 the Public Employees' Retirement System (PERS) between September
27 1, 1995 and January 1, 1996, in the case of employees of a county
28 public agency or instrumentality, or between December 1, 1995 and
29 April 1, 1996 in the case of other public agency or instrumentality
30 employees if the employer elects to provide the benefits. These
31 employers are authorities, boards, commissions and other agencies and
32 instrumentalities participating in PERS. Employees who are at least
33 50 years of age and have at least 25 years of service credit as of the
34 effective date of retirement will receive an additional five years of
35 service credit. Employees who satisfy these age and service
36 requirements and who retire on special veteran's retirement will
37 receive an additional pension amount of 5/60 of their final year
38 compensation.

39 Employees of employers which offer retirees paid health benefits
40 coverage who are at least 60 years of age and have at least 20 years of
41 service as of the effective date of retirement will receive payment of
42 the cost for health benefits coverage. Employees of employers which
43 do not offer retirees paid health benefits coverage who are at least 60
44 years of age and have at least 20 years of service as of the effective
45 date of retirement will not be eligible for the paid health benefits
46 coverage but will receive an additional pension payment of \$500 per

1 month for the first 24 months after retirement.

2 Employees who are at least 60 years of age with at least 10 but not
3 more than 20 years of service credit will receive an additional pension
4 of \$500 per month for the first 24 months after retirement.

5 The employer may elect to provide benefits by adoption of a
6 resolution of its governing body and by filing a certified copy with the
7 Director of the Division of Pensions and Benefits.

8 Where the needs of an employer require the services of an employee
9 who elects to retire and receive a benefit under this act, the employer,
10 with the approval of the governing body and the consent of the
11 employee, may delay the effective retirement date of the employee for
12 up to one year. The delay authorized under the act does not extend
13 the dates for qualification for benefits under the act.

14 The employees eligible for the benefits under this bill are all eligible
15 to retire under the retirement system. The purpose of these additional
16 benefits is to induce a large number of the employees to retire and thus
17 assist in reducing the workforce in the various agencies covered by the
18 bill.

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23 Provides additional retirement benefits for certain employees of
24 authorities, boards, commissions, corporations, and other agencies and
25 instrumentalities participating in PERS who retire during specified
26 periods in 1995 and 1996.