

ASSEMBLY, No. 559

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 employees of  
2 certain public employers other than the State.

3

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

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7 1. An employee of a county or county college or an employee of  
8 a municipality under the Public Employees' Retirement System  
9 (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the  
10 Alternate Benefit Program (ABP) which elects to provide the benefits  
11 authorized under this act who:

12 a. is at least 50 years of age and has at least 25 years of service  
13 credit under PERS or TPAF, or service with public employers in this  
14 State participating in ABP for which contributions were made by the  
15 employee under the program before the effective date of retirement;

16 b. files an application to retire on or after August 1, 1995 and on  
17 or before December 1, 1995; and

18 c. retires under the retirement system on or after September 1,  
19 1995, but not later than January 1, 1996, other than a veteran who  
20 retires on a special veteran's retirement, shall receive an additional five  
21 years of service credit under PERS or TPAF, or an amount equal to  
22 100% of the employee's base annual salary at the time of retirement  
23 from the employer for members of ABP. An employee who meets the  
24 age and service requirements under this section and retires on a special  
25 veteran's retirement shall receive an additional pension under the  
26 retirement system in the amount of 5/60 of final year compensation.  
27 The additional retirement benefit under this section is applicable only  
28 to the full-time employment with the employer which elects to provide  
29 the benefits authorized under this act and from which the employee  
30 retires to receive the benefit and the compensation for that  
31 employment.

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33 2. For an employee of a county college, or an employer providing  
34 paid health benefits to retirees pursuant to section 7 of P.L.1964,  
35 c.125 (C.52:14-17.38), N.J.S.40A:10-23, or N.J.S.18A:16-19,

1 participating under PERS, TPAF, or ABP, which elects to provide the  
2 benefits authorized under this act who:

3 a. is at least 60 years of age and has at least 20, but less than 25,  
4 years of service credit under PERS or TPAF, or service with public  
5 employers in this State participating in ABP for which contributions  
6 were made by the employee under the program before the effective  
7 date of retirement;

8 b. files an application to retire on or after August 1, 1995 and on  
9 or before December 1, 1995; and

10 c. retires under the retirement system on or after September 1,  
11 1995 but not later than January 1, 1996, the employer shall pay the  
12 entire cost for coverage for the retired employee and the employee's  
13 dependents, but not including survivors, unless the employer is paying  
14 the entire cost for coverage for survivors on the effective date of this  
15 act. For employers participating in the New Jersey State Health  
16 Benefits Program (NJSHBP), the payment shall be made in the same  
17 manner provided for payment by an employer other than the State of  
18 premiums or periodic charges for retired employees under section 7 of  
19 P.L.1964, c.125 (C.52:14-17.38). For employers not participating in  
20 the NJSHBP, the payment shall be made in the same manner provided  
21 for payment of premiums after retirement under N.J.S.40A:10-23 or  
22 N.J.S.18A:16-19, or the employer's group health insurance contract or  
23 health benefits plan, and the level of benefits to retirees under this  
24 section shall be the same as the level of benefits provided to other  
25 retirees by that employer.

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27 3. A participating employer under PERS, TPAF, or ABP which  
28 does not provide paid health benefits to retirees and which elects to  
29 provide the benefits authorized under this act shall pay to an employee  
30 who meets the qualifications of subsections a. and b. of section 2 of  
31 this act an additional pension of \$500 per month in each of the 24  
32 months following the date of retirement.

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34 4. For an employee of a participating employer under PERS, TPAF  
35 or ABP which elects to provide the benefits under this act who:

36 a. is at least 60 years of age and has at least 10, but less than 20,  
37 years of service credit under PERS or TPAF, or service with public  
38 employers in this State participating in ABP for which contributions  
39 were made by the employee under the program before the effective  
40 date of retirement;

41 b. files an application to retire on or after August 1, 1995 and on  
42 or before December 1, 1995; and

43 c. retires under the retirement system on or after September 1,  
44 1995 but not later than January 1, 1996, the employer shall pay an  
45 additional pension of \$500 per month in each of the 24 months  
46 following the date of retirement.

1       5. An employer may elect to provide the benefits under this act by  
2 adoption of a resolution by its governing body and filing a certified  
3 copy of the resolution with the Director of the Division of Pensions  
4 and Benefits on or before July 1, 1995. With respect to county  
5 colleges, the governing body is the board of trustees. The employer  
6 shall submit to the director any information necessary to provide the  
7 benefits or to determine the liability for them.

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9       6. The actuaries for PERS and TPAF shall determine the liability  
10 of the retirement systems for the additional service credit or pensions  
11 provided under this act and for the early retirement of employees in  
12 accordance with the tables of actuarial assumptions adopted by the  
13 board of trustees of the retirement system. For PERS, this liability  
14 shall be added to the unfunded accrued liability of the employer under  
15 the retirement system and shall be paid in the same manner and over  
16 the remaining time period provided for the employer's unfunded  
17 accrued liability under sections 24, 68 and 81 of P.L.1954, c.84  
18 (C.43:15A-24, 68 and 81).

19       For TPAF, the liability and contribution requirements for each  
20 employer shall be determined by the actuary of the system in the same  
21 manner and over the remaining time period provided for the unfunded  
22 accrued liability of the system under N.J.S.18A:66-18. The retirement  
23 system shall annually certify to each employer the contributions due to  
24 the contingent reserve fund for the liability under this act. The  
25 contributions certified by the retirement system shall be paid by the  
26 employer to the retirement system on or before the date prescribed by  
27 law for payment of employer contributions for basic retirement  
28 benefits. If payment of the full amount of the contribution certified is  
29 not made within 30 days after the last date for payment of employer  
30 contributions for basic retirement benefits, interest at the rate of 10%  
31 per year shall begin to run against the unpaid balance on the first day  
32 after the thirtieth day.

33       The employer shall pay the cost of the actuarial work to determine  
34 the additional liability of the retirement system for the benefits under  
35 this act which shall be included in the initial contribution required from  
36 the employer.

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38       7. The cost of the cash payments for ABP members under this act  
39 shall be funded by the employer from appropriations to the employer  
40 for annual operating expenses or from funds otherwise available to the  
41 employer for operating expenses.

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43       8. An employee who receives a benefit under this act shall forfeit  
44 all tenure rights.

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46       9. Where the needs of the employer require the service of an

1 employee who elects to retire and receive a benefit under this act, the  
2 employer, with the approval of the governing body of the employer  
3 and with the consent of the employee, may delay the effective  
4 retirement date of the employee until the first day of any calendar  
5 month after January 1, 1996 but not later than January 1, 1997. With  
6 respect to county colleges, the governing body is the board of trustees.  
7 A delay in the effective retirement date of an employee shall not  
8 extend the dates set forth in sections 1 through 4 to qualify for benefits  
9 under this act.

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

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19 10. An employee retiring with a benefit under this act who has not  
20 repaid the full amount of a loan from PERS or TPAF by the effective  
21 date of retirement may repay the loan through deductions from the  
22 member's retirement benefit payments in the same monthly amount  
23 which was deducted from the member's compensation immediately  
24 preceding retirement until the balance of the amount borrowed  
25 together with interest at the statutory rate is repaid. If the retiree dies  
26 before the outstanding balance of the loan and interest is repaid, the  
27 remaining amount shall be repaid as provided in section 2 of P.L.1981,  
28 c.55 (C.43:15A-34.1) or N.J.S.18A:66-35.

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30 11. An employee purchasing service credit on or after the effective  
31 date of this act to qualify for a benefit under this act may purchase a  
32 portion of the credit which the employee is eligible to purchase.

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34 12. For the purposes of this act:

35 a. "Employee" means a full-time employee of a county, a county  
36 college, or a municipality who is eligible to participate in the  
37 employer's health benefits plan. It does not include an employee of a  
38 public agency or organization as defined in section 71 of P.L.1954,  
39 c.84 (C.43:15A-71).

40 b. "Final year compensation" means the compensation received in  
41 the last 12 months immediately preceding retirement in which  
42 compensation is received and upon which contributions are made by  
43 the employee to the retirement system.

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45 13. The provisions of this act shall be applicable to employers and  
46 employees participating in a county pension fund created under Article

1 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes,  
2 P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310  
3 (C.43:10-18.50 et seq.), or Article 2 of Chapter 66 of Title 18A of the  
4 New Jersey Statutes, or in a municipal retirement system created under  
5 P.L.1954, c.218 (C.43:13-22.3 et seq.) or P.L.1964, c.275  
6 (C.43:13-22.50), and shall become operative upon the adoption of the  
7 provisions of this act by the employer.

8 The provisions of this act shall not apply to any employee who  
9 would be required to retire on or before January 1, 1996, under any  
10 statute, under any rule or regulation adopted by an employer of such  
11 employees, or under the provisions of any applicable contract of  
12 employment.

13 The provisions of this act shall apply to counties of the first class  
14 with a population of more than 500,000 persons and a population  
15 density of more than 11,000 persons per square mile granting a  
16 pension pursuant to the "General Noncontributory Pension Act",  
17 P.L.1955, c.263 (C.43:8B-1 et seq.).

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19 14. Prior to July 1, 1995, each employer covered by the provisions  
20 of this act shall meet and consult with the representatives of the  
21 bargaining unit or units representing the employees who would be  
22 eligible for benefits under this act and the governing body of the  
23 employer shall formally consider and decide whether or not to adopt  
24 the provisions of this act.

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26 15. This act shall take effect immediately.

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#### STATEMENT

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31 This bill provides for additional benefits for certain employees of a  
32 county, a county college or a municipality who retire under the Public  
33 Employees' Retirement System (PERS), the Teachers' Pension and  
34 Annuity Fund (TPAF) or the Alternate Benefit Program (ABP)  
35 between September 1, 1995 and January 1, 1996 if the employer elects  
36 to provide the benefits. Employees who are at least 50 years of age  
37 and have at least 25 years of service credit as of the effective date of  
38 retirement will receive an additional five years of service credit.  
39 Employees who satisfy those age and service requirements and who  
40 retire on special veteran's retirement will receive additional pensions  
41 in the amount of 5/60 of their final year compensation. Employees of  
42 employers which offer retirees paid health benefits coverage who are  
43 at least 60 years of age and have at least 20 years of service as of the  
44 effective date of retirement will receive payment of the cost for health  
45 benefits coverage. Employees of employers which do not offer  
46 retirees paid health benefits coverage who are at least 60 years of age

1 and have at least 20 years of service as of the effective date of  
2 retirement will not be eligible for the paid health benefit coverage but  
3 will receive an additional pension payment of \$500 per month for the  
4 first 24 months after retirement. Employees who are at least 60 years  
5 of age with between 10 and 20 years of service will receive an  
6 additional pension payment of \$500 per month for the first 24 months  
7 after retirement.

8 The employer may elect to provide benefits by adoption of a  
9 resolution of its governing body and by filing a certified copy with the  
10 Director of the Division of Pensions and Benefits on or before July 1,  
11 1995. The employer shall submit to the Division of Pensions and  
12 Benefits all information required to provide benefits or determine  
13 liability.

14 Where the needs of an employer require the services of an employee  
15 who elects to retire and receive a benefit under this act, the employer,  
16 with the approval of the governing body and the consent of the  
17 employee, may delay the effective retirement date of the employee for  
18 up to one year. With respect to county colleges, the governing body  
19 is the Board of Trustees. The delay authorized under the act does not  
20 extend the dates for qualification for benefits under the act.

21 The employees eligible for the benefits under this bill are all eligible  
22 to retire under their respective retirement systems. The purpose of  
23 these additional benefits is to induce a large number of the employees  
24 to retire and thus assist in reducing the workforce of the counties,  
25 county colleges and municipalities. There is a provision in the bill  
26 making the program inapplicable to individuals otherwise subject to  
27 mandatory retirement during the effective periods.

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32 Provides additional retirement benefits for certain county and county  
33 college employees and certain municipal employees who retire  
34 between September 1, 1995 and January 1, 1996.