

# ASSEMBLY, No. 630

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## STATE OF NEW JERSEY

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Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman IMPREVEDUTO

1   **AN ACT** concerning retirement benefits for certain members of the  
2   Police and Firemen's Retirement System of New Jersey.

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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 the State, and an employee of a participating  
8   employer under the Police and Firemen's Retirement System (PFRS)  
9   which elects to provide the benefits authorized under this act, who:  
10      a. has 20 or more years of service credit under PFRS;  
11      b. files an application to retire on or after December 1, 1994 and  
12   on or before December 1, 1995; and  
13      c. retires under the retirement system on or after January 1, 1995  
14   but not later than January 1, 1996 shall receive an additional five years  
15   of service credit under PFRS or any lesser number of years of service  
16   credit under PFRS as will provide the member, as of the date of  
17   retirement, with a total of not more than 30 years of service credit  
18   under PFRS. The additional retirement benefit under this section is  
19   applicable only to the employee's full-time employment with the State,  
20   or with the employer which elects to provide the benefits authorized  
21   under this act, and from which employment the employee retires to  
22   receive the benefit and the compensation for that employment.

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24       2. An employer other than the State may elect to provide the  
25   benefits under this act by adoption of a resolution by its governing  
26   body and filing a certified copy of the resolution with the Director of  
27   the Division of Pensions and Benefits on or before December 1, 1994.  
28   The employer shall submit to the director any information necessary  
29   to provide the benefits or to determine the liability for them. The  
30   division shall prepare and provide to employers other than the State  
31   information on the employees eligible for the benefits under this act,  
32   estimates of the full liability to the retirement system and the payments  
33   which the employer will have to make on account of the early  
34   retirement of employees under the act, and detailed charts, tables and  
35   other information necessary for employers to do a cost/savings

1 analysis of the impact through Fiscal Year 2004.

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3       3. The actuaries for PFRS shall determine the liability of the  
4 retirement system for the additional service credit or pensions  
5 provided under this act and for the early retirement of employees in  
6 accordance with the tables of actuarial assumptions adopted by the  
7 board of trustees of the retirement system. This liability shall be added  
8 to the unfunded accrued liability of the employer under the retirement  
9 system and shall be paid in the same manner and over the remaining  
10 time period provided for the employer's unfunded accrued liability  
11 under section 15 of P.L.1944, c.255 (C.43:16A-15), except that in the  
12 case of an employer adopting the retirement system after July 1, 1988,  
13 the time period for payment of such liability shall be in accordance  
14 with the provisions of section 21 of P.L.1971, c.175 (C.43:16A-15.4).

15      The employer shall pay the cost of the actuarial work to determine  
16 the additional liability of the retirement system for the benefits under  
17 this act which shall be included in the initial contribution required from  
18 the employer.

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20      4. An employee who receives a benefit under this act shall forfeit  
21 all tenure rights.

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23      5. Where the needs of the State or an employer other than the  
24 State require the services of an employee who elects to retire and  
25 receive a benefit under this act, the State department, or that employer  
26 other than the State with the approval of the governing body of such  
27 employer, as the case may be, and with the consent of the employee,  
28 may delay the effective retirement date of the employee until the first  
29 day of any calendar month after January 1, 1996, but not later than  
30 January 1, 1997. A delay in the effective retirement date of an  
31 employee shall not extend the dates set forth in section 1 to apply and  
32 qualify for benefits under this act.

33      For a member of PFRS whose effective retirement date is delayed  
34 under this section and who dies before the retirement becomes  
35 effective, the retirement shall be effective as of the first day of the  
36 month after the date of death of the member if the member's  
37 beneficiary so requests in writing to the board of trustees of the  
38 retirement system.

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40      6. An employee retiring with a benefit under this act who has not  
41 repaid the full amount of a loan from PFRS by the effective date of  
42 retirement may repay the loan through deductions from the member's  
43 retirement benefit payments in the same monthly amount which was  
44 deducted from the member's compensation immediately preceding  
45 retirement until the balance of the amount borrowed together with  
46 interest at the statutory rate is repaid. If the retiree dies before the

1 outstanding balance of the loan and interest is repaid, the remaining  
2 amount shall be repaid as provided in section 2 of P.L.1981, c.370  
3 (C.43:16A-16.2).

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5 7. For the purposes of this act, "employee" means a policeman  
6 employed by the State or by a law enforcement unit as defined in  
7 section 2 of P.L.1961, c.56 (C.52:17B-67), or a fireman employed by  
8 a firefighting unit as defined in paragraph (b) of subsection (2) of  
9 section 1 of P.L.1944, c.255 (C.43:16A-1).

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11 8. Prior to the last day upon which an employer other than the  
12 State may, under section 2 of this act, elect to provide the benefits  
13 under this act, each such employer covered by the provisions of this  
14 act shall meet and consult with the representatives of the bargaining  
15 unit or units representing the employees who would be eligible for  
16 benefits under this act and the governing body of the employer shall  
17 formally consider and decide whether or not to adopt the provisions  
18 of this act.

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20 9. An amount not to exceed \$1,000,000 for the administrative  
21 expenses of the Division of Pensions and Benefits for implementation  
22 of this act shall be charged to the Police and Firemen's Retirement  
23 System Fund. Receipts from such charges, payable on a schedule to  
24 be determined by the Director of the Division of Budget and  
25 Accounting, shall be deposited in the General Fund and anticipated as  
26 revenue thereto in fiscal years 1995 and 1996. The expenses charged  
27 to the fund shall be included as a liability of the Police and Firemen's  
28 Retirement System for the purpose of determining future employer  
29 contributions or payments to the fund, or the amount of benefits to be  
30 paid under the program, as appropriate.

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32 10. This act shall take effect immediately.

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35 STATEMENT

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37 This bill establishes a temporary early retirement incentive program  
38 for certain police officers and firefighters employed by the State or by  
39 counties and municipalities which elect to adopt the program.

40 Under the program, the additional benefits would be available to  
41 members of the Police and Firemen's Retirement System (PFRS) who  
42 retire under that system on or after January 1, 1995 but on or before  
43 January 1, 1996. To be eligible for the incentive, employees must have  
44 20 or more years of service credit under PFRS as of the effective date  
45 of retirement.

46 Employees meeting these qualifications will receive an additional

1 five years of PFRS service credit or any lesser number of years of  
2 PFRS service credit under the retirement system as will provide the  
3 member, as of the date of retirement, with a total of not more than 30  
4 years of PFRS service credit. Where the needs of the State or an  
5 employer other than the State require the services of an employee who  
6 elects to retire under this legislation, the employer may delay the  
7 effective date of the employee's retirement for up to one year.

8 Police officers and firefighters employed by the State will  
9 automatically be eligible for the program. An employer other than the  
10 State may elect to provide the benefits by adopting a resolution and by  
11 filing a certified copy of the resolution with the Director of the  
12 Division of Pensions and Benefits on or before December 1, 1994.  
13 Before an employer other than the State adopts the early retirement  
14 program in this bill, the employer must meet and consult with the  
15 representatives of the bargaining unit of its employees.

16 The actuary for the retirement system will determine the liability for  
17 the additional service credit and pensions and for the early retirement  
18 of employees. This liability will be added to the employer's unfunded  
19 accrued liability and will be paid by the employer over the remaining  
20 time period for payment of its unfunded accrued liability. The bill  
21 permits the Division of Pensions and Benefits to charge up to  
22 \$1,000,000 to the Police and Firemen's Retirement System Fund for  
23 the division's administrative expenses related to this early retirement  
24 incentive program.

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29 Provides additional retirement benefits for certain police and firefighter  
30 members of PFRS.