

ASSEMBLY, No. 1058

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman DORIA

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. At 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 after June 1, 1998 and on or  
14 before June 1, 1999; and

15 c. retires under the retirement system on or after July 1, 1998 but  
16 not later than July 1, 1999, other than a veteran who retires on a  
17 special veteran's retirement, shall receive an additional five years of  
18 service credit under PERS or TPAF, or an amount equal to 100% of  
19 the employee's base annual salary at the time of retirement from the  
20 employer for members of ABP. If a member of PERS or TPAF is  
21 under age 55 at the time of retirement, the member's retirement  
22 allowance shall not be reduced. An employee who meets the age and  
23 service credit requirements under this section and retires on a special  
24 veteran's retirement under PERS or TPAF shall receive an additional  
25 pension under the retirement system in the amount of 5/60 of final year  
26 compensation. A full-time employee of the Rutgers University  
27 Cooperative Extension Service who meets the age and service  
28 requirements based upon service credited in the federal Civil Service  
29 Retirement System or the Federal Employees Retirement System  
30 earned as a result of full-time employment at Rutgers University alone,  
31 or in combination with service credit under PERS or qualifying service  
32 under ABP, and is eligible to retire under the federal Civil Service  
33 Retirement System or the Federal Employees Retirement System  
34 within the time period set forth in subsection c., shall receive the  
35 benefits provided by this section. If the employee is a member of the  
36 federal Civil Service Retirement System or the Federal Employees  
37 Retirement System, the employee shall receive an amount equal to

1 100% of the employee's base annual salary at the time of retirement  
2 from the employer. The amount payable to retirees under ABP and  
3 the federal retirement systems shall be paid in two equal installments  
4 with the first installment due not later than the thirtieth day after the  
5 effective date of retirement, and the second due not later than the same  
6 calendar day in the following calendar year. The additional retirement  
7 benefit provided under this section is applicable only to the full-time  
8 State employment from which an eligible employee retires to receive  
9 the benefit and the compensation for that employment.

10

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 after June 1, 1998 and on or  
19 before June 1, 1999; and

20 c. retires under the retirement system on or after July 1, 1998 but  
21 not later than July 1, 1999, the retirement system for PERS or TPAF  
22 members, or the State for ABP members, shall pay the premium or  
23 periodic charges for benefits provided to the retired State employee  
24 and the employee's dependents, but not including survivors, under the  
25 "New Jersey State Health Benefits Program Act," P.L.1961, c.49  
26 (C.52:14-17.25 et seq.), in the same manner provided for State  
27 payment of premiums or periodic charges for retired State employees  
28 under subsection c. of section 8 of that act (C.52:14-17.32). A full-  
29 time employee of the Rutgers University Cooperative Extension  
30 Service who meets the age and service requirements based upon  
31 service credited in the federal Civil Service Retirement System or the  
32 Federal Employees Retirement System earned as a result of full-time  
33 employment at Rutgers University alone, or in combination with  
34 service credit under PERS or qualifying service under ABP, and is  
35 eligible to retire under the federal Civil Service Retirement System or  
36 the Federal Employees Retirement System within the time period set  
37 forth in subsection c., shall receive the benefits provided by this  
38 section. The State shall pay the premium or periodic charges for the  
39 benefits if the employee is a member of the federal Civil Service  
40 Retirement System or the Federal Employees Retirement System.

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42 3. A State employee who:

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

1 Benefit Program (ABP) for which contributions were made by the  
2 employee under the program before the effective date of retirement;  
3 b. files an application to retire on or after June 1, 1998 and on or  
4 before June 1, 1999; and  
5 c. retires under the retirement system on or after July 1, 1998 but  
6 not later than July 1, 1999, shall receive an additional pension under  
7 PERS or TPAF, or payment from the employer for members of ABP,  
8 of \$500 per month in each of the 24 months following the date of  
9 retirement. A full-time employee of the Rutgers University  
10 Cooperative Extension Service who meets the age and service  
11 requirements based upon service credited in the federal Civil Service  
12 Retirement System or the Federal Employees Retirement System  
13 earned as a result of full-time employment at Rutgers University alone,  
14 or in combination with service credit under PERS or qualifying service  
15 under ABP, and is eligible to retire under the federal Civil Service  
16 Retirement System or the Federal Employees Retirement System  
17 within the time period set forth in subsection c., shall receive the  
18 benefits provided by this section for members of ABP.

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

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

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

41  
42 7. Where the needs of State government or a State college or  
43 university require the services of an employee who elects to retire and  
44 receive a benefit under this act, a State department, with the approval  
45 of the State Treasurer, or a State college or university, with the  
46 approval of the State Board of Higher Education, may delay, with the

1 consent of the employee, the effective retirement date of the employee  
2 until the first day of any calendar month after July 1, 1999, but not  
3 later than July 1, 2000. The effective retirement date of an employee  
4 of the Legislative or Judicial Branch of State government who elects  
5 to retire and receive a benefit under this act may be similarly delayed  
6 with the consent of the employee and with the approval of the Senate  
7 President in the case of an employee of the Senate, the Speaker of the  
8 General Assembly in the case of an employee of the General Assembly,  
9 the Legislative Services Commission in the case of an employee of the  
10 Office of Legislative Services, and the Chief Justice of the Supreme  
11 Court in the case of an employee of the Judicial Branch. A delay in  
12 the effective retirement date of an employee shall not extend the dates  
13 set forth in sections 1 and 2 to qualify for benefits under this act.

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

22

23 8. A State employee retiring under PERS and TPAF with a benefit  
24 under this act who has not repaid the full amount of a loan from the  
25 retirement system by the effective date of retirement, may repay the  
26 loan through deductions from the member's retirement benefit  
27 payments in the same monthly amount which was deducted from the  
28 member's compensation immediately preceding retirement until the  
29 balance of the amount borrowed together with interest at the statutory  
30 rate is repaid. If the retiree dies before the outstanding balance of the  
31 loan and interest is repaid, the remaining amount shall be repaid as  
32 provided in section 2 of P.L.1981, c.55 (C.43:15A-34.1) or section  
33 2 of P.L.1981, c.212 (C.18A:66-35.1), as appropriate.

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35 9. A State employee purchasing service credit on or after the  
36 effective date of this act to qualify for a benefit under this act may  
37 purchase a portion of the credit which the employee is eligible to  
38 purchase.

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40 10. For the purposes of this act:

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

1 instrumentality, other than Rutgers, The State University, authorized  
2 to participate in PERS under section 73 of P.L.1954, c.84 (C.43:15A-  
3 73) or P.L.1990, c.25 (C.43:15A-73.2 et seq.), or a public agency or  
4 organization as defined in section 71 of P.L.1954, c.84 (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. This act shall take effect immediately .

#### 15 16 17 STATEMENT

18  
19 This bill provides additional retirement benefits for certain State  
20 employees who retire under the Public Employees' Retirement System  
21 (PERS), the Teachers' Pension and Annuity Fund (TPAF), or the  
22 Alternate Benefit Program (ABP) between July 1, 1998 and July 1,  
23 1999. Employees who are at least 50 years old with at least 25 years  
24 of service credit in PERS or TPAF will receive an additional five years  
25 of service credit under those respective retirement systems. If a  
26 member of PERS or TPAF is under age 55 at the time of retirement,  
27 the member's retirement allowance shall not be reduced. Employees  
28 who satisfy the age and service requirements and who are eligible to  
29 retire under a special veteran's retirement under PERS or TPAF will  
30 receive an additional pension amount of 5/60 of final year  
31 compensation. Members of ABP who are at least 50 years old with at  
32 least 25 years of service with public employers in this State  
33 participating in the program will receive an amount equal to one year  
34 of base annual salary at the time of retirement, one-half of which is to  
35 be payable upon retirement and the other half one year later.  
36 Employees who are at least 60 years old with at least 20, but less than  
37 25, years of service in PERS, TPAF or ABP will receive payment of  
38 premiums for retired coverage under the State Health Benefits  
39 Program for themselves and their dependents, but not for survivors.  
40 Employees who are at least 60 years old with at least 10, but less than  
41 20, years of service in PERS, TPAF or ABP will receive an additional  
42 benefit of \$500 per month for two years following retirement.

43 The bill also provides that a full-time employee of the Rutgers  
44 University Cooperative Extension Service who meets the age and  
45 service requirements based upon service credited in the federal Civil  
46 Service Retirement System or the Federal Employees Retirement

1 System earned as a result of full-time employment with Rutgers  
2 University alone, or in combination with service credit under PERS or  
3 qualifying service under ABP, and is eligible to retire under the federal  
4 retirement systems within the time period specified shall receive the  
5 benefits provided by this bill. In the case of an Extension Service  
6 employee in the 25 years of service category who is retiring from  
7 either of the federal systems, the benefit shall take the same form (cash  
8 payment of one year's base annual salary) as provided to 25-year  
9 employees under ABP.

10 Where the needs of State government or a State college or  
11 university require the services of an employee who elects to retire  
12 under the provisions of this bill, the department, college or university  
13 may delay the effective retirement date up to July 1, 2000, with the  
14 consent of the employee and the approval of the State Treasurer or  
15 State Board of Higher Education. The effective retirement dates for  
16 employees of the Legislative and Judicial Branches may be similarly  
17 delayed with the approval of the appropriate authorities.

18 The employees eligible for the benefits under this bill are all eligible  
19 to retire under their respective retirement systems. The purpose of  
20 these additional benefits is to induce a large number of the employees  
21 to retire and thus assist in reducing the workforce in State  
22 government.

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27 Provides additional retirement benefits for certain State employees  
28 who retire between July 1, 1998 and July 1, 1999.