

## ASSEMBLY, No. 1059

---

# STATE OF NEW JERSEY

---

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman DORIA

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*:

6

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 June 1, 1998 and on or  
17   before June 1, 1999; and

18       c. retires under the retirement system on or after July 1, 1998 but  
19   not later than July 1, 1999, other than a veteran who retires on a  
20   special veteran's retirement, shall receive an additional five years of  
21   service credit under PERS or TPAF, or an amount equal to 100% of  
22   the employee's base annual salary at the time of retirement from the  
23   employer for members of ABP. If a member of PERS or TPAF is  
24   under age 55 at the time of retirement, the member's retirement  
25   allowance shall not be reduced. An employee who meets the age and  
26   service requirements under this section and retires on a special  
27   veteran's retirement shall receive an additional pension under the  
28   retirement system in the amount of 5/60 of final year compensation.  
29   The additional retirement benefit under this section is applicable only  
30   to the full-time employment with the employer which elects to provide  
31   the benefits authorized under this act and from which the employee  
32   retires to receive the benefit and the compensation for that  
33   employment.

34  
35       2. For an employee of a county college, or an employer providing  
36   paid health benefits to retirees pursuant to section 7 of P.L.1964,  
37   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 June 1, 1998 and on or  
9 before June 1, 1999; and

10     c. retires under the retirement system on or after July 1, 1998 but  
11 not later than July 1, 1999, the employer shall pay the entire cost for  
12 coverage for the retired employee and the employee's dependents, but  
13 not including survivors, unless the employer is paying the entire cost  
14 for coverage for survivors on the effective date of this act. For  
15 employers participating in the New Jersey State Health Benefits  
16 Program (NJSHPB), the payment shall be made in the same manner  
17 provided for payment by an employer other than the State of premiums  
18 or periodic charges for retired employees under section 7 of P.L.1964,  
19 c.125 (C.52:14-17.38). For employers not participating in the  
20 NJSHPB, the payment shall be made in the same manner provided for  
21 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.

26

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.

33

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 June 1, 1998 and on or  
42 before June 1, 1999; and

43       c. retires under the retirement system on or after July 1, 1998 but  
44 not later than July 1, 1999, the employer shall pay an additional  
45 pension of \$500 per month in each of the 24 months following the date  
46 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 May 1, 1998. 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.

8

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.

37

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.

42

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

45

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 July 1, 1999 but not later than July 1, 2000. With respect  
6 to county colleges, the governing body is the board of trustees. A  
7 delay in the effective retirement date of an employee shall not extend  
8 the dates set forth in sections 1 through 4 to qualify for benefits under  
9 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.

18

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.

29

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.

33

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.

44

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 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 apply to counties of the first class  
9 with a population of more than 500,000 persons and a population  
10 density of more than 11,000 persons per square mile granting a  
11 pension pursuant to the "General Noncontributory Pension Act",  
12 P.L.1955, c.263 (C.43:8B-1 et seq.).

13

14       14. Prior to April 1, 1998, each employer covered by the  
15 provisions of this act shall meet and consult with the representatives  
16 of the bargaining unit or units representing the employees who would  
17 be eligible for benefits under this act.

18

19       15. The Director of the Division of Pensions and Benefits may  
20      promulgate rules and regulations which the director deems necessary  
21      for the effective implementation of this act.

22

23        16. This act shall take effect immediately.

24

## STATEMENT

This bill provides for additional retirement benefits for certain employees of a county, a county college or a municipality who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP) between July 1, 1998 and July 1, 1999 if the employer elects to provide the benefits. Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional five years of service credit. If a member of PERS or TPAF is under age 55 at the time of retirement, the member's retirement allowance shall not be reduced. Employees who satisfy age and service requirements and who retire on special veteran's retirement will receive additional pensions in the amount of 5/60 of their final year compensation. Members of ABP shall receive an amount equal to 100% of base annual salary at the time of retirement. Employees of employers which offer retirees paid health benefits coverage who are at least 60 years of age and have at least 20 years of service as of the effective date of retirement will receive payment of the cost for health benefits coverage. Employees of employers which do not offer retirees paid health benefits coverage

1 who are at least 60 years of age and have at least 20 years of service  
2 as of the effective date of retirement will not be eligible for the paid  
3 health benefit coverage but will receive an additional pension payment  
4 of \$500 per month for the first 24 months after retirement. Employees  
5 who are at least 60 years of age with between 10 and 20 years of  
6 service will receive an additional pension payment of \$500 per month  
7 for the first 24 months 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. The employer shall  
11 submit to the Division of Pensions and Benefits all information  
12 required to provide benefits or determine liability.

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

20       The employees eligible for the benefits under this bill are all eligible  
21 to retire under their respective retirement systems. The purpose of  
22 these additional benefits is to induce a large number of the employees  
23 to retire and thus assist in reducing the workforce of the counties,  
24 county colleges and municipalities.

25

26

27

28

---

29 Provides additional retirement benefits for certain county and county  
30 college employees and certain municipal employees who retire  
31 between July 1, 1998 and July 1, 1999.