

ASSEMBLY, No. 1062

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman DORIA

1 AN ACT concerning early retirement incentives for certain members of
2 the Public Employees' Retirement System and the Teachers' Pension
3 and Annuity Fund who are employed by school boards, educational
4 services commissions and jointure commissions.

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

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9 1. Upon the adoption by resolution of the provisions of this act on
10 or before May 1, 1998 by a school board, educational services
11 commission or jointure commission, and written notification by the
12 school board, educational services commission or jointure commission
13 to the board of trustees of the Public Employees' Retirement System
14 (PERS), the Teachers' Pension and Annuity Fund (TPAF), or both, as
15 appropriate, and to the State Health Benefits Commission established
16 by section 3 of P.L.1961, c.49 (C.52:14-17.27), on or before June 1,
17 1998, that the school board, educational services commission or
18 jointure commission has so adopted those provisions, an employee of
19 that school board, educational services commission or jointure
20 commission who:

21 a. is at least 50 years of age and has at least 25 years of service
22 credit under the Public Employees' Retirement System (PERS) or the
23 Teachers' Pension and Annuity Fund (TPAF);

24 b. files an application to retire on or after June 1, 1998 and on or
25 before June 1, 1999; and

26 c. retires under the retirement system on or after July 1, 1998, but
27 not later than July 1, 1999, other than a veteran who retires on a
28 special veteran's retirement, shall receive an additional five years of
29 service credit under PERS or TPAF. If a member of PERS or TPAF
30 is under age 55 at the time of retirement, the member's retirement
31 allowance shall not be reduced. An employee who meets the age and
32 service credit requirements and retires on a special veteran's retirement
33 under PERS or TPAF shall receive an additional pension under the
34 retirement system in the amount of 5/60 of final year compensation.
35 The additional retirement benefit under this section is applicable only
36 to the employment with the employer which elects to provide the
37 benefits authorized under this section and from which the employee

1 retires to receive the benefit and the compensation for that
2 employment.

3 A resolution adopting the provisions of this act shall provide for
4 extension of the benefits coverage provided hereunder to all eligible
5 employees of the school board, educational services commission or
6 jointure commission, and any such resolution which would extend such
7 coverage only to some of those employees or exclude some of those
8 employees from such coverage shall be void.

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10 2. For an employee of a school board, educational services
11 commission or jointure commission which shall have adopted the
12 provisions of this act and given notice thereof as provided in section
13 1 who:

14 a. is at least 60 years of age and has at least 20, but less than 25,
15 years of service credit under the Public Employees' Retirement System
16 (PERS) or the Teachers' Pension and Annuity Fund (TPAF);

17 b. files an application to retire on or after June 1, 1998 and on or
18 before June 1, 1999; and

19 c. retires under the retirement system on or after July 1, 1998, but
20 not later than July 1, 1999, the retired employee and that employee's
21 dependents, but not including survivors, shall be eligible for the
22 benefits provided under the "New Jersey State Health Benefits
23 Program Act," P.L.1961, c.49 (C.52:14-17.25 et seq.) in the same
24 manner provided for retired State employees under subsection c. of
25 section 8 of that act (C.52:14-17.32). For each retired employee and
26 for that employee's eligible dependents, the school board, educational
27 services commission or jointure commission, as the case may be, shall
28 pay the premium or periodic charges for benefits provided under this
29 section to that retired employee and the employee's dependents, but
30 not including survivors, in the same manner as provided for payment
31 by the State of the premium or charges with respect to active covered
32 State employees and their dependents under section 6 of P.L.1961,
33 c.49 (C.52:14-17.30).

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35 3. For an employee of a school board, educational services
36 commission or jointure commission which shall have adopted the
37 provisions of this act and given notice thereof as provided in section
38 1 who:

39 a. is at least 60 years of age and has at least 10, but less than 20,
40 years of service credit under the Public Employees' Retirement System
41 (PERS) or the Teachers' Pension and Annuity Fund (TPAF);

42 b. files an application to retire on or after June 1, 1998 and on or
43 before June 1, 1999; and

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

1 of retirement.

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3 4. An employer may elect to provide the benefits under this act by
4 adoption of a resolution by its governing body and filing a certified
5 copy of the resolution with the Director of the Division of Pensions
6 and Benefits on or before May 1, 1998. The employer shall submit to
7 the director any information necessary to provide the benefits or to
8 determine the liability for them.

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10 5. The actuaries for PERS and TPAF shall determine the liability
11 of the retirement systems for the additional service credit or pensions
12 provided under this act and for the early retirement of employees in
13 accordance with the tables of actuarial assumptions adopted by the
14 board of trustees of the retirement system.

15 For PERS, this liability shall be paid by the employer in level annual
16 payments over the remaining time period provided for payment of the
17 unfunded accrued liability of the retirement system under section 24
18 of P.L.1954, c.84 (C.43:15A-24) or over lesser alternative time
19 periods as determined by the Director of the Division of Pensions and
20 Benefits.

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

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

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40 6. An employee who receives a benefit under this act shall forfeit
41 all tenure rights.

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43 7. Where the needs of a school board, educational services
44 commission or jointure commission require the services of an
45 employee who elects to retire and receive a benefit under this act, the
46 school board, educational services commission or jointure commission

1 may delay, with the consent of the employee, the effective retirement
2 date of the employee until the first day of any calendar month after
3 July 1, 1999, but not later than July 1, 2000. A delay in the effective
4 retirement date of an employee shall not extend the dates set forth in
5 sections 1 through 3 to qualify for benefits under this act.

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

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

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27 9. An employee purchasing service credit on or after the effective
28 date of this act to qualify for a benefit under this act may purchase a
29 portion of the credit which the employee is eligible to purchase.

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31 10. For the purposes of this act:

32 a. "School board" means the board of education of any local school
33 district, consolidated school district, regional school district, county
34 special services school district, or county vocational school.

35 b. "Educational services commission" means an agency established
36 in one or more counties for the purpose of carrying on programs of
37 educational research and development and providing to public school
38 districts such educational and administrative services as may be
39 authorized pursuant to rules of the State Board of Education.

40 c. "Jointure commission" means a commission set up by two or
41 more boards of education to carry out jointly by agreement the duties
42 imposed upon them in regard to the education and training of
43 handicapped pupils.

44 d. "Final year compensation" means the compensation received in
45 the last 12 months immediately preceding retirement in which
46 compensation is received and upon which contributions are made by

1 the employee to the retirement system.

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3 11. Prior to April 1, 1998, each employer covered by the
4 provisions of this act shall meet and consult with the representatives
5 of the bargaining unit or units representing the employees who would
6 be eligible for benefits under this act.

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8 12. The Director of the Division of Pensions and Benefits may
9 promulgate rules and regulations which the director deems necessary
10 for the effective implementation of this act.

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12 13. This act shall take effect immediately.

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STATEMENT

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17 This bill provides for additional retirement benefits for certain
18 employees of a local school board, educational services commission or
19 jointure commission who retire under the Public Employees'
20 Retirement System (PERS) or the Teachers' Pension and Annuity Fund
21 (TPAF) between July 1, 1998 and July 1, 1999 if the school board,
22 educational services commission or jointure commission elects to
23 provide the benefits.

24 An employee who is at least 50 years of age and has at least 25
25 years of service credit under PERS or TPAF as of the effective date
26 of retirement will receive an additional five years of service credit. If
27 a member of PERS or TPAF is under age 55 at the time of retirement,
28 the member's retirement allowance shall not be reduced. An employee
29 veteran who meets the age and service credit requirements for and
30 retires on special veteran's retirement under PERS and TPAF will
31 receive an additional pension in the amount of 5/60 of final year
32 compensation. An employee who is at least 60 years of age and has
33 at least 20, but less than 25, years of service as of the effective date of
34 retirement will receive payment of premiums for retired coverage
35 under the State Health Benefits Program for self and dependents, but
36 not including survivors, whether or not the employer participates in
37 SHBP with respect to its active employees. An employee who is at
38 least 60 years of age with at least 10, but less than 20, years of service
39 credit will receive an additional pension of \$500 per month for the 24
40 months following retirement.

41 An employee retiring under PERS or TPAF under the provisions of
42 this legislation who has an outstanding loan balance upon retirement
43 is to have the option of repaying the balance plus interest by
44 deductions from retirement benefit payments in the same monthly
45 amount that was deducted from the employee's compensation
46 preceding retirement.

1 Where the needs of an employer require the services of an employee
2 who elects to receive a benefit under the act, the employer may delay,
3 with the consent of the employee, the effective retirement date of the
4 employee for up to one year, but not later than July 1, 2000. The
5 authorization for delays in effective retirement dates does not extend
6 the dates for qualification for benefits under the legislation.

7 The cost of the enhanced pension benefits for PERS and TPAF
8 members will be funded through employer contributions which will be
9 paid by school boards, educational services commissions or jointure
10 commissions, as the case may be, to the retirement systems and which
11 will be calculated separately for each entity. The cost of the health
12 benefits payments for eligible retirees will be paid by the employer on
13 a current cost basis.

14 The employees eligible for the benefits under this legislation are all
15 eligible to retire under their respective retirement systems. It is hoped
16 that these additional benefits will induce a large number of them to
17 retire and thus assist in reducing the workforce in school districts and
18 education commissions in this time of fiscal crisis.

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23 Provides additional retirement benefits for certain members of PERS
24 and TPAF who are employed by school boards, educational services
25 commissions and jointure commissions.