

ASSEMBLY, No. 1752

STATE OF NEW JERSEY

INTRODUCED MARCH 25, 1996

By Assemblyman JONES

1 AN ACT concerning retirement benefits for certain employees of
2 certain public employers other than the State.

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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 a participating employer under the Public
8 Employees' Retirement System (PERS), the Teachers' Pension and
9 Annuity Fund (TPAF) or the Alternate Benefit Program (ABP) which
10 elects to provide the benefits authorized under this act who:

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

15 b. files an application to retire on or after November 1, 1996 and
16 on or before March 1, 1997; and

17 c. retires under the retirement system on or after December 1,
18 1996, but not later than April 1, 1997, other than a veteran who retires
19 on a special veteran's retirement, shall receive an additional five years
20 of service credit under PERS or TPAF, or an amount equal to 100%
21 of the employee's base annual salary at the time of retirement from the
22 employer for members of ABP. An employee who meets the age and
23 service requirements under this act and retires on a special veteran's
24 retirement shall receive an additional pension under the retirement
25 system in the amount of 5/60 of final year compensation. The
26 additional retirement benefit under this section is applicable only to the
27 full-time employment with the employer which elects to provide the
28 benefits authorized under this act and from which the employee retires
29 to receive the benefit and the compensation for that employment.

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31 2. For an employee of a participating employer under PERS, TPAF
32 or ABP which provides paid health benefits to retirees pursuant to
33 section 7 of P.L.1964, c.125 (C.52:14-17.38), N.J.S.40A:10-23, or
34 N.J.S.18A:16-19 and which elects to provide the benefits authorized
35 under this act who:

36 a. is 60 or more years of age and has 20 or more years of service
37 credit under PERS or TPAF, or service with public employers in this

1 State participating in 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 November 1, 1996 and
4 on or before March 1, 1997; and
5 c. retires under the retirement system on or after December 1,
6 1996, but not later than April 1, 1997, the employer shall pay the
7 entire cost for coverage for the retired employee and the employee's
8 dependents, but not including survivors, unless the employer is paying
9 the entire cost for coverage for survivors on the effective date of this
10 act. For employers participating in the New Jersey State Health
11 Benefits Program (NJSHBP), the payment shall be made in the same
12 manner provided for payment by an employer other than the State of
13 premiums or periodic charges for retired employees under section 7 of
14 P.L.1964, c.125 (C.52:14-17.38). For employers not participating in
15 the NJSHBP, the payment shall be made in the same manner provided
16 for payment of premiums after retirement under N.J.S.40A:10-23 or
17 N.J.S.18A:16-19, or the employer's group health insurance contract or
18 health benefits plan, and the level of benefits to retirees under this
19 section shall be the same as the level of benefits provided to other
20 retirees by that employer.

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22 3. An employer may elect to provide the benefits under this act by
23 adoption of a resolution by its governing body and filing a certified
24 copy of the resolution with the Director of the Division of Pensions
25 and Benefits on or before September 1, 1996. With respect to county
26 colleges, the governing body is the board of trustees. The employer
27 shall submit to the director any information necessary to provide the
28 benefits or to determine the liability for them.

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30 4. The actuaries for PERS and TPAF shall determine the liability
31 of the retirement systems for the additional service credit or pensions
32 provided under this act and for the early retirement of employees in
33 accordance with the tables of actuarial assumptions adopted by the
34 board of trustees of the retirement system. For PERS, this liability
35 shall be added to the unfunded accrued liability of the employer under
36 the retirement system and shall be paid in the same manner and over
37 the remaining time period provided for the employer's unfunded
38 accrued liability under sections 24, 68 and 81 of P.L.1954, c.84
39 (C.43:15A-24, 68 and 81).

40 For TPAF, the liability and contribution requirements for each
41 employer shall be determined by the actuary of the system in the same
42 manner and over the remaining time period provided for the unfunded
43 accrued liability of the system under N.J.S.18A:66-18. The retirement
44 system shall annually certify to each employer the contributions due to
45 the contingent reserve fund for the liability under this act. The
46 contributions certified by the retirement system shall be paid by the

1 employer to the retirement system on or before July 1 in each year
2 commencing with July 1, 1998. If payment of the full amount of the
3 contribution certified is not made within 30 days after July 1, interest
4 at the rate of regular interest shall begin to run against the unpaid
5 balance on the first day after the thirtieth day.

6 The employer shall pay the cost of the actuarial work to determine
7 the additional liability of the retirement system for the benefits under
8 this act which shall be included in the initial contribution required from
9 the employer.

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11 5. The cost of the cash payments for ABP members under this act
12 shall be funded by the employer from appropriations to the employer
13 for annual operating expenses or from funds otherwise available to the
14 employer for operating expenses.

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

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19 7. Where the needs of the employer require the service of an
20 employee who elects to retire and receive a benefit under this act, the
21 employer, with the approval of the governing body of the employer
22 and with the consent of the employee, may delay the effective
23 retirement date of the employee until the first day of any calendar
24 month after April 1, 1997, but not later than April 1, 1998. With
25 respect to county colleges, the governing body is the board of trustees.
26 A delay in the effective retirement date of an employee shall not
27 extend the dates set forth in sections 1 and 2 to qualify for benefits
28 under this act.

29 For a member of PERS or TPAF whose effective retirement date is
30 delayed under this section and who dies before the retirement becomes
31 effective, the retirement shall be effective as of the first day of the
32 month after the date of death of the member if the member's
33 beneficiary requests in writing to the board of trustees of the
34 retirement system that the retirement be effective under the Option
35 settlement selected by the member, or under Option 3 if the member
36 did not select an Option.

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

1 remaining amount shall be repaid as provided in section 2 of P.L.1981,
2 c.55 (C.43:15A-34.1) or N.J.S.18A:66-35.

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4 9. For the purposes of this act:

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

10 b. "Final year compensation" means the compensation received in
11 the last 12 months immediately preceding retirement in which
12 compensation is received and upon which contributions are made by
13 the employee to the retirement system.

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15 10. The provisions of this act shall be applicable to employers and
16 employees participating in a county pension fund created under Article
17 1 of Chapter 10 of Title 43 of the Revised Statutes, P.L.1943, c.160
18 (C.43:10-18.1 et seq.), P.L.1948, c.310 (C.43:10-18.50 et seq.), or
19 Article 2 of Chapter 66 of Title 18A of the New Jersey Statutes, or in
20 a municipal retirement system created under P.L.1954, c.218
21 (C.43:13-22.3 et seq.) or P.L.1964, c.275 (C.43:13-22.50), and shall
22 become operative upon the adoption of the provisions of this act by
23 the employer.

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25 11. Prior to September 1, 1996, each employer covered by the
26 provisions of this act shall meet and consult with the representatives
27 of the bargaining unit or units representing the employees who would
28 be eligible for benefits under this act and the governing body of the
29 employer shall formally consider and decide whether or not to adopt
30 the provisions of this act.

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32 12. This act shall take effect immediately.

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35 **STATEMENT**

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37 This bill establishes an early retirement incentive program for
38 employees of counties and municipalities who retire under the Public
39 Employees' Retirement System (PERS), the Teachers' Pension and
40 Annuity Fund (TPAF), or the Alternate Benefit Program (ABP)
41 between December 1, 1996 and April 1, 1997 if the employer elects to
42 provide the benefits. Employees who are 50 or more years of age and
43 have 25 years or more of service credit under PERS or TPAF as of the
44 effective date of retirement will receive an additional five years of
45 service credit. Employees who meet the age and service credit
46 requirements and retire on special veteran's retirement under PERS

1 and TPAF will receive an additional pension in the amount of 5/60 of
2 their final-year compensation. Members of ABP who are 50 or more
3 years of age and have 25 or more years of service will receive an
4 amount equal to one year of salary based upon their base salary at the
5 time of retirement. In the case of employers which offer paid health
6 benefits coverage to retirees, employees who are 60 or more years of
7 age and have 20 or more years, but fewer than 25 years of service as
8 of the effective date of retirement will receive payment of premiums
9 for health benefits coverage.

10 The cost of the enhanced pension benefits for PERS and TPAF
11 members will be funded through increased employer contributions
12 which will be paid by the local employer to the retirement systems and
13 which will be calculated separately for each employer. The cost for
14 the cash payments for ABP members and for health benefits for all
15 qualifying employees will be paid by their employers out of their
16 operating budgets.

17 In addition, retiring employees will forfeit their tenure rights.

18 The bill permits a participating employer to delay, with the consent
19 of the employee, for up to one year, the retirements of employees
20 determined to be essential. This authorization for a delay in the
21 retirement date does not extend the dates for qualification for benefits
22 under this act.

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27 Provides additional retirement benefits for certain county and
28 municipal employees and county college employees who retire
29 between December 1, 1996 and April 1, 1997.