

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2124

STATE OF NEW JERSEY

DATED: JUNE 9, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2124.

Assembly Bill No. 2124 permits a person who, when the bill takes effect as law, is (1) receiving from a public retirement system established by P.L.1954, c.218 a pension capped by a limit on the amount of the person's salary during active service deemed pensionable for benefit purposes, and (2) employed in a position covered by the Public Employees' Retirement System (PERS), to enroll in PERS notwithstanding the provisions of P.L.1968, c.23 that prohibit such enrollment. The person would have to apply for such enrollment within 180 days of the date of the bill's enactment, repay to the former system all pension payments received, and waive all rights and benefits under the former system. Employer and employee contributions for the member's service under the former system, with interest at a rate of 6%, are to be remitted to PERS.

Credit for service established by the person under the former system is to be established in PERS. If the amounts that the former system remits to PERS are insufficient to provide for the full cost of establishing that credit in PERS, the employee is to be liable for the amount of the deficiency. The employee could purchase credit for service rendered in the PERS-covered position of employment since the date of appointment thereto under the same terms as would be applicable to the purchase of previous PERS service.

FISCAL IMPACT:

According to testimony given at the Assembly State Government Committee meeting, there is only a very small number of persons who may be eligible under the provisions of this bill. This bill should not have a fiscal impact on State funds; the only impact would be for future pension contributions for additional service as accrued for someone being a State employee. The employee will be responsible for repaying the former retirement system all pension payments received, then, employer and employee amounts are to be remitted to PERS. The employee is responsible for any deficiency in pension contributions resulting from current PERS position salary versus the former retirement system "capped" salary.