

ASSEMBLY, No. 2227

STATE OF NEW JERSEY

INTRODUCED JUNE 27, 1996

By Assemblyman AZZOLINA

1 AN ACT concerning the purchase of credit in the Public Employees'
2 Retirement System of New Jersey for military service and amending
3 P.L.1963, c.19.

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

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8 1. Section 2 of P.L.1963, c.19 (C.43:15A-73.1) is amended to read
9 as follows:

10 2. A member may file a detailed statement of public employment
11 in other states or with the United States Government which would be
12 eligible for credit in a State-administered retirement system if the
13 employment was with a public employer in this State, or of military
14 service in the Armed Forces of the United States, rendered prior to
15 becoming a member, for which the member desires credit, and of such
16 other facts as the retirement system may require. The member may
17 purchase credit for all or a portion of the service evidenced in the
18 statement up to the nearest number of years and months, but not
19 exceeding 10 years, provided however, that a member purchasing that
20 maximum credit may purchase up to five additional years for additional
21 military service qualifying the member as a veteran as defined in
22 section 6 of P.L.1954, c.84, (C.43:15A-6). No application shall be
23 accepted for the purchase of credit for the service if, at the time of
24 application, the member has a vested right to retirement benefits in
25 another retirement system based in whole or in part upon that service.

26 The member may purchase credit for the service by paying into the
27 annuity savings fund the amount required by applying the factor,
28 supplied by the actuary as being applicable to the member's age at the
29 time of the purchase, to the member's salary at that time, or to the
30 highest annual compensation for service in this State for which
31 contributions were made during any prior fiscal year of membership,
32 whichever is greater. The purchase may be made in regular
33 installments, equal to at least 1/2 of the full normal contribution to the
34 retirement system, over a maximum period of 10 years. The employer

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 of a member who applies, pursuant to this section, to purchase credit
2 for public employment with the United States Government [or for
3 military service in the Armed Forces of the United States] shall not be
4 liable for any payment to the retirement system on behalf of the
5 member for the purchase of this credit.

6 Notwithstanding any provision of this act to the contrary, a member
7 shall not be liable for any costs associated with the financing of
8 pension adjustment benefits and health care benefits for retirees when
9 purchasing credit for public employment in other states or with the
10 United States Government or military service in the Armed Forces of
11 the United States.

12 Any member electing to purchase the service who retires prior to
13 completing payments as agreed with the retirement system will receive
14 pro rata credit for service purchased prior to the date of retirement,
15 but if the member so elects at the time of retirement, the member may
16 make the additional lump sum payment required at that time to provide
17 full credit.

18 (cf: P.L.1991, c.153, s. 2)

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20 2. This act shall take effect immediately.

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STATEMENT

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25 This bill provides that a public employer shall share the cost of an
26 employee's purchase of credit in the Public Employees' Retirement
27 System (PERS) for military service in the Armed Forces of the United
28 States. Current law requires that a PERS member bear the entire cost
29 of the purchase of PERS credit for military service or for public
30 employment with the U.S. Government but that the employer share the
31 cost of the purchase of PERS credit for public employment in another
32 state.

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37 Provides employer shall share cost of employee's purchase of PERS
38 credit for military service.