

ASSEMBLY, No. 2673

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1997

By Assemblyman BARNES and Assemblywoman BUONO

1 AN ACT concerning retirement benefits for certain members of the
2 Police and Firemen's Retirement System of New Jersey.

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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 the State, and an employee of a participating
8 employer under the Police and Firemen's Retirement System (PFRS)
9 which elects to provide the benefits authorized under this act, who:

10 a. has 20 or more years of service credit under PFRS;

11 b. files an application to retire on or after December 1, 1996 and
12 on or before December 1, 1997; and

13 c. retires under the retirement system on or after January 1, 1997
14 but not later than January 1, 1998 shall receive an additional five years
15 of service credit under PFRS or any lesser number of years of service
16 credit under PFRS as will provide the member, as of the date of
17 retirement, with a total of not more than 30 years of service credit
18 under PFRS. The additional retirement benefit under this section is
19 applicable only to the employee's full-time employment with the State,
20 or with the employer which elects to provide the benefits authorized
21 under this act, and from which employment the employee retires to
22 receive the benefit and the compensation for that employment.

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24 2. An employer other than the State may elect to provide the
25 benefits under this act by adoption of a resolution by its governing
26 body and filing a certified copy of the resolution with the Director of
27 the Division of Pensions and Benefits on or before December 1, 1997.

28 The employer shall submit to the director any information necessary
29 to provide the benefits or to determine the liability for them. The
30 division shall prepare and provide to employers other than the State
31 information on the employees eligible for the benefits under this act,
32 estimates of the full liability to the retirement system and the payments
33 which the employer will have to make on account of the early
34 retirement of employees under the act, and detailed charts, tables and
35 other information necessary for employers to do a cost/savings
36 analysis of the impact through Fiscal Year 2006.

1 3. The actuaries for PFRS shall determine the liability of the
2 retirement system for the additional service credit or pensions
3 provided under this act and for the early retirement of employees in
4 accordance with the tables of actuarial assumptions adopted by the
5 board of trustees of the retirement system. This liability shall be added
6 to the unfunded accrued liability of the employer under the retirement
7 system and shall be paid in the same manner and over the remaining
8 time period provided for the employer's unfunded accrued liability
9 under section 15 of P.L.1944, c.255 (C.43:16A-15), except that in the
10 case of an employer adopting the retirement system after July 1, 1988,
11 the time period for payment of such liability shall be in accordance
12 with the provisions of section 21 of P.L.1971, c.175 (C.43:16A-15.4).

13 The employer shall pay the cost of the actuarial work to determine
14 the additional liability of the retirement system for the benefits under
15 this act which shall be included in the initial contribution required from
16 the employer.

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18 4. An employee who receives a benefit under this act shall forfeit
19 all tenure rights.

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21 5. Where the needs of the State or an employer other than the
22 State require the services of an employee who elects to retire and
23 receive a benefit under this act, the State department, or that employer
24 other than the State with the approval of the governing body of such
25 employer, as the case may be, and with the consent of the employee,
26 may delay the effective retirement date of the employee until the first
27 day of any calendar month after January 1, 1998, but not later than
28 January 1, 1999. A delay in the effective retirement date of an
29 employee shall not extend the dates set forth in section 1 to apply and
30 qualify for benefits under this act.

31 For a member of PFRS whose effective retirement date is delayed
32 under this section and who dies before the retirement becomes
33 effective, the retirement shall be effective as of the first day of the
34 month after the date of death of the member if the member's
35 beneficiary so requests in writing to the board of trustees of the
36 retirement system.

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

1 amount shall be repaid as provided in section 2 of P.L.1981, c.370
2 (C.43:16A-16.2).

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4 7. For the purposes of this act, "employee" means a policeman
5 employed by the State or by a law enforcement unit as defined in
6 section 2 of P.L.1961, c.56 (C.52:17B-67), or a fireman employed by
7 a firefighting unit as defined in paragraph (b) of subsection (2) of
8 section 1 of P.L.1944, c.255 (C.43:16A-1).

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10 8. Prior to the last day upon which an employer other than the
11 State may, under section 2 of this act, elect to provide the benefits
12 under this act, each such employer covered by the provisions of this
13 act shall meet and consult with the representatives of the bargaining
14 unit or units representing the employees who would be eligible for
15 benefits under this act and the governing body of the employer shall
16 formally consider and decide whether or not to adopt the provisions
17 of this act.

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19 9. An amount not to exceed \$1,000,000 for the administrative
20 expenses of the Division of Pensions and Benefits for implementation
21 of this act shall be charged to the Police and Firemen's Retirement
22 System Fund. Receipts from such charges, payable on a schedule to
23 be determined by the Director of the Division of Budget and
24 Accounting, shall be deposited in the General Fund and anticipated as
25 revenue thereto in fiscal years 1997 and 1998. The expenses charged
26 to the fund shall be included as a liability of the Police and Firemen's
27 Retirement System for the purpose of determining future employer
28 contributions or payments to the fund, or the amount of benefits to be
29 paid under the program, as appropriate.

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31 10. This act shall take effect immediately.

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STATEMENT

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36 This bill establishes a temporary early retirement incentive program
37 for certain police officers and firefighters employed by the State or by
38 counties and municipalities which elect to adopt the program.

39 Under the program, the additional benefits would be available to
40 members of the Police and Firemen's Retirement System (PFRS) who
41 retire under that system on or after January 1, 1997 but on or before
42 January 1, 1998. To be eligible for the incentive, employees must have
43 20 or more years of service credit under PFRS as of the effective date
44 of retirement.

45 Employees meeting these qualifications will receive an additional
46 five years of PFRS service credit or any lesser number of years of

1 PFRS service credit under the retirement system as will provide the
2 member, as of the date of retirement, with a total of not more than 30
3 years of PFRS service credit. Where the needs of the State or an
4 employer other than the State require the services of an employee who
5 elects to retire under this legislation, the employer may delay the
6 effective date of the employee's retirement for up to one year.

7 Police officers and firefighters employed by the State will
8 automatically be eligible for the program. An employer other than the
9 State may elect to provide the benefits by adopting a resolution and by
10 filing a certified copy of the resolution with the Director of the
11 Division of Pensions and Benefits on or before December 1, 1997.
12 Before an employer other than the State adopts the early retirement
13 program in this bill, the employer must meet and consult with the
14 representatives of the bargaining unit of its employees.

15 The actuary for the retirement system will determine the liability for
16 the additional service credit and pensions and for the early retirement
17 of employees. This liability will be added to the employer's unfunded
18 accrued liability and will be paid by the employer over the remaining
19 time period for payment of its unfunded accrued liability. The bill
20 permits the Division of Pensions and Benefits to charge up to
21 \$1,000,000 to the Police and Firemen's Retirement System Fund for
22 the division's administrative expenses related to this early retirement
23 incentive program.

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28 Provides additional retirement benefits for certain police and firefighter
29 members of PFRS.