

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 2709
STATE OF NEW JERSEY

DATED: DECEMBER 8, 1997

Assembly Bill No. 2709 of 1997 would establish an alternate basis for the calculation of an accidental disability retirement allowance payable to members of the Police and Firemen's Retirement System (PFRS). At present, a member of the PFRS who retires on an accidental disability receives a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the accident. This bill provides that the member may instead receive a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the member's retirement, whichever provides the largest possible benefit to the member.

Any increased pension benefits payable under this act shall apply to the benefits received on or after April 1, 1991 and shall apply only to pension benefits payable on or after the effective date of this act. The bill also provides that retirees will maintain their pension adjustment benefits.

The Office of Legislative Services (OLS) notes that there is no information available to indicate the number of individuals who might be affected by this legislation, but expects the number to be small. According to the most recent actuarial valuation of the retirement system, dated July 1, 1995, there are 2,199 members of the PFRS retired on disability benefits. Of this number, 73 retired during 1995, 71, during 1994, 78 during 1993 and 93 during 1992, for an average of 79 annually. These numbers include those members who retire as a result of a job-related accident, accidental disability, and those members who retire on ordinary disability. The actuary estimates 30.3 percent (24 members annually) of the members who retire on disability benefits retire on accidental disability benefits.

Based on this information, there are probably about 75 members who retired since April 1, 1991 on accidental disability benefits who might be eligible. However, no information is available to indicate the number of members whose retirement benefits would be enhanced by using their annual compensation at the time of retirement instead of their annual compensation at the time of the accident.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.