

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2966

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2966.

Assembly Bill No. 2966 (1) reduces from 62 to 60 the age at which a veteran member of the Public Employees' Retirement System (PERS) in office, position, or employment of the State who has 20 years of aggregate service credit may retire on the special veterans' retirement allowance of one-half of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit, and (2) provides that such a veteran member of PERS who has attained 55 years of age and has 25 years of aggregate service credit may retire on the special veterans' retirement allowance.

The bill also permits a local government employer (1) to reduce from 62 to 60 the age at which a veteran member of PERS employed by that employer who has 20 years of aggregate service credit may retire on the special veterans' retirement allowance, or (2) to provide that a veteran member of PERS in its employment who has attained 55 years of age and has 25 years of aggregate service credit may retire on the special veterans' retirement allowance, or (3) to do both. Any such authorization shall be irrevocable. The cost of the benefit provided shall be added to the unfunded liability of, and paid by, the employer.

At its meeting on June 6, 1997, the Pension and Health Benefits Review Commission adopted a recommendation that "the Legislature not enact A-2966 because issues of equity among retirement systems should be reviewed as part of a more comprehensive study of all benefits."

FISCAL IMPACT:

In the legislative fiscal estimate, the Office of Legislative Services (OLS) noted that veterans will be retiring two years earlier than they would otherwise. As of March, 1996 there was over 17,800 PERS members with veterans status. Approximately 30% are State employees and 70% are local government employees. The OLS cannot estimate the number of members who would retire under these provisions nor the additional costs of those members retiring two years earlier at age 60.

The OLS also cannot estimate the number and additional cost of members that are at age 55 with 25 years of service retiring, but the cost would be greater.