

P.L. 1997, CHAPTER 43, *approved March 27, 1997*
Senate, No. 507

1 **AN ACT** concerning the purchase of service credit for public
2 employment with certain municipalities or counties in this State by
3 certain members of the Police and Firemen's Retirement System and
4 supplementing P.L.1944, c.255 (C.43:16A-1 et seq.).
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6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*
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9 1. A member of the Police and Firemen's Retirement System who
10 had established service credit in a municipal or county retirement
11 system or pension fund in this State and who is ineligible to transfer
12 the service credit to the retirement system may file a detailed statement
13 of public employment with the municipality or county rendered prior
14 to becoming a member for which the member desires credit and of
15 such other facts as the retirement system may require. The member
16 may purchase credit for all of the service evidenced in the statement
17 up to the nearest number of years and months. No application shall be
18 accepted for the purchase of credit for the service if, at the time of the
19 application, the member has a vested right to retirement benefits in the
20 municipal or county retirement system or pension fund based in whole
21 or in part upon that service.

22 The member may purchase credit for the service by paying into the
23 annuity savings fund the amount required by applying the factor,
24 supplied by the actuary as being applicable to the member's age at the
25 time of the purchase, to the member's salary at that time, or to the
26 highest annual compensation for service in this State for which
27 contributions were made during any prior fiscal year of membership,
28 whichever is greater. The purchase may be made in lump sum or in
29 regular installments, equal to at least 1/2 of the full normal
30 contribution to the retirement system, over a maximum period of 10
31 years. A member who applies to purchase credit for the service shall
32 pay the full cost attributable to the increased benefits to be derived
33 from the purchased credit in accordance with the actuarial method
34 used to determine the cost at the time of the purchase. A member
35 shall not be liable for any costs associated with the financing of
36 pension adjustment benefits and health care benefits for retirees when
37 purchasing credit.

1 Any member electing to purchase the service who retires prior to
2 completing payments as agreed with the retirement system will receive
3 pro rata credit for service purchased prior to the date of retirement,
4 but if the member so elects at the time of retirement, the member may
5 make the additional lump sum payment required at that time to provide
6 full credit.

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8 2. This act shall take effect immediately.

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STATEMENT

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13 This bill provides that a member of the Police and Firemen's
14 Retirement System (PFRS) who had established service credit in a
15 municipal or county retirement system or pension fund and who is
16 ineligible to transfer the service credit to PFRS may purchase credit
17 for all of the service with the municipality or county. In order to
18 purchase the credit, a member shall not have a vested right to
19 retirement benefits in the municipal or county retirement system or
20 pension fund. In addition, a member shall pay the full cost attributable
21 to the increased benefits to be derived from the purchased credit but
22 shall not be liable for any costs associated with the financing of
23 pension adjustment benefits and health care benefits for retirees.

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29 Permits certain PFRS members to purchase service credit for public
30 employment with a municipality or county which has its own
retirement system.