

SENATE, No. 165

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator KENNY

1 AN ACT concerning any employees' retirement system established in
2 a city of the first class having a population of less than 300,000
3 inhabitants, amending P.L.1964, c.275, P.L.1967, c.222 and
4 P.L.1990, c.20.

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

8
9 1. Section 4 of P.L.1964, c.275 (C.43:13-22.53) is amended to
10 read as follows:

11 4. (a) Any member who shall have established 20 or more years of
12 creditable service in the retirement system and who shall have attained
13 the age of 60 years shall, upon application by that member to the
14 commission, be retired on a pension equal to **[1/2] 55%** of final salary,
15 plus 1% of such salary for each year of creditable service in excess of
16 20 years, if the member has more than 20 years of creditable service
17 at retirement.

18 In no event shall the amount of any pension payable pursuant to the
19 provisions of this subsection be less than \$3,600 per annum.

20 (b) (Deleted by amendment, P.L.1990, c.20)

21 (c) Any member who upon attainment of 60 or more years of age
22 shall have established less than 20 years of creditable service in the
23 retirement system may retire on a pension equal to 2% of final salary
24 for each year of creditable service. In no event shall the amount of any
25 pension payable pursuant to the provisions of this subsection be less
26 than \$3,600 per annum.

27 (cf: P.L.1990, c.20, s.2)

28

29 2. Section 1 of P.L.1967, c.222 (C.43:13-22.54a) is amended to
30 read as follows:

31 1. (a) A member who resigns after having completed 25 years of
32 service for which credit has been established in the pension fund and

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 before reaching age 60 may elect to receive, in lieu of the payment
2 provided in section 4 of P.L.1964, c.275 (C.43:13-22.53), or the
3 benefit provided by subsection (b) of this section, a pension in the
4 amount of [1/2] ~~55%~~ of final salary, plus 1% for each year of service
5 in excess of 20 years; provided, however, that such pension shall be
6 reduced by [5/12] ~~2/12~~ of 1% for each month that the member lacks
7 of being age 60; but if the member waits until age 60 to start collecting
8 benefits, there shall be no reduction in benefits, and in no event shall
9 the amount of any pension payable pursuant to the provisions of this
10 subsection be less than \$3,600 per annum.

11 Upon and after the death of such pensioner, the benefits provided
12 by section 7 of P.L.1964, c.275 (C.43:13-22.56) shall be payable to
13 any eligible survivors.

14 (b) A member who, after having completed 10 years of service for
15 which credit has been established in the pension fund, becomes
16 separated voluntarily or involuntarily from the service before reaching
17 age 60 may elect to receive, in lieu of the benefit provided by
18 subsection (a) of this section, a deferred pension beginning at age 60,
19 in an amount equal to the proportional relation which the years of the
20 member's service credited in the fund bear to the total number of years
21 of service that the member could have achieved by continuing in
22 service to age 60, multiplied by 1/2 of the member's final salary
23 calculated as of the time that the member elected the deferred pension;
24 but in no event shall the amount of any deferred pension payable
25 pursuant to the provisions of this subsection be less than \$3,600 per
26 annum.

27 Upon and after the death of such pensioner, the benefits provided
28 by section 7 of P.L.1964, c.275 (C.43:13-22.56) shall be payable to
29 any eligible survivors.

30 (cf: P.L.1990, c.20, s.3)

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32 3. Section 7 of P.L.1964, c.275 (C.43:13-22.56) is amended to
33 read as follows:

34 7. Death benefits.

35 (a) Upon the death of a member in service who shall have paid into
36 the fund the full amount of contributions due and who shall die as a
37 result of injuries or illness received or incurred in the performance of
38 that member's regular or assigned duties or who shall have served in
39 the employ of the city for 20 or more years, a pension of 50% of the
40 member's final salary shall be paid to the surviving widow, so long as
41 she remains unmarried, or surviving widower, so long as he remains
42 unmarried; if there is no surviving widow or widower or in case the
43 widow or widower dies or remarries, a pension of 20% of such final
44 salary shall be paid to one surviving child, 35% of such final salary
45 shall be paid to two surviving children in equal shares, and if there be
46 three or more children, 50% of such final salary shall be paid to such

1 children in equal shares; and if there is no surviving widow, widower
2 or child, a pension of 25% of such final salary shall be paid to one
3 surviving dependent parent or a pension of 40% of such final salary
4 shall be paid to two surviving dependent parents in equal shares.

5 (b) Upon the death of a member in service who shall have paid into
6 the fund the full amount of contributions due and who shall die for
7 causes other than injuries or illness received or incurred in the
8 performance of that member's regular or assigned duties and who shall
9 have served in the employ of the city for five or more years but less
10 than 20 years, a pension in an amount equal to 50% of the member's
11 final salary shall be paid to the surviving widow, so long as she
12 remains unmarried, or surviving widower, so long as he remains
13 unmarried; if there is no surviving widow or widower or in case the
14 widow or widower dies or remarries, a pension of 20% of such final
15 salary shall be paid to one surviving child, 35% of such final salary
16 shall be paid to two surviving children in equal shares, and if there be
17 three or more children, 50% of such final salary shall be paid to such
18 children in equal shares; and if there is no surviving widow, widower
19 or child, a pension of 25% of such final salary shall be paid to one
20 surviving dependent parent or a pension of 40% of such final salary
21 shall be paid to two surviving dependent parents in equal shares.

22 (c) Upon the death of a pensioner from the retirement system who
23 has retired for age and service under the provisions of section 4 of
24 P.L.1964, c.275 (C.43:13-22.53), or who has retired under the
25 provisions of either subsection (a) or subsection (b) of section 1 of
26 P.L.1967, c.222 (C.43:13-22.54a), or who has retired because of a
27 disability under the provisions of section 6 of P.L.1964, c.275
28 (C.43:13-22.55), a pension equal to 50% of the amount of the pension,
29 ~~[excluding]~~ including any adjustment thereto under sections 7 through
30 13 of P.L.1990, c.20 (C.43:13-22.69 to 43:13-22.75), payable to the
31 decedent at the time of death shall be paid to the surviving widow, so
32 long as she remains unmarried, or surviving widower, so long as he
33 remains unmarried; if there is no surviving widow or widower or in
34 case the widow or widower dies or remarries, such pension shall be
35 paid to one surviving child or to two or more surviving children in
36 equal shares; and if there is no surviving widow, widower or child,
37 such pension shall be paid to one surviving dependent parent of the
38 retirant or to both surviving dependent parents in equal shares.

39 (d) (1) In the event a pension shall be payable as a result of the
40 death of a member in service and there are no eligible survivors at the
41 time of such member's death, an amount equal to such member's
42 contributions to the fund, without interest, shall be paid to the
43 member's estate. If, after the payment of all pension and survivorship
44 benefits payable by the retirement system to any eligible survivors of
45 a deceased member or retirant, the total amount of those benefits,
46 including adjustments under sections 7 through 13 of P.L.1990, c.20

1 (C.43:13-22.69 to 43:13-22.75), together with the total amount of any
2 retirement allowance or pension benefits, including adjustments, which
3 shall have been paid to the decedent during retirement, is less than the
4 amount of the decedent's contributions during membership in the
5 retirement system, the amount of the difference, without interest, shall
6 be payable to the deceased member or retirant's estate.

7 (2) If at the time of the death of a member in service the sole
8 eligible survivors of such member are minor children and the total of
9 the aggregate payments on account of such children shall be an amount
10 which is less than such member's contributions to the fund, without
11 interest, the balance of such amount shall be payable to the guardian
12 of such minor children.

13 (cf: P.L.1990, c.20, s.5)

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15 4. Section 11 of P.L.1990, c.20 (C.43:13-22.73) is amended to
16 read as follows:

17 11. On or before October 1, [1989] 1996 and by the same date in
18 each subsequent year, the Director of the Division of Pensions of the
19 Department of the Treasury shall review the index and determine the
20 percentum of change in the index from the retirement year index
21 pursuant to the provisions of the "Pension Adjustment Act,"
22 P.L.1969, c.169 (C.43:3B-1 et seq.). The percentage of adjustment
23 in the retirement allowances, pensions and survivorship benefits shall
24 be [1/2] 3/5 of the percentum of change. Any adjustment so
25 calculated shall apply to all of the months of the following calendar
26 year for eligible retirants and beneficiaries, except that for those
27 qualifying for the first time, it shall apply only to those months of the
28 following calendar year in which the retirant or beneficiary is eligible
29 to receive the adjustment.

30 On the basis of information certified to the director by the
31 retirement system concerning the amounts of all retirement allowances,
32 pensions and survivorship benefits of eligible retirants and beneficiaries
33 which are subject to adjustment under sections 7 through 13 of [this
34 act] P.L.1990, c.20 (C.43:13-22.69 through 22.75), and any other
35 relevant matters as the director may require, the director shall certify
36 to the retirement system the amounts required to fund the benefits
37 provided under those sections for the applicable year. The director
38 shall include in that certification amounts sufficient to adjust the
39 retirement allowances, pensions or survivorship benefits payable to all
40 eligible retirants and beneficiaries by [1/2] 3/5 of the percentum of
41 change in the index as such retirement allowances or pensions may
42 have been originally granted, or increased for certain retirants and
43 beneficiaries in accordance with the provisions of the "Pension
44 Adjustment Act."

45 In no instance shall the amount of the retirement allowance, pension
46 or survivorship benefit originally granted and payable to any retirant

1 or beneficiary be reduced as a result of this adjustment.
2 (cf: P.L.1990, c.20, s.11)

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4 5. This act shall take effect immediately.

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STATEMENT

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9 This bill revises the retirement and survivorship benefits payable to
10 retirants and beneficiaries under an employees' retirement system
11 established in a city of the first class having a population of less than
12 300,000. The bill increases from 50% to 55% of final pay the basic
13 allowance payable to retirants with 20 or more years of service who
14 have attained the age of 60. The allowance continues to be
15 supplemented by an amount equal to 1% of such salary for each year
16 of creditable service in excess of 20 years. For a retirant with 25 years
17 of service before the age of 60, the pension is increased from 50% to
18 55% of final salary, plus the current 1% for each year of service in
19 excess of 20 years. Such pension, currently reduced by 5/12 of 1% for
20 each month that the member lacks of being age 60, is reduced to 2/12
21 of 1% under this bill. If the member waits until age 60 to start
22 collecting benefits, there is no reduction in benefits. The bill includes
23 cost-of-living adjustments in determining the amount of pension for a
24 death benefit provided to survivors of retirants. The current death
25 benefit excludes such adjustments.

26 Current law provides for the annual adjustment of retirement
27 allowances and survivors' pensions in an amount equal to 50% of the
28 increase in the cost of living, as measured by the federal Department
29 of Labor's Consumer Price Index; this bill increases that adjustment to
30 60%.

31 This bill was approved by the Pension and Health Benefits Review
32 Commission at its March 31, 1995 meeting.

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37 Revises employees' retirement system established in city of the first
38 class with population less than 300,000.