

SENATE STATE MANAGEMENT, INVESTMENT AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 165

STATE OF NEW JERSEY

DATED: MARCH 14, 1996

The Senate State Management, Investment and Financial Institutions Committee reports favorably Senate, No. 165.

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

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

This bill was prefiled for introduction in the 1996 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

Last session, an identical bill (S-1480) was approved by the Pension and Health Benefits Review Commission.