

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 165

STATE OF NEW JERSEY

DATED: MAY 20, 1996

The Assembly State Government Committee reports favorably Senate Bill 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.

(1) The bill increases from 50% to 55% of final salary the basic allowance payable to retirants with at least 20 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.

(2) 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, would be reduced by only 2/12 of 1% per month under the bill. (As at present, if the member waits until age 60 to start collecting benefits, there is no reduction in benefits.)

(3) The bill provides for inclusion of the cost-of-living adjustments that were being paid to a deceased retirant at the time of death in determining the amount of pension provided to the survivor of the retirant. Current law excludes such adjustments from calculation of the amount of the pension.

(4) Finally, this bill increases from 50% to 60% the proportion of the increase in the cost of living, as measured by the federal Department of Labor's Consumer Price Index, payable as an annual cost-of-living adjustment to retirement allowances and survivors' pensions under the pension system.