

SENATE STATE MANAGEMENT, INVESTMENT AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 644

STATE OF NEW JERSEY

DATED: OCTOBER 7, 1996

The Senate State Management, Investment and Financial Institutions Committee reports without recommendation Senate, No. 644.

This bill revises the amount of the lump sum death benefit payable to the surviving beneficiary of a retired member of the Judicial Retirement System (JRS) who dies while engaged in temporary service within the judicial system to which the retirant has been recalled by the Supreme Court.

Under present law, the amount of the lump sum death benefit payable upon the death of a retired JRS member (other than certain disability retirants) is equal to one-fourth of the retired member's final salary. Under this bill, if the death occurs while the retirant is engaged in temporary service as a recalled justice or judge, the amount of the benefit would be increased to one and one-half times that final salary, the same as the amount payable upon the death of a JRS member who dies in active service.

According to the fiscal estimate to an identical bill, A-1267, "there are very few instances of retired members of the JRS being recalled to temporary duty by the Supreme Court. The OLS notes that according to the most recent actuarial valuation of the retirement system, only three, out of 396, active members and seven, out of 212, retirees died during the past year.

The OLS notes according to the valuation, the average salary for members of the JRS is \$101,114. Based on this information, the cost of providing the current lump sum death benefit of one-fourth the member's final salary is \$25,279. The cost of providing a lump sum benefit of one and one-half times final salary would be \$151,671, or \$126,392 more than the benefit provided under current law."

At its March 15, 1996 meeting, the Pension and Health Benefits Review Commission recommended that the Legislature not enact this bill "because it provides a benefit in addition to retirement benefits and raises equity issues regarding employment after retirement in other systems."

This act shall take effect immediately and shall be retroactive to June 1, 1994.