

LEGISLATIVE FISCAL ESTIMATE TO

SENATE, No. 687

STATE OF NEW JERSEY

DATED: JULY 24, 1996

Senate Bill No. 687 of 1996 provides an accidental death benefit of an amount equal to one and one-half times annual compensation at the time of death to the widow or widower of a county government employee who died in the line of duty and who (1) was previously enrolled as a member of the Public Employees' Retirement System (PERS) for a period of at least 10 months; (2) was separated involuntarily from service in a PERS-covered permanent position with a county government employer due to a layoff and withdrew from PERS; (3) within four weeks, was reemployed by the same county government employer in a temporary position but was ineligible for PERS reenrollment until accumulation of 12 months of continuous service in that temporary position; (4) within less than one year of the date of that reemployment, died as a result of an accident met in the actual performance of duty. The bill also provides that such widow or widower will be entitled to an additional death coverage benefit of an amount equal to one and one-half times annual compensation at the time of death if, during the PERS enrollment, the spouse elected to purchase the additional death benefit coverage available to PERS members and if the widow or widower pays the required employee contributions therefor.

The Office of Legislative Services (OLS) notes that group life insurance is available to all active members. All employees are covered by the employer-paid non-contributory insurance of 1 1/2 times compensation. In addition, employees who establish membership in the retirement system are compulsorily covered under the contributory insurance program during the first 12 months of membership. Contributory insurance provides a benefit of 1 1/2 times the employee's compensation. The employees' contributions to purchase contributory life insurance are paid into the retirement system's Group Insurance Premium Fund. The assets of this fund are used to provide any life insurance benefits payable upon the death of a member.

The actual dollar amount of a member's life insurance benefit depends on the member's salary and membership status. If death occurs within the first year of enrollment, the amount of noncontributory insurance is based on the member's salary earned up until the date of death. The amount of contributory insurance is based on the full annual salary.

The OLS notes that there is currently no information available to

indicate the number of individuals who might be affected by this legislation but believes that only one individual will be affected.

The cost of this legislation, if the former member's beneficiary is eligible for a non-contributory life insurance benefit, would be 1 1/2 times the member's annual salary. Based on the \$25,500 average salary of PERS members, the cost of a non-contributory life insurance would be \$38,250. If the beneficiary is also eligible for contributory life insurance, the total cost would be \$76,500.

The legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.