

SENATE, No. 792

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senator BASSANO

1 AN ACT concerning membership in the Public Employees' Retirement
2 System and amending and supplementing P.L.1954, c.84 and
3 P.L.1972, c.167.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Section 25 of P.L.1954, c.84 (C.43:15A-25) is amended to
9 read as follows:

10 25. The annuity savings fund shall be the fund in which shall be
11 credited accumulated deductions and contributions by members or on
12 their behalf to provide for their allowances. A single account shall be
13 established in this fund for each person who is or shall become a
14 member and all contributions deducted from each such member's
15 compensation shall be credited to his single account [regardless of the
16 number of positions a member might hold or the number of employers
17 as he might have] in accordance with the provisions of section 2 of
18 P.L. , c. (C.) (now pending before the Legislature as this
19 bill).

20 Members enrolled in the retirement system on or after July 1, 1994
21 shall contribute 5% of compensation to the system. Members enrolled
22 in the system prior to July 1, 1994 shall contribute 5% of
23 compensation to the system effective with the payroll period for which
24 the beginning date is closest to July 1, 1995, provided, however, that
25 any member enrolled before July 1, 1994, whose full contribution rate
26 under the system prior to the revisions by this act was less than 6%,
27 shall pay 4% of compensation to the system effective with the payroll
28 period for which the beginning date is closest to July 1, 1995, and 5%
29 of compensation to the system effective with the payroll period for
30 which the beginning date is closest to July 1, 1996.

31 The retirement system shall certify to each State department or
32 subdivision thereof, and to each branch of the State service not
33 included in a State department, and to every other employer, the
34 proportion of each member's compensation to be deducted and to

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 facilitate the making of deductions the retirement system may modify
2 the deduction required by a member by such an amount as shall not
3 exceed 1/10 of 1% of the compensation upon the basis of which the
4 deduction is to be made.

5 If payment in full, representing the monthly or biweekly transmittal
6 and report of salary deductions, is not made within 15 days of the due
7 date established by the retirement system, interest at the rate of 6% per
8 annum shall commence to run against the total transmittal of salary
9 deductions for the period on the first day after such fifteenth day.

10 Every employee to whom this act applies shall be deemed to
11 consent and agree to any deduction from his compensation required by
12 this act and to all other provisions of this act. Notwithstanding any
13 other law, rule or regulation affecting the salary, pay, compensation,
14 other perquisites, or tenure of a person to whom this act applies, or
15 shall apply, and notwithstanding that the minimum salary, pay, or
16 compensation or other perquisites provided by law for him shall be
17 reduced thereby, payment, less such deductions, shall be a full and
18 complete discharge and acquittance of all claims and demands for
19 service rendered by him during the period covered by such payment.
20 (cf: P.L.1994, c.62, s.9)

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22 2. (New section) a. Any person who is or becomes a member of
23 the retirement system and becomes employed in more than one
24 position covered by the retirement system or commences covered
25 employment with more than one employer shall be eligible for
26 membership in the retirement system based upon only one position,
27 which shall be designated by the person. Contributions shall be
28 deducted only from the member's compensation for the position so
29 designated and shall be credited to the member's single account
30 established pursuant to section 25 of P.L.1954, c.84 (C.43:15A-25).
31 The decision of a member to designate one of the member's positions
32 as the basis of membership in the retirement system shall be
33 irrevocable as between or among the positions held at the time the
34 designation is made. However, a member who, after making a
35 designation, acquires a different or additional position may make a
36 new designation from among the positions then held. Service in a
37 position other than the designated position shall not be deemed
38 creditable service for the purposes of the retirement system.

39 b. The provisions of subsection a. of this section shall not apply
40 to any member of the retirement system who, on the effective date of
41 P.L. , c. (C.) (now pending before the Legislature as this bill),
42 holds more than one position covered by the retirement system or has
43 covered employment with more than one employer while the member
44 holds more than one of those positions.

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46 3. Section 2 of P.L.1972, c.167 (C.43:15A-136) is amended to

1 read as follows:

2 2. Notwithstanding the provisions of P.L.1954, c.84, s.25
3 (C.43:15A-25), (a) a separate account shall be established in the
4 annuity savings fund for each person who served as a member of the
5 Legislature on or before the effective date of P.L. , c. (C.)
6 (now pending before the Legislature as this bill) and all contributions
7 based on legislative salaries shall be credited to this account as
8 distinguished from any other account that the legislator may have as
9 a result of other public service covered by the retirement system;
10 [and] (b) a separate account shall be established in the annuity savings
11 fund for each member of the Legislature who commences service in
12 the Legislature for the first time after the effective date of P.L. , c.
13 (C.) (now pending before the Legislature as this bill) and who
14 either: (1) does not hold another position or other employment
15 covered by the retirement system, or (2) holds another position or
16 employment covered by the retirement system but, pursuant to section
17 4 of P.L. , c. (C.) (now pending before the Legislature as this
18 bill), designates the legislative position as the basis for membership in
19 the retirement system; and (c) the member of the Legislature shall
20 contribute at a rate equal to 5% of his legislative salary, which
21 contribution shall be deducted from his salary at the time or times it is
22 paid, and which shall be exclusive of any other contribution required
23 of the member for Social Security, contributory death benefits or
24 deductions for any other purpose.

25 A member of the Legislature who is enrolled on the basis of other
26 public service before, during, or after his service as a member of the
27 Legislature shall contribute for such other service at the rate of
28 contribution required of other members as provided by section 25.
29 (cf: P.L.1972, c.167, s.2)

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31 4. (New section) a. Any person who, after the effective date of
32 P.L. , c. (C.) (now pending before the Legislature as this bill),
33 commences service for the first time as a member of the Legislature
34 and who is, or becomes, employed in one or more other positions
35 covered by the retirement system or who holds, or commences,
36 covered employment with one or more other employers, shall be
37 eligible for membership in the retirement system based upon only one
38 position which shall be designated by the member. Contributions shall
39 be deducted only from the member's compensation for the position so
40 designated and shall be credited to the member's single account
41 established pursuant to section 25 of P.L.1954, c.84 (C.43:15A-25) if
42 the member chooses to contribute on the basis of his non-legislative
43 position or to the member's legislative account established pursuant to
44 section 2 of P.L.1972, c.167 (C.43:15A-136). Any benefit to which
45 a member may be entitled based upon contributions to either account
46 shall be determined separately. Notwithstanding the provisions of

1 subsection a. of section 41 of P.L.1954, c.84 (C.43:15A-41), a person
2 who, upon becoming a member of the Legislature, holds other covered
3 employment but chooses to be enrolled in the retirement system by
4 virtue of service in the Legislature, shall not be required to withdraw
5 the member's contributions in the account established pursuant to
6 section 25 of P.L.1954, c.84 (43:15A-25) until two years from the
7 date the member discontinues service in the Legislature. If, prior to
8 two years after discontinuing service in the Legislature, such a member
9 is employed in the same or another position covered by the retirement
10 system, the member shall be reenrolled in the system based on that
11 position at the contribution rate which was previously applicable to the
12 member.

13 b. The provisions of subsection a. of this section shall not apply
14 to any person who served as a member of the Legislature on or before
15 the effective date of P.L. , c. (C.) (now pending before the
16 Legislature as this bill).

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18 5. Section 6 of P.L.1972, c.167 (C.43:15A-140) is amended to
19 read as follows:

20 6. a. A member making contributions pursuant to the provisions
21 of this supplementary act and who is not eligible for any benefits
22 hereunder, may, upon termination of such service as a member of the
23 Legislature, elect to receive the return of his accumulated
24 contributions in accordance with the provisions of P.L.1954, c. 84, s.
25 41a (C. 43:15A-41a); but if a member of the Legislature is a member
26 of the retirement system on the basis of other public service, no
27 application for a return of contributions may be approved until he has
28 terminated all service covered by the system and makes application for
29 a return of all contributions made to the retirement system. If all or
30 any part of a member's legislative service is applied toward qualifying
31 for benefits under any other provisions of the act to which this act is
32 a supplement, no return of contributions made on the basis of
33 legislative salaries shall be approved; in that event service established
34 as a member of the Legislature and salaries pertaining thereto shall be
35 credited in the same manner as all other service and salaries covered
36 by the retirement system.

37 b. At the time of retirement, a member who served in the
38 Legislature on or before the effective date of this act, P.L. , c.
39 (C.) (now pending before the Legislature as this bill) and who is
40 enrolled on the basis of legislative as well as other public service shall
41 be permitted to elect the largest possible retirement allowance, if he
42 qualifies for benefits under both the provisions of this supplementary
43 act and the act to which this is a supplement. Upon the election of
44 the legislative retirement benefits provided by this supplementary act,
45 an application for a return of contributions made on the basis of such
46 other public service may be approved.

1 c. A member of the Legislature electing to receive a retirement
2 allowance under this supplementary act or the act to which this is a
3 supplement shall be ineligible to receive a retirement allowance or
4 pension for the same service under any other law of the State.

5 (cf: P.L.1972, c.167, s.6)

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7 6. This act shall take effect immediately.

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10 STATEMENT

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12 This bill provides that any person who, after the bill's effective date,
13 becomes employed in more than one position covered by the Public
14 Employees' Retirement System (PERS) would be required to designate
15 only one position as the basis of the member's enrollment in PERS. At
16 present, a member holding multiple covered positions makes
17 contributions to the retirement system for each position and the
18 member's retirement benefit is calculated using the combined salaries
19 of the positions. Under the bill, contributions would be deducted only
20 from the member's compensation for the position designated and the
21 member's retirement benefit would be calculated based solely on the
22 compensation for the designated position. The bill's provisions would
23 not apply to any person who, on the bill's effective date, already holds
24 more than one covered position while the person continues to hold
25 more than one of those positions.

26 This bill also provides that a person commencing service after the
27 bill's effective date as a member of the Legislature who holds one or
28 more other positions covered by the retirement system would have to
29 choose between enrollment in the system based on either service in the
30 Legislature or one of the other positions. The pension status of
31 members of the Legislature who served on or before the bill's effective
32 date would not be affected.

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37 Provides that PERS member holding more than one position covered
38 by the retirement system would have to designate one position as the
39 basis for enrollment.