

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1140

STATE OF NEW JERSEY

DATED: JANUARY 27, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1140 of 1996.

Under current law, a member of the Police and Firemen's Retirement System (PFRS) who retires on accidental disability receives a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the occurrence of the accident. This bill provides that the member may instead receive a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the member's retirement, whichever provides the largest possible benefit to the member.

Any increased pension benefits payable under this bill will apply to any member who retired on an accidental disability retirement on or after April 1, 1991, but will apply only to pension benefits payable on or after the date of enactment of this bill. The bill also provides that retirees will maintain their pension adjustment benefits.

The Pension and Health Benefits Review Commission recommended enactment of this bill on July 12, 1996.

FISCAL IMPACT

In a legislative fiscal estimate prepared by the Office of legislative Services (OLS) on this bill, the OLS notes that there is no information available to indicate the number of individuals who might be affected by this legislation, but expects the number to be small. Based on information from the most recent actuarial valuation of the retirement system, there are probably about 75 members who retired since April 1, 1991 on accidental disability benefits who might be eligible. However, no information is available to indicate the number of members whose retirement benefits would be enhanced by using their annual compensation at the time of retirement instead of their annual compensation at the time of the accident.