

SENATE, No. 1837

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1997

By Senator CASEY

1 AN ACT concerning contributions to State-administered retirement
2 systems and supplementing Title 43 of the Revised Statutes.

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

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7 1. If any action affecting the funding of a State-administered
8 retirement system, other than the payment of regular employer and
9 employee contributions, (1) changes the relationship between assets
10 and liabilities, (2) results in a greater value of assets in relation to
11 liabilities, and (3) allows the employer, or in the case of the Teachers'
12 Pension and Annuity Fund the State, to use the increased value to
13 reduce employer contributions, or in the case of the Teachers' Pension
14 and Annuity Fund State contributions, then 25% of the amount of the
15 increase in value shall be used by the employer, or in the case of the
16 Teachers' Pension and Annuity Fund the State, to reduce, by up to 2%
17 of compensation, the employee contribution rate in the fiscal year in
18 which the action occurs. If the amount of the increase in value would
19 allow a greater reduction in the employee contribution rate, such
20 increase shall be applied to the reduction of the employee contribution
21 rate in the next fiscal year.

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23 2. This act shall take effect immediately.

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STATEMENT

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28 The purpose of this bill is to ensure that public employees benefit
29 from any refinancing or alteration in the funding of State-administered
30 retirement systems. It provides that if any action affecting the funding
31 of a State-administered retirement system, other than the payment of
32 regular employer and employee contributions, (1) changes the
33 relationship between assets and liabilities, (2) results in a greater value
34 of assets in relation to liabilities, and (3) allows the employer, or in the
35 case of the Teachers' Pension and Annuity Fund the State, to use the
36 increased value to reduce employer contributions, or in the case of the
37 Teachers' Pension and Annuity Fund State contributions, then 25% of

1 the amount of the increase in value shall be used by the employer, or
2 in the case of the Teachers' Pension and Annuity Fund the State, to
3 reduce, by up to 2% of compensation, the employee contribution rate
4 in the fiscal year in which the action occurs. If the amount of the
5 increase in value would allow a greater reduction in the employee
6 contribution rate, such increase shall be applied to the reduction of the
7 employee contribution rate in the next fiscal year.

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12 Provides for the reduction of employee contribution rates when
13 employer contribution rates are reduced in State-administered
14 retirement systems.