

SENATE, No. 2010

STATE OF NEW JERSEY

INTRODUCED APRIL 17, 1997

By Senator INVERSO

1 AN ACT concerning the eligibility of certain public employees for
2 membership in the Public Employees' Retirement System of New
3 Jersey.

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

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8 1. a. Notwithstanding any provision to the contrary of section 1
9 of P.L.1968, c.23 (C.43:3C-1) or any other law, if on the effective
10 date of P.L. , c. (now pending before the Legislature as this
11 bill), a former member of an employees' retirement system established
12 under P.L.1954, c.218 (C.43:13-22.3 et seq.) (1) is eligible to receive
13 a pension granted by that retirement system for any cause other than
14 vesting or deferred retirement, the amount of which pension shall have
15 been limited, through the imposition under that retirement system of
16 a restriction on the maximum amount of the annual salary of the
17 former member that was eligible to be considered for pension
18 purposes, to an amount less than the amount of pension which the
19 former member would have been eligible to receive from the
20 retirement system in the absence of that restriction, and (2) is
21 employed again in a position which, except as otherwise provided by
22 P.L.1968, c.23, makes the person eligible to be a member of the Public
23 Employees' Retirement System established by P.L.1954, c.84
24 (C.43:15A-1 et seq.), then the person shall be entitled to be enrolled
25 in the Public Employees' Retirement System upon repayment to the
26 former retirement system of the total amount of any payments of
27 pension that the person shall have received therefrom and submission
28 to that former retirement system of a waiver, in such form as the
29 former system shall require, of all rights and benefits which would
30 otherwise be provided by the former retirement system. The waiver
31 shall be effective from the date of its receipt by the former retirement
32 system. The application of the person for enrollment in the Public
33 Employees' Retirement System shall be filed with the retirement
34 system not later than the 180th day following the effective date of
35 P.L. , c. (now pending before the Legislature as this bill) and
36 shall include a copy of the waiver and proof, in such form as the Public
37 Employees' Retirement System shall require, of the repayment of

1 benefits to the former retirement system in accordance with the
2 provisions of this subsection.

3 b. Upon receipt of an application for enrollment under the
4 provisions of subsection a. of this section, the Public Employees'
5 Retirement System shall enroll the applicant as a member thereof and
6 shall notify the former retirement system of such enrollment. Within
7 180 days of its receipt of that notice, the former retirement system
8 shall remit to the Public Employees' Retirement System an amount
9 consisting of (1) the total of all contributions which shall have been
10 deducted from the salary of the person during membership in the
11 former retirement system, with interest at the annual rate of 6%
12 compounded annually, and (2) the pro rata portion of all contributions
13 to the former retirement system by the former employer of the person
14 during such membership in that former retirement system that is
15 applicable to that membership, with interest at the annual rate of 6%,
16 compounded annually. The Public Employees' Retirement System
17 shall enter the respective sums so remitted to the credit of the member
18 in the annuity savings fund of that retirement system and to the credit
19 of employers of the member in the contingent reserve fund of that
20 retirement system.

21 c. Any credit for public service previously established by the
22 member in the former retirement system shall be established in the
23 Public Employees' Retirement System. If the amounts remitted to the
24 Public Employees' Retirement System under subsection b. of this
25 section are insufficient to provide for the full cost of establishing that
26 credit in the Public Employees' Retirement System, then the amount
27 of that deficiency shall be payable by the member. Payment to the
28 Public Employees' Retirement System by the member of the amount
29 of any liability of the member under this subsection may be made in a
30 lump sum or through regular deductions from the member's salary that
31 will provide for full payment of the liability, with regular interest, over
32 such period of time as the member may select, but not exceeding five
33 years. The Public Employees' Retirement System shall enter the sum
34 or sums so remitted to the credit of the member in the annuity savings
35 fund of that retirement system.

36 If the member retires from the Public Employees' Retirement
37 System prior to completing payment under this subsection of the
38 member's liability for the cost of establishing full credit in that
39 retirement system for service credit previously established in the
40 former retirement system, the member shall receive pro rata credit for
41 service in proportion to the payments made by the member prior to the
42 date of retirement, but if the member so elects at the time of
43 retirement, the member may make an additional lump-sum payment
44 required at that time to provide full credit.

45 d. An employee enrolled in the Public Employees' Retirement
46 System under subsection b. of this section on the basis of service in a

1 position covered by that retirement system may purchase credit in the
2 retirement system for all or any portion of such service rendered prior
3 to the date of enrollment. The purchase shall be made in the same
4 manner and subject to the same terms and conditions provided for the
5 purchase of previous membership service by section 8 of P.L.1954,
6 c.84 (C.43:15A-8).

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8 2. This act shall take effect immediately.

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11 STATEMENT

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13 This bill permits a person who on the date on which the bill takes
14 effect as law (1) is eligible to receive from a public retirement system
15 established by P.L.1954, c.218 a pension that is capped by a limitation
16 on the pensionable salary the person was paid during active service as
17 a member of that retirement system, and (2) is employed in a position
18 covered by the Public Employees' Retirement System (PERS), to
19 enroll in PERS notwithstanding the provisions of P.L.1968, c.23 that
20 prohibit such enrollment. The person would be required to apply for
21 such enrollment within 180 days of that effective date, to repay to the
22 former system all pension payments received, and to waive all future
23 rights and benefits under the former system. Employer and employee
24 contributions for the member's service under the former system, with
25 interest at the rate of 6%, are to be remitted by the former system to
26 PERS.

27 Credit for service established by the person under the former system
28 is to be established in PERS. If the amounts remitted to PERS by the
29 former system are insufficient to provide for the full cost of
30 establishing that credit in PERS, the employee is to be liable for
31 payment of the amount of the deficiency. The employee is to be
32 permitted to purchase credit for service rendered in the PERS-covered
33 position of employment since the date of appointment thereto under
34 the same terms as would be applicable to the purchase of previous
35 PERS service.

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40 Permits certain retired public employees who become employed in a
41 position covered by PERS to be enrolled in that retirement system.