

SENATE STATE MANAGEMENT, INVESTMENT AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 2010

STATE OF NEW JERSEY

DATED: JUNE 12, 1997

The Senate State Management, Investment and Financial Institutions Committee reports favorably Senate Bill No. 2010.

This bill permits a person who, on the effective date of this act, is (1) eligible to receive a pension under a local retirement system (the Employees' Retirement System of Newark) that is capped by a limitation on the pensionable salary paid to the person during active service as a member of that retirement system, and (2) employed in a position covered by the Public Employees' Retirement System (PERS), to enroll in PERS notwithstanding the provisions of P.L.1968, c.23 that prohibit such enrollment. The person would be required to: (1) apply for enrollment within 180 days of the effective date; (2) repay to the former retirement system all pension payments received; and (3) waive all future rights and benefits under the former retirement system. Employer and employee contributions for the member's service under the former retirement system, with interest at the rate of 6%, shall be remitted by the former retirement system to PERS.

Credit for service established by the person under the former retirement system shall be established in PERS. If the amount remitted to PERS by the former retirement system is insufficient to provide for the full cost of establishing that credit in PERS, the employee shall be liable for payment of the amount of the deficiency. The employee shall be permitted to purchase credit for service rendered in the PERS covered position of employment since the date of appointment thereto under the same terms as would be applicable to the purchase of previous PERS service.

At its March 14, 1997 meeting, the Pension and Health Benefits Review Commission recommended that the Legislature enact an identical bill, Assembly Bill No. 2124, because it "corrects an egregious inequity for a public employee resulting from unique circumstances, while placing responsibility for the costs of the additional liability on the employee."