

SENATE, No. 2085

STATE OF NEW JERSEY

INTRODUCED MAY 15, 1997

By Senator KENNY

1 AN ACT concerning the assets in the Public Employees' Retirement
2 System allocated to employers other than the State and
3 supplementing P.L.1954, c.84 (C.43:15A-1 et seq.).
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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 the provisions of section 24 of P.L.1954,
9 c.84 (C.43:15A-24) to the contrary:

10 (1) if, pursuant to subsection b. of section 24, the computation for
11 the valuation period ending March 31, 1996 of the value of the assets
12 allocated to employers other than the State results in excess valuation
13 assets, as defined in subsection b. of this section, the normal
14 contributions payable by the other employers for the valuation periods
15 ending March 31, 1996 and March 31, 1997 which have not yet been
16 paid to the retirement system shall be reduced to the extent possible
17 by the excess valuation assets; and

18 (2) if, pursuant to subsection b. of section 24, the computation for
19 a valuation period ending after March 31, 1996 of the value of the
20 assets allocated to employers other than the State results in excess
21 valuation assets, as defined in subsection b. of this section, the normal
22 contributions payable by the other employers for the next valuation
23 period shall be reduced to the extent possible by up to 50% of the
24 excess valuation assets.

25 b. "Excess valuation assets" for a valuation period means:

26 (1) the value of assets allocated to employers other than the State;
27 less

28 (2) the actuarial accrued liability of the other employers for basic
29 benefits and pension adjustment benefits under the retirement system,
30 excluding the unfunded accrued liability for early retirement incentive
31 benefits pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993,
32 c.138, and P.L.1993, c.181, for employers other than the State; less

33 (3) the contributory group insurance premium fund, created by
34 section 4 of P.L.1954, c.214 (C.43:15A-91), as amended by section 4
35 of P.L.1960, c.79; less

36 (4) the present value of the projected total normal cost for pension
37 adjustment benefits in excess of the projected total phased-in normal

1 cost for pension adjustment benefits for the other employers originally
2 authorized by section 2 of P.L.1990, c. 6 (C.43:15A-24.1) over the
3 full phase-in period, determined in the manner prescribed for the
4 determination and amortization of the unfunded accrued liability of the
5 system, if the sum of the foregoing items is greater than zero.

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7 2. This act shall take effect immediately.

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10 STATEMENT

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12 This bill provides for the reduction of the normal contributions to
13 the Public Employees' Retirement System by employers other than the
14 State, including counties and municipalities, if there are "excess
15 valuation assets" after the computation each year of the value of assets
16 in the retirement system that are allocated to employers other than the
17 State. The application of such assets would occur only after any
18 unfunded accrued liability has been paid from those excess assets.

19 The bill provides that:

20 (1) if the computation for the valuation period ending March 31,
21 1996 of the value of the assets allocated to employers other than the
22 State results in excess valuation assets, the normal contributions
23 payable by the other employers for the valuation periods ending March
24 31, 1996 and March 31, 1997 which have not yet been paid to the
25 retirement system shall be reduced to the extent possible by the excess
26 valuation assets; and

27 (2) if the computation for a valuation period ending after March
28 31, 1996 of the value of the assets allocated to employers other than
29 the State results in excess valuation assets, the normal contributions
30 payable by the other employers for the next valuation period shall be
31 reduced to the extent possible by up to 50% of the excess valuation
32 assets.

33 "Excess valuation assets" is defined as:

34 (1) the value of assets allocated to employers other than the State;
35 less

36 (2) the actuarial accrued liability of the other employers for basic
37 benefits and pension adjustment benefits under the retirement system,
38 excluding the unfunded accrued liability for early retirement incentive
39 benefits pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993,
40 c.138, and P.L.1993, c.181, for employers other than the State; less

41 (3) the contributory group insurance premium fund, created by
42 section 4 of P.L.1954, c.214 (C.43:15A-91), as amended by section 4
43 of P.L.1960, c.79; less

44 (4) the present value of the projected total normal cost for pension
45 adjustment benefits in excess of the projected total phased-in normal
46 cost for pension adjustment benefits for the other employers originally

1 authorized by section 2 of P.L.1990, c. 6 (C.43:15A-24.1) over the
2 full phase-in period, determined in the manner prescribed for the
3 determination and amortization of the unfunded accrued liability of the
4 system, if the sum of the foregoing items is greater than zero.

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9 Provides for reduction of normal contributions to PERS by employers
10 other than the State if there are "excess valuation assets."