

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
SENATE, No. 2117

STATE OF NEW JERSEY

DATED: JANUARY 6, 1998

Senate Bill No. 2117 (1R) of 1997 permits a retiree from a State-administered retirement system who is also receiving a pension based on public employment in another state and who was ineligible for enrollment in a State-administered retirement system prior to September 10, 1991 because of eligibility to receive a pension based on public employment in another state may apply, within 30 days of the effective date of the bill, to the board of trustees of the retirement system to purchase up to 10 years of credit for the service which had been rendered in any position covered by the retirement system for which the person has received no credit. (September 10, 1991, was the date on which P.L.1991, c.276 took effect permitting pension fund members who were retirees from out-of-state public pension systems to be enrolled in a State-administered retirement system and to purchase credit for prior service.) The retiree may purchase all or a portion of the service credit by paying into the annuity savings fund the amount required by applying the factor, supplied by the actuary, applicable to the retiree's age at the time of the purchase to the highest annual compensation for service in this State for which contributions were made during any prior fiscal year of membership. A retiree is not liable for the costs of the enhanced pension adjustment benefits and post-retirement medical benefits. The purchase would have to be made in a lump sum and the retiree's retirement allowance and pension adjustment benefits will be recalculated to reflect the purchased service credit.

The Office of Legislative Services (OLS) notes that due to the elective nature of this legislation it cannot estimate the cost of the bill. The OLS further notes that no information has been provided to indicate the number of individuals who might be affected but believes the number will be small. The OLS believes that the purchase terms, paying the full cost of the purchase as a lump sum, may inhibit many retirees from purchasing prior service unless the service purchased would qualify them for veterans' benefits or employer-paid post retirement medical benefits.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.