

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**SENATE, No. 1017**

# **STATE OF NEW JERSEY**

DATED: FEBRUARY 24, 2021

The Assembly Appropriations Committee reports favorably Senate Bill No. 1017 (1R).

This bill provides an additional category of service retirement for a member of the Police and Firemen's Retirement System (PFRS) for a period of two years

Under the bill, a member of the PFRS who was enrolled before the effective date of this bill and is still a member on the effective date may retire after the effective date, but not later than the end of a two-year period after the effective date, regardless of age, upon attaining 20 or more years of service credit. The member will receive a retirement allowance equal to 50 percent of the member's final compensation.

Under current law, a member must be 55 years of age or older to retire on a service retirement allowance of 50 percent of final compensation upon attaining 20 years or more of service credit. In addition, a 1999 law permitted members, who were already enrolled in PFRS at that time, to retire at any age with 50 percent of final compensation upon attaining 20 or more years of service credit.

As reported by the committee, Senate Bill No. 1017 (1R) is identical to Assembly Bill No. 2562, which was amended and reported by the committee on this date.

### FISCAL IMPACT:

The Office of Legislative Services (OLS) anticipates that this bill will result in an indeterminate increase in the annual contributions required to be paid by the State and local governments to the Police and Firemen's Retirement System (PFRS). In the analysis section of this document, the OLS calculates the impacts of the bill on annual retirement allowance payments, the present value of the unfunded liability, and the annual payment on the unfunded liability if all eligible PFRS members retire under the new retirement benefit provided by the bill. But the OLS does not have information on the number of eligible PFRS members who would actually retire and therefore cannot quantify the likely fiscal impacts of this bill with a reasonable degree of certainty. The OLS only notes that the increase in the unfunded liability resulting from this bill will be funded over time.

For those local governments that pay for post-retirement medical (PRM) benefits for their retired employees, there would be PRM savings resulting from PFRS members who retire before becoming eligible for those benefits. For the State, there would also be some savings from PFRS members who retire before becoming eligible for PRM benefits. The OLS does not have the data to determine the State or local government PRM savings.