

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3284

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JULY 2, 2021

SUMMARY

- Synopsis:** Provides for accidental death benefit if death of TPAF member and certain PERS members is caused by COVID-19.
- Type of Impact:** Expenditure increase to the Pension Funds, State General Fund, and local government funds.
- Agencies Affected:** Division of Pensions and Benefits, Department of Treasury; local government entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Pension Fund Cost	Increase in retirement allowances paid out at a higher benefit factor.		
State Cost	Increase in annual payment of unfunded liability cost.		
Local Cost	Increase in annual payment of unfunded liability cost.		

- The Office of Legislative Services (OLS) notes that extending accidental death benefits to beneficiaries of members of the Teachers’ Pension and Annuity Fund and certain beneficiaries of members of the Public Employees’ Retirement System whose death is caused by COVID-19 will result in increases in retirement allowances paid out of the two systems’ pension funds and increases in State and local annual payments towards the unfunded liabilities of the respective systems.
- The Executive has not provided a formal fiscal note for this bill. However, upon inquiry, the Department of Treasury indicated to the OLS that they do not have an actuarial analysis of the bill, because it is difficult to estimate, for actuarial purposes, the number of COVID deaths in particular job categories as required by the bill.
- The OLS notes that without the necessary information, the cost of this bill cannot be quantified.

BILL DESCRIPTION

This bill will expand the population of beneficiaries of members of the Teachers' Pension and Annuity Fund and certain members of the Public Employees' Retirement System who would be eligible to receive accidental death benefits in the event of an active member's death caused by the SARS Cov-2 virus (COVID-19) during the Public Health Emergency in the State declared by the Governor in Executive Order 103 of 2020 and as extended. The bill does not apply to any member who retired and subsequently returned to employment pursuant to a provision of law or pursuant to Executive Order No.115 of 2020.

Current law (N.J.S.A.18A:66-46 and N.J.S.A.43:15A-49) for the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, provides an accidental death benefit to eligible beneficiaries of active members of these two systems who die as a result of an accident sustained in the performance of their duties. The beneficiary is paid an annual pension of 50 percent of the member's final salary, which is computed on the total base salary on which the member's pension contributions were based during the last year (10 or 12 months) before the accident which led to the member's death. The benefit is a lifetime benefit paid to the widow, widower, or partner unless he or she remarries or enters into a new civil union or domestic partnership. If there is no eligible widow, widower, or partner, or if the widow, widower, or partner remarries or enters a new civil union or domestic partnership, a pension is paid to the member's eligible children in these amounts:

- 50 percent of final salary to three or more eligible children, shared equally;
- 35 percent of final salary to two eligible children, shared equally; or
- 20 percent of final salary to one eligible child.

If there is no eligible widow, widower, partner, or children, a pension will be paid to the eligible dependent parent in these amounts:

- 25 percent of final salary to one eligible parent; or
- 40 percent of final salary to two eligible parents.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that extending accidental death benefits to beneficiaries of members of the Teachers' Pension and Annuity Fund and certain beneficiaries of members of the Public Employees' Retirement System whose death is caused by COVID-19 will result in increases in retirement allowances paid out of the two systems' pension funds and increases in State and local annual payments towards the unfunded liabilities of the respective systems.

The Executive has not provided a formal fiscal note for this bill. However, upon inquiry, the Department of Treasury indicated to the OLS that they do not have an actuarial analysis of the bill, because it is difficult to estimate, for actuarial purposes, the number of COVID deaths in particular job categories. However, they did provide some statistics regarding the number of COVID-19 related deaths. As of June 1, 2021, there were 14 active Teachers' Pension and Annuity Fund deaths with the death certificate listing the cause of death as COVID-19 and there were 111 active Public Employees' Retirement Systems deaths where the death certificate lists COVID-19 as the

cause of death. The Public Employees' Retirement System numbers do not account for the employer/job category as required by the bill, and none of the statistics account for possible COVID-19 related deaths when COVID-19 was not listed on the death certificate.

The OLS notes that without the necessary information, the cost of this bill cannot be quantified.

Section: State Government

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).