

4-3: 15A-135 to 140

LEGISLATIVE FACT SHEET

on Legislature to become members of PERS.

N.J.R.S. 43: 15A-135 to 140

(Amendment)

LAWS OF 1972

SENATE BILL 270

INTRODUCED *pre-filed*

SPONSOR'S STATEMENT

ASSEMBLY COMMITTEE STATEMENT

SENATE COMMITTEE STATEMENT

FISCAL NOTE

AMENDED DURING PASSAGE

HEARING *None discovered*

VETO

GOVERNOR'S STATEMENT ON SIGNING YES

CHAPTER 167 Nov. 3, 1972

ASSEMBLY BILL

BY *Beadleston and Musto*

YES NO

YES NO

YES NO

YES NO

YES NO

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SENATE, No. 270

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1972 SESSION

By Senators BEADLESTON and MUSTO

A SUPPLEMENT to the "Public Employees' Retirement System Act," approved June 28, 1954 (P. L. 1954, c. 84).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Notwithstanding the provisions of P. L. 1954, c. 84, s. 7d
2 (C. 43:15A-7d), all members of the Legislature shall become
3 members of the retirement system, subject to all benefits and
4 requirements of membership.

1 2. Notwithstanding the provisions of P. L. 1954, c. 84, s. 25
2 (C. 43:15A-25), (a) a separate account shall be established in
3 the annuity savings fund for each member of the Legislature
4 and all contributions based on legislative salaries shall be credited
5 to this account as distinguished from any other account that the
6 legislator may have as a result of other public service covered by
7 the retirement system; and (b) the member of the Legislature shall
8 contribute at a rate equal to 5% of his legislative salary, which
9 contribution shall be deducted from his salary at the time or times
10 it is paid, and which shall be exclusive of any other contribution
11 required of the member for Social Security, contributory death
12 benefits or deductions for any other purpose.

13 A member of the Legislature who is enrolled on the basis of other
14 public service before, during, or after his service as a member of
15 the Legislature shall contribute for such other service at the rate
16 of contribution required of other members as provided by section 25.

1 3. Notwithstanding any other law regarding the purchase of
2 service credit in the retirement system, a member of the Legis-
3 lature may purchase credit for all previous legislative service
4 by paying into the annuity savings fund 5% of the salaries he
5 received in such prior periods, in which event he shall agree to
6 make such purchase within 1 year after the effective date of this
7 supplementary act or during the first year of membership as a

8 member of the Legislature; if the request for the purchase is
9 received beyond the 1-year period, interest shall be added to the
10 amount of the arrearage obligation at the regular interest rate.
11 The purchase of such credit may be by lump sum or in regular
12 installments over a maximum period of 10 years.

13 In the case of any member of the Legislature coming under
14 the provisions of this section, full pension credit for the period
15 of service for which arrears are being paid by the member shall
16 be given upon the payment of at least $\frac{1}{2}$ of the total arrearage
17 obligation and the completion of 1 year of membership and the
18 making of such arrears payments, except that in the case of re-
19 tirement pursuant to P. L. 1954, c. 84, sections 38, 41(b), 48 and 61
20 and to the provisions of this supplementary act, the total member-
21 ship credit for such service shall be in direct proportion as the
22 amount paid bears to the total amount of the arrearage obligation
23 of the member.

24 The contributions of all members of the Legislature related
25 to their legislative service shall be adjusted for all years prior
26 to the effective date of this supplementary act to determine either
27 an overpayment or shortage in the separate account, requiring
28 the payment of contributions at the percentage of salary provided
29 for in this section. Overpayments shall be refunded and shortages
30 shall be established as arrearage obligations to be satisfied in the
31 same manner as any other arrearage obligation established pur-
32 suant to this section.

33 No member shall receive credit for any legislative service for
34 which he has not contributed as required by this section.

1 4. A member, who shall have attained the age of 60 years, upon
2 retirement on the basis of legislative service, shall receive a re-
3 tirement allowance consisting of:

4 a. an annuity which shall be the actuarial equivalent of his
5 accumulated deductions together with regular interest; and

6 b. a pension in the amount which, when added to the member's
7 annuity, will provide a total retirement allowance of 3%
8 of final compensation as a legislator, for each year of creditable
9 service as a member of the Legislature. In no event shall the
10 allowance payable under this section exceed two-thirds of final
11 compensation.

12 c. The death benefit provided in P. L. 1954, c. 84, s. 48(c)
13 (C. 43:15A-48c) shall apply in the case of any member retiring
14 under the provisions of this section.

15 d. No member shall be eligible to retire pursuant to this section
16 until he has terminated all public service covered by the retire-
17 ment system.

1 5. A member, who shall have served as a member of the Legis-
2 lature for at least 8 years and having made contributions therefor
3 to the retirement system and who ceases to be a member of the
4 Legislature for any reason other than death before reaching age
5 60, may, upon termination of such service as a member of the
6 Legislature and all other public service covered by the retirement
7 system elect to receive, in lieu of the payment provided in P. L.
8 1954, c. 84, s. 41a (C. 43:15A-41a): (a) the payments provided for
9 in P. L. 1954, c. 84, s. 38 (C. 43:15A-38) if he so qualifies under
10 said section, or (b) the payments provided for in P. L. 1954, c. 84,
11 s. 41b (C. 43:15A-41b) if he so qualifies under said section, or (c) a
12 deferred retirement allowance beginning on the first day of the
13 month following his attainment of age 60 and the filing of an
14 application therefor, which shall be made up of an annuity derived
15 from the member's accumulated deductions at the time of termina-
16 tion of his service as a member of the Legislature and a pension
17 in the amount which, when added to the member's annuity, will
18 provide a total retirement allowance of 3% of final compensation
19 as a legislator, for each year of creditable service as a member
20 of the Legislature.

21 The benefit payable pursuant to this section shall be subject
22 to the maximum allowance provisions of section 4 of this sup-
23 plementary act.

24 The provisions for the exercise of optional privileges, the pay-
25 ment of accumulated contributions in the event of death before
26 attaining service retirement age, and the death benefit in the event
27 of death following retirement, shall be those stipulated in P. L.
28 1954, c. 84, s. 38 (C. 43:15A-38) in the case of any member of the
29 Legislature retiring under the provisions of this section.

1 6. a. A member making contributions pursuant to the provisions
2 of this supplementary act and who is not eligible for any benefits
3 hereunder, may, upon termination of such service as a member
4 of the Legislature, elect to receive the return of his accumulated
5 contributions in accordance with the provisions of P. L. 1954, c. 84,
6 s. 41a (C. 43:15A-41a); but if a member of the Legislature is a
7 member of the retirement system on the basis of other public
8 service, no application for a return of contributions may be ap-
9 proved until he has terminated all service covered by the system
10 and makes application for a return of all contributions made to
11 the retirement system. If all or any part of a member's legislative

12 service is applied toward qualifying for benefits under any other
13 provisions of the act to which this act is a supplement, no return
14 of contributions made on the basis of legislative salaries shall be
15 approved; in that event service established as a member of the
16 Legislature and salaries pertaining thereto shall be credited in the
17 same manner as all other service and salaries covered by the
18 retirement system.

19 b. At the time of retirement, a member enrolled on the basis
20 of legislative as well as other public service shall be permitted
21 to elect the largest possible retirement allowance, if he qualifies
22 for benefits under both the provisions of this supplementary act
23 and the act to which this is a supplement. Upon the election of the
24 legislative retirement benefits provided by this supplementary act,
25 an application for a return of contributions made on the basis of
26 such other public service may be approved.

27 c. A member of the Legislature electing to receive a retirement
28 allowance under this supplementary act or the act to which this
29 is a supplement shall be ineligible to receive a retirement allowance
30 or pension for the same service under any other law of the State.

1 7. This act shall take effect immediately.

SENATE STATE GOVERNMENT AND FEDERAL AND
INTERSTATE RELATIONS COMMITTEE

STATEMENT TO

SENATE, No. 270

STATE OF NEW JERSEY

DATED: MARCH 16, 1972

This bill would supplement the "Public Employees' Retirement System Act" to provide for a separate set of provisions under that act for members of the Legislature.

Under that set of provisions, a legislator:

- a. Who is enrolled in PERS on the basis of other public service shall contribute for such other service as required of other members, and, in addition; shall contribute at the rate of 5% of his legislative salary;
- b. Who is not enrolled in PERS on the basis of other public service shall contribute at the rate of 5% of his legislative salary;
- c. May under certain conditions, purchase credit for past legislative service by contributing 5% (exclusive of payments for Social Security, death benefits and other deductions) of past legislative salaries;
- d. Upon attaining the age of 60 and retirement from all public service covered by PERS, shall be eligible to receive an annual pension and annuity payment equal to 3% of his final compensation for each year of legislative service to a maximum of 66 $\frac{2}{3}$ % of final compensation;
- e. May vest his legislative service after serving at least 8 years in the Legislature and be eligible for the annual payment described in d, above;
- f. Shall be eligible for benefits available to other PERS members relating to death benefits and optional privileges;
- g. Upon termination of his service as a legislator and all other public service covered by PERS is not eligible for any benefits may elect to receive the return of his contribution;
- h. Upon retirement, a member enrolled both on the basis of his service in the Legislature and other public service may elect to receive retirement benefits on the basis of either his legislative or other public service, but if he elects benefits on the basis of his legislative service he shall be eligible for the return of his contributions for his other public service; and
- i. Who elects to receive benefits on the basis of his legislative service shall be ineligible to receive any benefits for his legislative service under any other law.

FISCAL NOTE TO
SENATE, No. 270

STATE OF NEW JERSEY

DATED: MARCH 17, 1972

Senate Bill No. 270 requires all members of the Legislature to become members of the Public Employees' Retirement System. It further establishes a legislative pension program.

Based on actuarial projections, the Division of Pensions estimates that enactment of this legislation would require a State expenditure of \$79,000.00 per year. The State's costs will remain at this figure as long as legislative salaries and the number of legislators remain the same.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

FROM THE OFFICE OF THE GOVERNOR

NOVEMBER 3, 1972

FOR RELEASE:
IMMEDIATE

Governor William T. Cahill today signed Senate bill 270, under which all members of the New Jersey Legislature will be required to join and contribute to the Public Employees' Retirement System.

The bill, signed by the Governor, was sponsored by Senator Alfred N. Beadleston (R., Monmouth).

"This new pension law," Governor Cahill said, "is a recognition of the invaluable service rendered by members of the Legislature at a sacrifice of time, effort and money for the benefit of the general public."

Under the new law, pension benefits will be computed at the rate of three per cent of the legislator's annual salary for each year of service in the Legislature. The maximum pension will be 2/3 of salary, requiring 22 years of service in the state Legislature.

The new law will set retirement on an optional basis at the age of 60, provided the legislator no longer holds any public office or position. Retirement at age 70 will be mandatory.

A member of the Legislature, receiving a pension under the new law, will not be eligible to receive a pension under any other public retirement system. Similarly, years of service in any other public office or position cannot be credited for retirement purposes or benefits under this law.

At present, a member of the Legislature can join the Public Employees' Retirement System, but on a voluntary basis.

Governor Cahill, in signing the legislation, noted that the benefits provided are similar to pension benefits granted by other states to members of their Legislatures.