

53:5A-9

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 53:5A-9

(State Police--
Disability
retirement
increase)

LAWS OF: 1989

CHAPTER: 308

Bill No: S3286

Sponsor(s): McManimon

Date Introduced: January 30, 1989

Committee: Assembly: State Government

Senate: State Government

Amended during passage: Yes Amendments denoted by asterisks.

Date of Passage: Assembly: January 4, 1990 Re-enacted 1-8-90

Senate: November 20, 1989 Re-enacted 1-8-90

Date of Approval: January 12, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: Yes

Veto Message: Yes

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KGB/SLJ

[THIRD REPRINT]

SENATE, No. 3286

STATE OF NEW JERSEY

INTRODUCED JANUARY 30, 1989

By Senator McMANIMON

1 AN ACT concerning disability retirement benefits in the State
2 Police Retirement System of New Jersey ¹[and],¹ amending
3 ¹[and supplementing]¹ P.L.1965, c.89 ¹and supplementing
4 P.L.1961, c.49 (C.52:14-17.25 et seq.)¹.

5

6 BE IT ENACTED *by the Senate and General Assembly of the*
7 *State of New Jersey:*

8 1. Section 9 of P.L.1965, c.89 (C.53:5A-9) is amended to read
9 as follows:

10 9. a. Upon the written application by a member in service, by
11 one acting in his behalf or by the State, any member, under 55
12 years of age, who has had four or more years of creditable
13 service as a State policeman or four or more years of creditable
14 service as a person formerly employed by the Division of Motor
15 Vehicles or the Division of State Police prior to appointment as
16 provided in section 3 of P.L.1983, c.403 (C.39:2-9.3), may be
17 retired, not less than one month next following the date of filing
18 such application with the retirement system, on an ordinary
19 disability retirement allowance; provided, that the medical board,
20 after a medical examination of such member, shall certify that
21 such member is mentally or physically incapacitated for the
22 performance of his usual duty and of any other available duty in
23 the Division of State Police which the Superintendent of State
24 Police is willing to assign to him and that such incapacity is likely
25 to be permanent and of such an extent that he should be retired.

26 b. Upon retirement for ordinary disability, a member shall
27 receive an ordinary disability retirement allowance which shall
28 consist of:

29 (1) An annuity which shall be the actuarial equivalent of his
30 aggregate contributions; and

31 (2) A pension in the amount which, when added to the

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SSG committee amendments adopted April 27, 1989.

² Senate floor amendments adopted October 19, 1989.

³ Senate amendments adopted in accordance with Governor's
recommendations January 8, 1990.

1 member's annuity, will provide a total retirement allowance of 1
2 1/2 % of final compensation multiplied by his number of years of
3 creditable service, but in no event shall the total allowance be
4 less than 40% of final compensation.

5 c. Notwithstanding the provisions of subsection b. of this
6 section, a member of the retirement system who has more than
7 20 but less than 25 years of creditable service¹[as of the
8 effective date of this act]¹ and who is required to retire pursuant
9 to subsection a. of this section upon application by the State
10 made on or after October 1, 1988, shall receive an ordinary
11 disability retirement allowance which shall consist of:

12 (1) An annuity which shall be the actuarial equivalent of the
13 member's aggregate contributions; and

14 (2) A pension in the amount which, when added to the
15 member's annuity, will provide a total retirement allowance of
16 50% of final compensation plus 2% of final compensation
17 multiplied by the number of years of creditable service over 20
18 but not over 25.

19 ²Any increase in the disability retirement allowance of a
20 member who was required to retire on or after October 1, 1988
21 and prior to the effective date of this amendatory and
22 supplementary act, P.L. , c. , shall be retroactive to the date
23 of retirement.²

24 [c.] d. Upon the receipt of proper proofs of the death of a
25 member who has retired on an ordinary disability retirement
26 allowance, there shall be paid to the member's beneficiary an
27 amount equal to three and one-half times the final compensation
28 received by the member in the last year of creditable service;
29 provided, however, that if such death shall occur after the
30 member shall have attained 55 years of age, the amount payable
31 shall equal one-half of such compensation instead of three and
32 one-half times such compensation.

33 (cf: P.L.1983, c.403, s.40)

34 ³[2. (New section) Any member¹of the State Police
35 Retirement System of New Jersey¹ who²has heretofore been
36 retired or² shall²hereafter² be retired upon application by the
37 State, for either ordinary disability pursuant to section 9 of
38 P.L.1965, c.89 (C.53:5A-9), or accidental disability pursuant to
39 section 10 of P.L.1965, c.89 (C.53:5A-10), shall², at the expense

1 of the State,² be afforded coverage of the employee drug
2 prescription program, authorized pursuant to subsection (F) of
3 section 5 of P.L.1961, c.49 (C.52:14-17.29), and the State Health
4 Benefits Commission shall provide the coverage by amendatory or
5 supplementary contract.]³

6 ³[3.] 2.³ This act shall take effect immediately.

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PENSIONS AND RETIREMENT

10

Police Officers

11

12 Increases disability retirement benefits for certain members of
13 State Police Retirement System.

3 20 but less than 25 years of creditable service as of the effective
4 date of this act and who is required to retire pursuant to
5 subsection a. of this section upon application by the State made
6 on or after October 1, 1988, shall receive an ordinary disability
7 retirement allowance which shall consist of:

8 (1) An annuity which shall be the actuarial equivalent of the
9 member's aggregate contributions; and

10 (2) A pension in the amount which, when added to the
11 member's annuity, will provide a total retirement allowance of
12 50% of final compensation plus 2% of final compensation
13 multiplied by the number of years of creditable service over 20
14 but not over 25.

15 [c.] d. Upon the receipt of proper proofs of the death of a
16 member who has retired on an ordinary disability retirement
17 allowance, there shall be paid to the member's beneficiary an
18 amount equal to three and one-half times the final compensation
19 received by the member in the last year of creditable service;
20 provided, however, that if such death shall occur after the
21 member shall have attained 55 years of age, the amount payable
22 shall equal one-half of such compensation instead of three and
23 one-half times such compensation.

(cf: P.L.1983, c.403, s.40)

24 2. (New section) Any member who shall be retired upon
25 application by the State, for either ordinary disability pursuant to
26 section 9 of P.L.1965, c.89 (C.53:5A-9), or accidental disability
27 pursuant to section 10 of P.L.1965, c.89 (C.53:5A-10), shall be
28 afforded coverage of the employee drug prescription program,
29 authorized pursuant to subsection (F) of section 5 of P.L.1961,
30 c.49 (C.52:14-17.29), and the State Health Benefits Commission
31 shall provide the coverage by amendatory or supplementary
32 contract.

33 3. This act shall take effect immediately.

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38 This bill provides that a member of the State Police
39 Retirement System who has more than 20 but less than 25 years

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1 of creditable service as of the effective date of this act and who
is required to retire on ordinary disability retirement upon
3 application by the State made on or after October 1, 1988, shall
receive a total retirement allowance of 50% of final
5 compensation plus 2% of final compensation multiplied by the
number of years of creditable service over 20 but not over 25.
7 The bill also requires the State Health Benefits Commission to
extend the employee drug prescription program coverage to a
9 member who is retired upon application of the State for either
ordinary disability or accidental disability.

11

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PENSIONS AND RETIREMENT

Police Officers

15

Increases disability retirement benefits for certain members of
17 State Police Retirement System.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

[SECOND REPRINT]

SENATE, No. 3286

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STATE OF NEW JERSEY

DATED: DECEMBER 7, 1989

The Assembly State Government Committee reports favorably Senate, No. 3286 [2R].

This bill provides that a member of the State Police Retirement System who has more than 20 but less than 25 years of creditable service as of the date on which the bill takes effect as law and who is required to retire on ordinary disability retirement upon application by the State made on or after October 1, 1988, shall receive a total retirement allowance of 50% of final compensation plus 2% of final compensation multiplied by the number of years of creditable service over 20 but not over 25. The bill also requires the State Health Benefits Commission to extend the employee drug prescription program coverage, at State expense, to a member who is retired upon application of the State for either ordinary disability or accidental disability.

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SENATE STATE GOVERNMENT, FEDERAL
AND INTERSTATE RELATIONS AND
VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3286

with committee amendments

STATE OF NEW JERSEY

DATED: APRIL 27, 1989

The Senate State Government, Federal and Interstate Relations and Veterans' Affairs Committee reports favorably and with committee amendments Senate Bill No. 3286.

This bill provides that a member of the State Police Retirement System who has more than 20 but less than 25 years of creditable service and who is required to retire on ordinary disability retirement upon application by the State made on or after October 1, 1988, shall receive a total retirement allowance of 50% of final compensation plus 2% of final compensation multiplied by the number of years of creditable service over 20 but not over 25. The bill also requires the State Health Benefits Commission to extend the employee drug prescription program coverage to a member who is retired upon application by the State for either ordinary disability or accidental disability.

COMMITTEE AMENDMENTS

The committee amended the bill to correct the title, to specify the State Police Retirement System in a supplementary section, and to make it applicable to members of the retirement system attaining the requisite number of years of creditable service after the effective date of this act, rather than, as originally introduced, only to such members with the requisite number of years as of the effective date.

FISCAL NOTE TO

[FIRST REPRINT]

SENATE, No. 3286

STATE OF NEW JERSEY

DATED: August 22, 1989

Senate Bill No. 3286 [1R] of 1989 provides that a member of the State Police Retirement System who has more than 20 but less than 25 years of creditable service and who is required to retire on ordinary disability retirement upon application by the State made on or after October 1, 1988, shall receive a total retirement allowance of 50 percent of final compensation plus two percent of final compensation multiplied by the number of years of creditable service over 20 but not over 25. The bill also requires the State Health Benefits Commission to extend the employee drug prescription program coverage to a member who is retired upon application by the State for either ordinary disability or accidental disability.

The Division of Pensions estimates the present value cost of enacting this legislation at approximately \$4.2 million for the additional disability benefit and \$210,000 to extend the employee drug prescription program coverage. This estimate is based on 10 percent, or 35 individuals, of the 350 active members who have 20 or more years of service retiring under the provisions of this bill. The division notes that it does not have any information to indicate the actual number of individuals who may ultimately retire under these provisions.

The division further notes that although only two members retired for disability during 1988, under current benefit provisions members may retire after 20 years of service at 50 percent of compensation, or 25 percent greater than the 40 percent of compensation for ordinary disability. The division believes that the proposed disability retirement benefits will encourage more members to apply for disability benefits versus normal retirement because the disability benefit for members with more than 20 years of service will exceed normal retirement benefits. The division also notes that individuals retired for disability receive a federal income tax credit and increased life insurance.

The Office of Legislative Services (OLS) concurs and notes that the division's presumption is that the State Police will make application on behalf of police officers who intend to make

application on their own behalf. OLS further notes that the cost of the drug prescription program will increase as additional members qualify.

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

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

January 8, 1990

SENATE BILL NO. 3286

(Second Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the Constitution, I am returning Senate Bill No. 3286 (Second Reprint) with my objections, for reconsideration.

This legislation creates a special disability retirement benefit for certain members of the State Police Retirement System. State Troopers who have more than 20 but less than 25 years of service and who are required to retire pursuant to an application by the State on an ordinary disability retirement would receive a retirement allowance of 50 percent of final compensation plus 2 percent of final compensation multiplied by the number of years of creditable service over 20 years up to 25 years, for a maximum pension of 60 percent of final salary. In addition to this enhanced disability retirement allowance, Senate Bill No. 3286 (Second Reprint) provides that members who are required to retire or who retire under an accidental disability retirement will be entitled to coverage under the State-paid employee prescription drug program. These enhanced benefits are to be retroactive to October 1, 1988.

This legislation was prompted by the inability of some members of the State Police to meet certain physical requirements of their jobs, for instance, those individuals who have been forced to retire when their physical examinations reveal cardiovascular problems. Because of this medical condition, certain Troopers are not allowed to take the physical fitness tests which are a condition of their employment. This bill seeks to enhance the disability benefits available to these individuals, a goal that I strongly support.

In one respect, however, this legislation expands the benefits available to these public servants in a manner unrelated to the underlying circumstances that prompted this bill. This bill provides State-paid drug prescription benefits to these pensioners, a benefit not currently available to any member of any retirement system who retires for any reason. This unprecedented expansion of retirement benefits does not directly address the motivating force behind this legislation and will likely spur additional legislation that would

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

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seek to extend this benefit to individuals in other State pension systems. Accordingly, I cannot support this particular provision in the legislation.

Therefore, I herewith return Senate Bill No. 3286 (Second Reprint) and recommend that it be amended as follows:

Page 2, Section 2, Lines 33-39: Delete in entirety
Page 3, Section 2, Lines 1-4: Delete in entirety
Page 3, Section 3, Line 5: Delete "3." insert "2."

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ Deborah T. Poritz

Chief Counsel