

18A:66-13

3/28/88

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:66-13

(TPAF-- allow purchase of credit for prior services)

LAWS OF: 1987

CHAPTER: 247

Bill No: S1976

Sponsor(s): Brown

Date Introduced: March 24, 1986

Committee: Assembly: State Government

Senate: State Government, Federal and Interstate Relations and Veterans' Affairs

Amended during passage: No

Date of Passage: Assembly: June 22, 1987

Senate: September 18, 1986

Date of Approval: August 25, 1987

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: Yes

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

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SENATE, No. 1976
STATE OF NEW JERSEY

INTRODUCED MARCH 24, 1986

By Senator BROWN

Referred to Committee on State Government, Federal and
Interstate Relations and Veterans Affairs

AN ACT concerning the purchase of prior service credit in the
Teachers' Pension and Annuity Fund and amending N. J. S.
18A:66-13.

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

1 1. N. J. S. 18A:66-13 is amended to read as follows:

2 18A:66-13. Prior service credit. A member may file a detailed
3 statement of school service and service in a similar capacity in
4 other states and in schools *within and* outside the United States
5 operated by a department of the United States Government for the
6 instruction of the children of United States Government officers
7 and employees rendered by him prior to becoming a member for
8 which he desires credit and on account of which he desires to
9 contribute, and of such other facts as the retirement system may
10 may require. He shall have the right to purchase credit for the
11 prior service evidenced therein, up to the nearest number of years
12 and months, but not exceeding 10 years. No application shall be
13 accepted after January 1, 1956, for the purchase of credit for such
14 prior service, however, if, at the time of application, the member
15 has a vested right to retirement benefits in another retirement
16 system based in whole or in part upon that service.

17 He may purchase credit for such service by paying into the
18 annuity savings fund the amount required by applying the factor,
19 supplied by the actuary, as being applicable to his age at the time

Matter printed in italics thus is new matter.

20 of the purchase to his salary at that time. Such purchase may be
21 made in regular installments, equal to at least one-half the full
22 normal contribution to the retirement system, over a maximum
23 period of 10 years.

24 Any member electing to contribute toward such service, who
25 retires prior to completing payments as agreed with the retirement
26 system for the purchase of such service will receive pro rata credit
27 for service purchased prior to the date of retirement but if he so
28 elects at the time of retirement, he may make such additional lump
29 sum payment at that time as will be necessary to provide full
30 credit.

1 2. This act shall take effect immediately.

STATEMENT

This bill provides a member of the Teachers' Pension and Annuity Fund with the right to purchase credit in that system for prior service rendered in schools within the United States operated by a department of the United States Government for the instruction of the children of United States Government officers and employees. Currently, the law authorizes purchase of this credit only if those schools are located outside of the United States.

PENSIONS AND RETIREMENT—PERS, TPAF AND OTHER

Permits teachers to purchase credit in TPAF for prior service in United States government-operated schools within the United States.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1976

STATE OF NEW JERSEY

DATED: FEBRUARY 2, 1987

The Assembly State Government Committee reports favorably Senate Bill No. 1976.

This bill permits members of the Teachers' Pension and Annuity Fund to purchase TPAF credit for up to 10 years' service in schools within the United States which are operated by a department of the United States Government for the instruction of the children of United States Government officers and employees. Currently, the law authorizes purchase of this credit only if those schools are located outside of the United States.

The cost of the purchase is to be split between the member and the State, which pays all employer contributions to the TPAF.

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

STATEMENT TO

SENATE, No. 1976

STATE OF NEW JERSEY

DATED: JUNE 9, 1986

The Senate State Government Committee reports favorably Senate Bill No. 1976.

This bill provides a member of the Teachers' Pension and Annuity Fund with the right to purchase up to 10 years credit in that system for prior service rendered in schools within the United States operated by a department of the United States Government for the instruction of the children of United States Government officers and employees. Currently, the law authorizes purchase of this credit only if those schools are located outside of the United States.

FISCAL NOTE TO
SENATE, No. 1976

STATE OF NEW JERSEY

DATED: OCTOBER 21, 1986

Senate Bill No. 1976 of 1986 permits members of the Teachers' Pension and Annuity Fund to purchase credit for up to 10 years' service in schools within as well as outside of the United States which are operated by a government department for the instruction of children of government officers and employees. The cost of the purchase is to be split between the member and the State.

The Division of Pensions states that the average cost of a year of service in the Teachers' Pension and Annuity Fund is approximately \$2,500.00 but notes that the cost of enacting this legislation will be higher, approximately \$3,560.00, because these individuals are probably older males earning higher salaries. Therefore, if the cost is divided evenly between the members and the State, the cost to the State would initially be \$1,780.00 per member per year of service purchased. The division also indicates that this cost could be greater if the majority of those purchasing credit are older employees in the higher salary ranges. In addition, as pension benefits increase, so will the cost of operating the Pension Adjustment Program. No estimate has been provided about the number of employees likely to take advantage of this legislation.

The Office of Legislative Services concurs.

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