

43: 8B-5

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:8B-5

(Public employees--certain benefits from noncontributory pension system)

LAWS OF: 1986

CHAPTER 122

BILL NO: A2104

Sponsor(s): Hendrickson

Date Introduced: -----

Committee: Assembly: State Government

Senate: State Government & Federal & Interstate Relations & Veterans Affairs

Amended during passage: Yes

Substituted for S1753 (not attached since identical to A2104). Amendments during passage denoted by asterisks.

Date of Passage:

Assembly:

May 12, 1986

Senate:

June 30, 1986

Date of Approval:

Oct. 8, 1986

Following statements are attached if available:

Sponsor statement:

Yes

Committee statement:

Assembly

Yes

Senate

Yes

Fiscal Note:

No

Veto Message:

No

Message on Signing:

No

Following were printed:

Reports:

No

Hearings:

No

-6
10-8-86

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ASSEMBLY, No. 2104

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1986

By Assemblyman HENDRICKSON

AN ACT concerning the noncontributory pension plans of certain State, county, municipal and school district employees, amending and supplementing P. L. 1955, c. 263 and supplementing P. L. 1973, c. 249 (C. 43:5A-1 et seq.).

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

1 1. Section 5 of P. L. 1955, c. 263 (C. 43:8B-5) is amended to
2 read as follows:

3 5. The amount of pension granted under this act shall be fixed
4 by the employer according to uniform percentages of final average
5 salary applicable generally to all employees of such employer
6 subject to the provisions of this act, which percentages shall be
7 adopted by resolution, but which shall not exceed an amount
8 which, when added to the Social Security Old Age Insurance
9 benefit for which the employee is or could be eligible, and *will
10 produce a [otal] retirement allowance equal to]* *shall not
11 exceed*:

12 (a) 30% of *[his]* *the employee's* final average salary if he
13 has been employed by the employer for less than 20 years; or

14 (b) 50% of *[his]* *the employee's* final average salary if he
15 has been employed by the employer for 20 years or more; provided,
16 however, that in the case of an employee having 35 or more years
17 of public employment and being age 65, or having 40 or more years
18 of public employment, the *[total retirement allowance]* *per-*
18A *centage** shall not be less than 25% of his final average salary.

19 [The amount of the pension, once established, shall not there-
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 printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted June 16, 1986.

20 after be reduced because of an increase in the amount of the
21 employee's Social Security benefit.】

22 No employee shall be eligible for pension benefits based upon
23 disability hereunder unless he shall have at least five years of
24 employment continuously, or in the aggregate, with the employer.
25 No employee shall be eligible for pension benefits other than
26 benefits based upon disability hereunder unless he shall have at
27 least 15 years of employment continuously, or in the aggregate,
28 with the employer.

1 2. (New section) Notwithstanding the provisions of section 7
2 of P. L. 1954, c. 84 (C. 43:15A-7) as amended by P. L. 1985, c. 121
3 or any other law to the contrary, any employee who has been
4 employed by any county, municipality, or school district con-
5 tinuously for at least 30 years, has become at least 65 years of
6 age on or before April 15, 1986, and is not a member of or eligible
7 to receive a pension from any State or locally-administered re-
8 tirement system on the effective date of this act, may be eligible
9 to receive the pension benefits provided by P. L. 1955, c. 263
10 (C. 43:8B-1 et seq.).

1 3. (New section) Notwithstanding the provisions of section 7
2 of P. L. 1954, c. 84 (C. 43:15A-7) as amended by P. L. 1985, c. 121
3 or any other law to the contrary, any employee who has been
4 employed by the State continuously for at least 30 years, has
5 become at least 65 years of age on or before April 15, 1986, and
6 is not a member of or eligible to receive a pension from any State
7 or locally-administered retirement system on the effective date
8 of this act, may be eligible to receive the pension benefits pro-
9 vided by P. L. 1973, c. 249 (C. 43:5A-1 et seq.).

1 4. This act shall take effect immediately*, *except that sections 2*
2 *and 3 shall be retroactive to April 9, 1985**.

PENSIONS AND RETIREMENT—PERS, TPAF, OTHER
Permits certain long-tenured employees to receive pension ben-
efits from noncontributory pension systems notwithstanding the
effects of P. L. 1985, c. 121, and eliminates the Social Security
offset in the system covering local employees.

ASSEMBLY, No. 2104
STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1986

By Assemblyman HENDRICKSON

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4 by the employer according to uniform percentages of final average
5 salary applicable generally to all employees of such employer
6 subject to the provisions of this act, which percentages shall be
7 adopted by resolution~~],~~ but which shall not exceed an amount
8 which, when added to the Social Security Old Age Insurance
9 benefit for which the employee is or could be eligible,~~]~~ and will
10 produce a ~~total~~ retirement allowance equal to:

11 (a) 30% of his final average salary if he has been employed
12 by the employer for less than 20 years; or

13 (b) 50% of his final average salary if he has been employed
14 by the employer for 20 years or more; provided, however, that
15 in the case of an employee having 35 or more years of public
16 employment and being age 65, or having 40 or more years of
17 public employment, the total retirement allowance shall not be
18 less than 25% of his final average salary.

19 ~~]~~The amount of the pension, once established, shall not there-
20 after be reduced because of an increase in the amount of 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 printed in italics *thus* is new matter.

21 employee's Social Security benefit.】

22 No employee shall be eligible for pension benefits based upon
 23 disability hereunder unless he shall have at least five years of
 24 employment continuously, or in the aggregate, with the employer.
 25 No employee shall be eligible for pension benefits other than
 26 benefits based upon disability hereunder unless he shall have at
 27 least 15 years of employment continuously, or in the aggregate,
 28 with the employer.

1 2. (New section) Notwithstanding the provisions of section 7
 2 of P. L. 1954, c. 84 (C. 43:15A-7) as amended by P. L. 1985, c. 121
 3 or any other law to the contrary, any employee who has been
 4 employed by any county, municipality, or school district con-
 5 tinuously for at least 30 years, has become at least 65 years of
 6 age on or before April 15, 1986, and is not a member of or eligible
 7 to receive a pension from any State or locally-administered re-
 8 tirement system on the effective date of this act, may be eligible
 9 to receive the pension benefits provided by P. L. 1955, c. 263
 10 (C. 43:8B-1 et seq.).

1 3. (New section) Notwithstanding the provisions of section 7
 2 of P. L. 1954, c. 84 (C. 43:15A-7) as amended by P. L. 1985, c. 121
 3 or any other law to the contrary, any employee who has been
 4 employed by the State continuously for at least 30 years, has
 5 become at least 65 years of age on or before April 15, 1986, and
 6 is not a member of or eligible to receive a pension from any State
 7 or locally-administered retirement system on the effective date
 8 of this act, may be eligible to receive the pension benefits pro-
 9 vided by P. L. 1973, c. 249 (C. 43:5A-1 et seq.).

1 4. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to protect long-tenured employees, who are eligible for pension benefits under the provisions of the noncontributory pension acts covering State and local employees, from being precluded from receiving such benefits because of the provisions of section 7 of P. L. 1954, c. 84 (C. 43:15A-7) as amended by P. L. 1985, c. 121 that was recently enacted.

The bill also eliminates the Social Security offset provisions in the laws governing the noncontributory pensions for county, municipal and school district employees so that these laws will conform to the laws governing the noncontributory pensions for State employees.

PENSIONS AND RETIREMENT—PERS, TPAF, OTHER
Permits certain long-tenured employees to receive pension benefits from noncontributory pension systems notwithstanding the effects of P. L. 1985, c. 121, and eliminates the Social Security offset in the system covering local employees.

ASSEMBLY STATE GOVERNMENT COMMITTEE
STATEMENT TO
ASSEMBLY, No. 2104

STATE OF NEW JERSEY

DATED: MAY 5, 1986

The Assembly State Government Committee reports favorably Assembly Bill No. 2104.

This bill supplements the two statutes providing for noncontributory pension benefit coverage of long-tenured public employees who were never required by law to become members of a contributory retirement system. One of the statutes to be supplemented applies to employees of local governments and the other to State employees.

The bill provides that, notwithstanding the amendatory provisions of P. L. 1985, c. 121 or other law, the noncontributory benefit coverage may be available to an employee with 30 years' continuous service with a public employer if the employee attained 65 years of age on or before April 15, 1986 and is not eligible to receive a pension from a publicly administered retirement system. P. L. 1985, c. 121 required otherwise eligible employees holding temporary employment to be enrolled in the Public Employees' Retirement System after one year's continuous service. Prior to the enactment of that law, temporary appointees were ineligible for coverage under any publicly administered retirement system. Thus the new law placed in jeopardy the vested right of a long-term temporary employee to a noncontributory pension, offering in return the potential prospect of a PERS pension which will be minimal unless the employee purchases pension credit for his service.

The bill also amends existing law to eliminate the Social Security offset provisions in the law governing noncontributory pensions for local employees, so that the determination of an employee's retirement allowance is made without regard to the amount of the Social Security benefit the employee will receive. The law governing the noncontributory pensions for State employees contains no offset provisions, so that this change will bring the two statutes into conformity on this matter.

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

STATEMENT TO
ASSEMBLY, No. 2104

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 1986

The Senate State Government Committee reports favorably and with committee amendments Assembly Bill No. 2104.

P. L. 1985, c. 121 included temporary employees with one year of continuous service in the Public Employees' Retirement System. In so doing, it made certain public employees of long standing ineligible to receive a pension from their noncontributory pension system. This bill makes such employees who are age 65 on or before April 15, 1986 and who have at least 30 years of continuous service eligible to receive their benefit under the noncontributory pension system.

In addition, this bill eliminates the Social Security offset provisions in the law governing noncontributory pensions for county, municipal and school district employees. An unintended result of the change in existing statutory language is mandating that those pensions be a certain percentage of an employee's final average salary. The committee amended the bill to make that percentage a cap on those pensions and thus continue the present provisions which give flexibility to the employer to determine what the percentage of final average salary shall be in the case of such pensions.

The committee also amended the bill to make the sections concerning eligibility for noncontributory pensions retroactive to April 9, 1985.