

43:15A-7

1/28/87

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:15A-7

(PERS--minimum annual salary for membership--increase to \$1500)

LAWS OF: 1986

CHAPTER 139

BILL NO: S298

Sponsor(s): Dumont

Date Introduced: Pre-filed

Committee: Assembly: State Government

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

Amended during passage: Yes according to Governor's recommendation

Substituted for A186 (not attached since identical to S298).

Date of Passage:

Assembly:

October 27, 1986 Re-enacted 9-29-86

Senate:

January 27, 1986 Re-enacted 10-27-86

Date of Approval:

November 6, 1986

Following statements are attached if available:

Sponsor statement:

Yes

Committee statement:

Assembly

Yes

Senate

Yes

Fiscal Note:

No

Veto Message:

Yes

Message on Signing:

No

Following were printed:

Reports:

No

Hearings:

No

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SENATE, No. 298

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator DUMONT

AN ACT concerning membership in the Public Employees' Retirement System and amending ***and supplementing*** P. L. 1954, c. 84.

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

1 1. Section 7 of P. L. 1954, c. 84 (C. 43:15A-7) is amended to
2 read as follows:

3 7. There is hereby established the Public Employees' Retirement
4 System of New Jersey in the Division of Pensions of the Depart-
5 ment of the Treasury. The membership of the retirement system
6 shall include:

7 a. The members of the former "State Employees' Retirement
8 System of New Jersey" enrolled as such as of December 30, 1954
9 who shall not have claimed for refund their accumulated deductions
10 in said system as provided in this section;

11 b. Any person becoming an employee of the State or other em-
12 ployer after January 2, 1955 and every veteran, other than those
13 whose appointments are seasonal, becoming an employee of the
14 State or other employer after such date, including a temporary
15 employee with at least one year's continuous service; and

16 c. Every employee veteran in the employ of the State or other
17 employer on January 2, 1955 who is not a member of any retire-
18 ment system supported wholly or partly by the State

19 d. Membership in the retirement system shall be optional for
20 elected officials other than veterans, and for school crossing guards,
21 who having become eligible for benefits under other pension systems
22 are so employed on a part-time basis. Any such part-time school

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:

*—Assembly committee amendments adopted February 13, 1986.

**—Senate amendments adopted June 2, 1986.

***—Senate amendments adopted in accordance with Governor's recommenda-
tion September 8, 1986.

23 crossing guard who is eligible for benefits under any other pension
24 system and who was hired as a part-time school crossing guard
25 prior to March 4, 1976, may at any time terminate his membership
26 in the retirement system by making an application in writing to the
27 board of trustees of the retirement system. Upon receiving such
28 application, the board of trustees shall terminate his enrollment in
29 the system and direct the employer to cease accepting contributions
30 from the member or deducting from the compensation paid to the
31 member. State employees who become members of any other retire-
32 ment system supported wholly or partly by the State as a condition
33 of employment shall not be eligible to membership in this retire-
34 ment system. Notwithstanding any other law to the contrary all
35 other persons accepting employment in the service of the State
36 shall be required to enroll in the retirement system as a condition
37 of their employment, regardless of age. No person in employment,
38 office or position, for which the annual salary or remuneration is
39 fixed at less than ~~[\$500.00]~~ *~~[\$1,000.00]~~* *\$1,500.00*, shall be eligi-
40 ble to become a member of the retirement system.

41 e. Membership of any person in the retirement system shall cease
42 if he shall discontinue his service for more than two consecutive
43 years.

44 f. The accumulated deductions of the members of the former
45 "State Employees' Retirement System" which have been set aside
46 in a trust fund designated as Fund A as provided in section 5 of
47 this act and which have not been claimed for refund prior to
48 February 1, 1955 shall be transferred from said Fund A to the
49 Annuity Savings Fund of the Retirement System, provided for in
50 section 25 of this act. Each member whose accumulated deductions
51 are so transferred shall receive the same prior service credit,
52 pension credit, and membership credit in the retirement system as
53 he previously had in the former "State Employees' Retirement
54 System" and shall have such accumulated deductions credited to
55 his individual account in the Annuity Savings Fund. Any outstand-
56 ing obligation of such member shall be continued.

57 g. Any school crossing guard electing to terminate his member-
58 ship in the retirement system pursuant to subsection d. of this
59 section shall, upon his request, receive a refund of his accumulated
60 deductions as of the date of his appointment to the position of
61 school crossing guard. Such refund of contributions shall serve as
62 a waiver of all benefits payable to the employee, to his dependent
63 or dependents, or to any of his beneficiaries under the retirement
64 system.

1 2. Section 39 of P. L. 1954, c. 84 (C. 43:15A-39) is amended to
2 read as follows:

3 39. In computing for retirement purposes the total service as a
4 member about to be retired, the retirement system shall credit him
5 with the time of all service rendered by him since he last became a
6 member, and in addition with all the service to which he is entitled
7 and with no other service. Except as otherwise provided in this act,
8 such service credit shall be final and conclusive for retirement pur-
9 poses unless the member shall discontinue his service for more
10 than two consecutive years.

11 For the purpose of computing service for retirement purposes,
12 the board shall fix and determine by appropriate rules and regula-
13 tions how much service in any year shall equal a year of service and
14 a part of a year of service. Not more than one year shall be credited
15 for all service in a calendar year. In computing service, time during
16 which a member was absent on an official leave without pay shall be
17 credited, if such absence was for a period of (1) less than three
18 months or (2) up to a maximum of two years if the leave was
19 due to the member's personal illness or maternity and the period
20 of leave is allowed for retirement purposes within one year fol-
21 lowing his return to service after the termination of such leave, or
22 (3) the period of leave was specifically allowed for retirement pur-
23 poses by the provisions of any law of this State. The method of
24 computation, the terms of the purchase and credit granted shall
25 be identical to those stipulated for the purchase of previous mem-
26 bership service by members of the system as provided by section 8
27 (C. 43:15A-8). In computing the service or in computing final
28 compensation no time during which a member was in employment,
29 office, or position, for which the annual salary or remuneration
30 was fixed at less than **[\$500.00]** ***[\$1,000.00]*** *\$1,500.00* shall be
31 credited, except that in the case of a veteran member credit shall
32 be given for service rendered prior to January 2, 1955, in an em-
33 ployment, office or position if the annual salary or remuneration
34 therefor was fixed at not less than \$300.00 and such service con-
35 sisted of the performance of the full duties of such employment,
36 office or position.

1 3. Section 65 of P. L. 1954, c. 84 (C. 43:15A-65) is amended
2 to read as follows:

3 65. (a) All employees of any public agency or organization of
4 this State, which employs persons engaged in service to the public,
5 shall be eligible to participate in the Public Employees' Retirement
6 System provided, the employer consents thereto by resolution and
7 files a certified copy of such resolution with the board of trustees

8 of the Public Employees' Retirement System and the board of
9 trustees approves thereof by resolution. Such organization shall
10 be referred to in this act as the employer. If the participation of
11 such employees is so approved then the employer shall contribute
12 to the contingent reserve fund on account of its members at the
13 same rate per centum as would be paid by employers other than
14 the State.

15 (b) Notwithstanding the provisions of paragraph (a) of this
16 section, every person becoming an employee of a public agency
17 or organization of this State, which employs persons engaged in
18 service to the public, after June 30, 1966, who is not eligible to
19 become a member of any other retirement system, shall be required
20 to participate in the Public Employees' Retirement System. Not-
21 withstanding the provisions of paragraph (a) of this section,
22 membership in the Public Employees' Retirement System shall be
23 optional with any person in the employ of any such public agency
24 or organization on June 30, 1966, provided such person is not
25 required to be a member pursuant to another provision of this
26 act, and provided further, that such person is not eligible to be a
27 member of any other retirement system. The provisions of this
28 subsection shall not apply to any person whose position is
29 temporary or seasonal, nor to any person in office, position or em-
30 ployment for which the annual salary or remuneration is fixed at
31 less than ~~[\$500.00]~~ *~~[\$1,000.00]~~* *\$1,500.00*, nor to any person
32 whose position is not covered by the old-age and survivors' insur-
33 ance provisions of the federal Social Security Act. The public
34 agency or organization employing any such person who becomes
35 a member of the retirement system pursuant to this paragraph
36 shall contribute to the contingent reserve fund on account of such
37 employees at the same rate per centum as would be paid by em-
38 ployers other than the State.

1 4. Section 75 of P. L. 1954, c. 84 (C. 43:15A-75) is amended
2 to read as follows:

3 75. (a) If this act is so adopted it shall become effective in the
4 county or municipality adopting it on June 30 of the following year.
5 Membership in the Public Employees' Retirement System shall
6 be optional with the employees of the county, board of education
7 or municipality in the service on the day the act becomes effec-
8 tive or on June 30, 1966, whichever is earlier in such county, board
9 of education or municipality except in the case of public employee
10 veterans who on such date are members. An employee who elects
11 to become a member within one year after this act so takes effect

12 shall be entitled to prior service covering service rendered to the
13 county, board of education or municipality prior to July 1, 1966 or
14 prior to the date this act so becomes effective, whichever is earlier.
15 Membership shall be compulsory for all employees entering the
16 service of the county, board of education or municipality on July 1,
17 1966 or after the date this act becomes effective, whichever is
18 earlier. Where any such employee entering the service of the
19 county, board of education or municipality after the date this act
20 so becomes effective has had prior service for which evidence
21 satisfactory to the retirement system is presented, as an employee
22 in such county, board of education or municipality before the date
23 upon which this act so becomes effective, or July 1, 1966, whichever
24 is earlier, such employee shall be entitled to prior service covering
25 service rendered to the county, board of education or municipality
26 prior to the date this act so becomes effective, or July 1, 1966,
27 whichever is earlier.

28 (b) Notwithstanding the provisions of section 74 of this act and
29 subsection (a) of this section, every person, other than a non-
30 veteran elected official, becoming an employee of a county, board
31 of education, municipality or school district after June 30, 1966
32 who is not eligible to become a member of another retirement
33 system, shall be required to become a member of the Public Em-
34 ployees' Retirement System. Notwithstanding the provisions of
35 section 74 of this act and subsection (a) of this section, membership
36 in the retirement system shall be optional with any elected official
37 who is not a veteran, regardless of the date he assumes office, and
38 with any other person in the employ of any county, board of
39 education, municipality or school district on June 30, 1966, provided
40 such elected official or other person is not then a member and is
41 not required to be a member of the retirement system pursuant
42 to another provision of this act, and provided further that such
43 person is not eligible to be a member of another retirement system.
44 The provisions of this subsection shall not apply to any person
45 whose position is temporary or seasonal, nor to any person in
46 office, position or employment for which the annual salary or re-
47 muneration is fixed at less than ~~[\$500.00]~~ *~~[\$1,000.00]~~* *\$1,500.00*,
48 nor to any person whose position is not covered by the old age and
49 survivor's insurance provisions of the federal Social Security Act.
50 No credit shall be allowed to any person becoming a member of the
51 retirement system pursuant to this subsection for service rendered
52 to the employer prior to July 1, 1966, until the provisions of section
53 74 of this act have been complied with, in which event such credit
54 shall be allowed in accordance with the provisions of subsection

55 (a) of this section; except that the governing body of any county,
 56 board of education or municipality may, by resolution, consent to
 57 the allowance of such credit and file a certified copy of such reso-
 58 lution with the board of trustees of the Public Employees' Retire-
 59 ment System.

1 ***5. (New section) *The provisions of this 1986 amendatory*
 2 *and supplementary act shall not apply to members of the retire-*
 3 *ment system who became members prior to the effective date of*
 4 *this act and who are in an office, position or employment for which*
 5 *the annual salary or remuneration is fixed at less than \$1,500.00.*
 6 *A member to which this section applies shall notify the Division*
 7 *of Pensions in the Department of the Treasury, in writing, of the*
 8 *member's desire to be covered by the provisions of this section*
 9 *within 180 days of the effective date of this 1986 amendatory and*
 10 *supplementary act. The absence of proper notification by the mem-*
 11 *ber of the division shall constitute a waiver of the provisions of*
 12 *this section. A member affected by this section shall not be cov-*
 13 *ered again by this section upon terminating employment in the*
 14 *office, position or employment in which the member was working*
 15 *on the effective date of this 1986 amendatory and supplementary*
 16 *act.****

1 ***[5.]*** ***6.*** This act shall take effect immediately***[,
 2 but shall not affect *[members of]* **[*any service credited
 3 in*]** **members of** the retirement system *[who became mem-
 4 bers]* **who became members** prior to the effective date of
 5 this act].***

PENSIONS AND RETIREMENT — PERS, TPAF, OTHER
 As amended, raises from \$500.00 to \$1,500.00 minimum the annual
 salary required to become a member of PERS.

55 (a) of this section; except that the governing body of any county,
56 board of education or municipality may, by resolution, consent to
57 the allowance of such credit and file a certified copy of such reso-
58 lution with the board of trustees of the Public Employees' Retire-
59 ment System.

1 5. This act shall take effect immediately, but shall not affect
2 members of the retirement system who became members prior to
3 the effective date of this act.

STATEMENT

This bill raises to \$1,000.00 the minimum annual salary at which a public employee is allowed to become a member of the Public Employees' Retirement System. The minimum salary in the law is \$500.00 and was added to the law in January of 1956 and has remained unchanged since that time.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 298

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 13, 1986

The Assembly State Government Committee reports favorably and with committee amendments Senate Bill No. 298.

As amended, this bill increases from \$500.00 to \$1,500.00 the minimum salary which a public employee must receive in order to be eligible for membership in the Public Employees' Retirement System.

The committee amended the bill:

(1) To raise the annual salary minimum from \$1,000.00, as provided by the original legislation, to \$1,500.00; and

(2) To apply the new salary requirement to current members of the retirement system, but to provide that PERS service credit accumulated prior to the date on which the bill takes effect as law would not be affected by the enactment of the legislation.

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

STATEMENT TO

SENATE, No. 298

STATE OF NEW JERSEY

DATED: JANUARY 23, 1986

The Senate State Government Committee reports Senate Bill No. 298 favorably.

This bill increases the minimum annual salary or remuneration which a public employee must receive in order to be a member of the Public Employees' Retirement System. It increases the amount from \$500.00 to \$1,000.00.

This bill was pre-filed for introduction in the 1986 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

September 5, 1986

SENATE BILL NO. 298 (OCR)

To the Senate:

Pursuant to Article V, Section 1, Paragraph 14 of the Constitution, I herewith return Senate Bill No. 298 (OCR) with my recommendations for reconsideration.

Senate Bill No. 298 (OCR) would increase the minimum annual salary requirement necessary for membership in the Public Employees' Retirement System (PERS) from \$500.00 to \$1,500.00. PERS members currently in the system would not be affected by the provisions of this act.

I support the primary purpose of Senate Bill No. 298 (OCR). The minimum annual salary threshold for membership in the PERS system has not been adjusted since 1955. Accordingly, an increase to \$1,500.00 represents an adjustment that reflects, to a degree, the inflation rate over the last 31 years.

While I support the primary purpose of Senate Bill No. 298 (OCR), I must return the bill to you so that the scope of the provision excluding current PERS members from the provisions of the act may be narrowed. I am advised that this provision is designed to protect only those current PERS members earning less than \$1,500.00 annually so that these individuals may continue to earn pension credit after the effective date of this act. In its current form, the provision is too broad, as it would apply to all current PERS members, even those members earning more than \$1,500.00 annually. I am concerned that this provision may become the focal point for abuse because it would allow public employees who leave high-salaried public sector employment to secure other nominal public sector employment paying \$500.00 annually, and continue to earn pension credit.

I recommend that the provision excluding PERS members currently in the system from the provisions of this act be amended to apply only to current PERS members earning less than \$1,500.00 annually. A current PERS member

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

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would have 180 days to notify the Division of Pensions in the Department of the Treasury, in writing, that he earns less than \$1,500.00 annually. Failure to do so would mean that the PERS member would be covered by the remaining provisions of Senate Bill No. 298 (OCR) and would have to earn at least \$1,500.00 annually to earn additional pension credit. A current PERS member earning less than \$1,500.00 annually who has so notified the Division of Pensions would lose the privilege provided under the act if he should leave the office, position or employment in which he is working on the effective date of this act. Amending Senate Bill No. 298 (OCR) in this manner will ensure that the current PERS members who should be protected are protected and will prevent abuses of the system in the future.

Accordingly, I herewith return Senate Bill No. 298 (OCR) and recommend that it be amended as follows:

Page 1, Title, Line 2: After "amending" insert "and supplementing"

Page 6, Section 4, After Line 59: Insert new section 5 as follows:

"5. (New section) The provisions of this 1986 amendatory and supplementary act shall not apply to members of the retirement system who became members prior to the effective date of this act and who are in an office, position or employment for which the annual salary or remuneration is fixed at less than \$1,500.00. A member to which this section applies shall notify the Division of Pensions in the Department of the Treasury, in writing, of the member's desire to be covered by the provisions of this section within 180 days of the effective date of this 1986 amendatory and supplementary act. The absence of proper notification by the member to the division shall constitute a waiver of the provisions of this section. A member affected by this section shall not be covered again by this section upon terminating employment in the office, position or employment in which the member was working on the effective date of this 1986 amendatory and supplementary act.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

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Page 6, Section 5, Lines 1-4: Omit "5.", insert "6." and omit ", but shall not affect" on line 1; omit lines 2 and 3 in their entirety; omit "members prior to the effective date of this act" on line 4.

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ Michael R. Cole

Chief Counsel