

43:15A-57.2

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2001 **CHAPTER:** 278
NJSA: 43:15A-57.2 (PERS retirees: Employment)
BILL NO: S517 (Substituted for A2495)

SPONSOR(S): Turner and Palaia

DATE INTRODUCED: Pre-filed

COMMITTEE: **ASSEMBLY:** State Government

SENATE: State Government

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** November 29, 2001

SENATE: December 6, 2001

DATE OF APPROVAL: December 27, 2001

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (2nd reprint enacted)

(Amendments during passage denoted by superscript numbers)

S517

SPONSORS STATEMENT: (Begins on page 3 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: Yes

A2495

SPONSORS STATEMENT: (Begins on page 3 of original bill) Yes

Bill and Sponsors Statement identical to S517

COMMITTEE STATEMENT:	ASSEMBLY:	Yes
	SENATE:	No
FLOOR AMENDMENT STATEMENTS:		No
LEGISLATIVE FISCAL ESTIMATE:		Yes
VETO MESSAGE:		No
GOVERNOR'S PRESS RELEASE ON SIGNING:		No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government

Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

SENATE, No. 517

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Mercer)

SYNOPSIS

Increases from \$10,000 to \$15,000 annual compensation PERS retiree may earn in PERS-covered position without re-enrollment.

CURRENT VERSION OF TEXT

As Introduced.



S517 TURNER

2

1 AN ACT concerning the employment of certain retired members of the
2 Public Employees' Retirement System of New Jersey and amending
3 P.L.1966, c.217.

4

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

7

8 1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. a. Except as provided in subsection b. of this section, if a
11 former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an
40 employer in a position for which the compensation does not exceed
41 ~~[\$10,000]~~ \$15,000 per year. The Director of the Division of Pensions
42 and Benefits may from time to time adjust this amount. This
43 adjustment shall be 3/5 of the percentage of change in the index, as

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

Matter underlined thus is new matter.

1 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of
2 time as determined by the director.

3 (cf: P.L.1997, c.23, s.2)

4

5 2. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 Under current law, a member of the Public Employees' Retirement
11 System (PERS) who retires and receives a retirement allowance for
12 any cause other than disability and subsequently becomes employed
13 again in a position which makes the retiree eligible to be a member of
14 PERS is required to re-enroll in PERS. Upon re-enrollment in PERS,
15 the member's retirement allowance with respect to the former
16 membership is suspended, until the member retires again. Upon second
17 retirement, the member's former retirement allowance is restored,
18 along with a second, separate retirement allowance based upon the
19 member's subsequent membership in PERS.

20 The re-enrollment requirement does not apply if the annual
21 compensation of the subsequent employment does not exceed \$10,000.
22 In such a circumstance, the retiree would collect the compensation of
23 the subsequent employment and continue to receive the retirement
24 allowance based upon the retiree's former membership in PERS.

25 This bill would increase from \$10,000 to \$15,000 the annual
26 amount of compensation a PERS retiree is permitted to receive
27 without having to re-enroll in PERS.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 517

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2000

The Senate State Government Committee reports favorably and with committee amendments Senate Bill No. 517.

Under current law, a member of the Public Employees' Retirement System (PERS) who retires and receives a retirement allowance for any cause other than disability and subsequently becomes employed again in a position which makes the retiree eligible to be a member of PERS is required to reenroll in PERS. The reenrollment requirement does not apply if the annual compensation for the position does not exceed \$10,000. In such a circumstance, the retiree would collect the compensation and continue to receive the retirement allowance based upon the retiree's former membership in PERS.

This bill would increase from \$10,000 to \$25,000 the annual amount of compensation a PERS retiree is permitted to receive without having to reenroll in PERS.

The committee amended the bill to increase from \$15,000 to \$25,000 the compensation a retiree is permitted to receive without having to reenroll in PERS.

At its April 7, 2000 meeting, the Pension and Health Benefits Review Commission recommended passage of the unamended version of this legislation.

[First Reprint]

SENATE, No. 517

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator JOSEPH A. PALAIA

District 11 (Monmouth)

Co-Sponsored by:

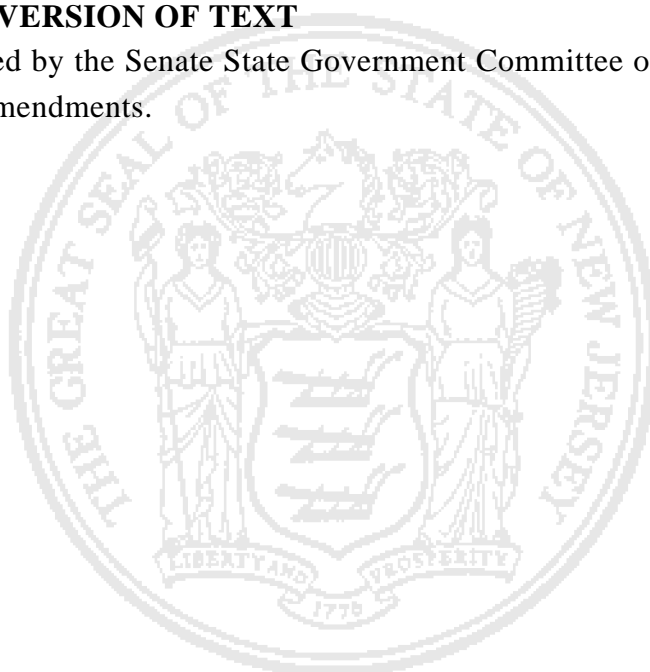
Senator Cafiero

SYNOPSIS

Increases from \$10,000 to \$25,000 annual compensation PERS retiree may earn in PERS-covered position without re-enrollment.

CURRENT VERSION OF TEXT

As reported by the Senate State Government Committee on November 9, 2000, with amendments.



(Sponsorship Updated As Of: 12/19/2000)

1 **An Act** concerning the employment of certain retired members of the
2 Public Employees' Retirement System of New Jersey and amending
3 P.L.1966, c.217.

4

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

7

8 1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. a. Except as provided in subsection b. of this section, if a
11 former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an
40 employer in a position for which the compensation does not exceed
41 ~~[\$10,000]~~ ¹[\$15,000] ~~\$25,000~~¹ per year. The Director of the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and 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 November 9, 2000.

- 1 Division of Pensions and Benefits may from time to time adjust this
2 amount. This adjustment shall be $\frac{3}{5}$ of the percentage of change in
3 the index, as defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over
4 a period of time as determined by the director.
5 (cf: P.L.1997, c.23, s.2)
6
7 2. This act shall take effect immediately.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 517

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 23, 2001

The Assembly State Government Committee reports favorably and with committee amendments Senate, No. 517 (1R).

Under current law, if a member of the Public Employees' Retirement System (PERS) who retires and receives a retirement allowance for any cause other than disability subsequently becomes employed again in a position which makes the retiree eligible to be a member of PERS, the retiree is required to reenroll in the retirement system and the payment of a retirement allowance ceases unless the annual compensation of the subsequent employment does not exceed \$10,000. Absent reenrollment, the retiree collects the compensation of the subsequent employment and continues to receive the retirement allowance based upon the retiree's former PERS membership. The Division of Pensions and Benefits has interpreted the \$10,000 limitation to apply to compensation from each employer as opposed to total annual compensation.

As amended, this bill provides that \$15,000 is the amount of compensation a PERS retiree can earn in PERS-covered employment without having to reenroll and specifies that the limitation applies to aggregate compensation from all employers for all positions.

The committee amended the bill to reduce from \$25,000 to \$15,000 the amount of compensation that a PERS retiree can receive without reenrollment and to clarify that the \$15,000 limitation refers to aggregate compensation.

As amended, Senate, No. 517(2R) is the same as Assembly, No. 2495(1R).

[Second Reprint]

SENATE, No. 517

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator JOSEPH A. PALAIA

District 11 (Monmouth)

Co-Sponsored by:

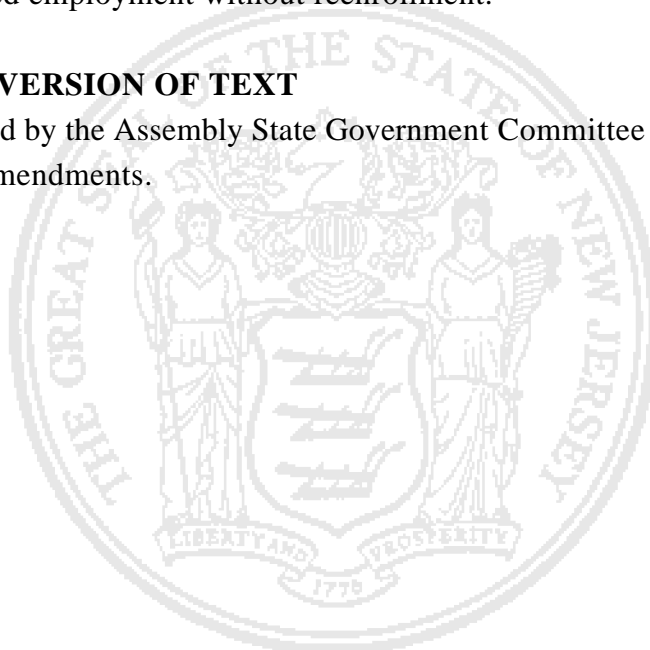
Senator Cafiero, Assemblymen Bateman, LeFevre and Gibson

SYNOPSIS

Allows PERS retiree to earn \$15,000 aggregate annual compensation in PERS-covered employment without reenrollment.

CURRENT VERSION OF TEXT

As reported by the Assembly State Government Committee on January 23, 2001, with amendments.



(Sponsorship Updated As Of: 11/30/2001)

1 AN ACT concerning the employment of certain retired members of the
2 Public Employees' Retirement System of New Jersey and amending
3 P.L.1966, c.217.

4

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

7

8 1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. a. Except as provided in subsection b. of this section, if a
11 former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an
40 employer ²or employers² in a position ²or positions² for which the
41 ²aggregate² compensation does not exceed **[\$10,000]**¹**[\$15,000]**

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and 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 November 9, 2000.

² Assembly ASG committee amendments adopted January 23, 2001.

1 ²[\$25,000¹] \$15,000² per year. The Director of the Division of
2 Pensions and Benefits may from time to time adjust this amount. This
3 adjustment shall be 3/5 of the percentage of change in the index, as
4 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of
5 time as determined by the director.
6 (cf: P.L.1997, c.23, s.2)

7

8 2. This act shall take effect immediately.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 517

STATE OF NEW JERSEY

209th LEGISLATURE

DATED: APRIL 9, 2001

SUMMARY

- Synopsis:** Allows PERS retiree to earn \$15,000 aggregate annual compensation in PERS-covered employment without reenrollment.
- Type of Impact:** Potential Savings to State, Local Government and Higher Education Employers
- Agencies Affected:** Department of Treasury, Division of Pensions and Benefits; Public Employers

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost			
State Savings		See Comments Below	
Local Cost			
Local Savings			

- ! Bill increases from \$10,000 to \$15,000 the maximum annual compensation a Public Employees' Retirement System (PERS) retiree may earn from employment in PERS-covered position without cancellation of retirement benefits and reenrollment in the PERS.
- ! Bill restricts retiree to \$15,000 annually in the aggregate in all PERS-covered positions if the retiree is employed by more than one public employer. Currently, a retiree is exempt from reenrollment if the annual compensation from each employer is less than the maximum, regardless of the number of employers or aggregate compensation.
- ! No information is available on the number of PERS retirees who will qualify for the reenrollment exemption; the number is expected to be small. The fiscal impact of this bill is believed to be minimal.
- ! A public employer realizes savings on pension contributions when an employed retiree is not reenrolled in the PERS. (Without the reenrollment exemption, the public employer does have to make pension contributions for an employee in a PERS-covered position.)

- ! A public employer may realize savings on health benefits costs if an employed retiree is receiving paid post-retirement health benefits based on former employment.

BILL DESCRIPTION

Senate Bill No. 517 (2R) of 2000 increases from \$10,000 to \$15,000 the maximum annual aggregate compensation a Public Employees' Retirement System (PERS) retiree may receive from employment in a PERS-covered position with a public employer without being subject to cancellation of retirement benefits and reenrollment in the retirement system. Under current law, if a PERS retiree receiving a retirement allowance, for any cause other than disability, becomes employed in a PERS-covered position, the retiree is required to reenroll in the PERS and the payment of the retirement allowance ceases, unless the annual compensation of the employment is less than \$10,000.

The bill also specifies that \$15,000 is the aggregate annual compensation that a retiree may receive from all public employers in all PERS-covered positions. Currently, a retiree is exempt from reenrollment if the compensation from each employer does not exceed the annual maximum of \$10,000, regardless of the number of employers or aggregate compensation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) notes that there is no information available to indicate the number of PERS retirees who will qualify for this reenrollment exemption by accepting employment subsequent to retirement in a PERS-covered position. An employed retiree who is not reenrolled in the PERS will not receive increased retirement benefits based upon the employment. So, there is no additional cost to the PERS for these employed retirees. As a result, the public employer who employs an exempt PERS retiree in a PERS-covered position will realize savings on pension contributions that it would otherwise have had to make to the PERS for an employee in that position.

It is also possible that the public employer may realize savings on health benefits costs if the employed retiree who is not reenrolled is receiving paid post-retirement health benefits based on the former employment.

The OLS believes that there are few retirees who will qualify for this reenrollment exemption and the savings impact, to individual public employers and in the aggregate for all public employers, is minimal. It should be noted that this reenrollment exemption may result in some PERS members retiring earlier than they otherwise would have. However, the OLS believes that this result will be insignificant and will not impact the assumptions used by the actuaries for the retirement system to calculate PERS liabilities and contributions.

Section: *State Government*

Analyst: *Aggie Szilagyi*
Section Chief

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

ASSEMBLY, No. 2495

STATE OF NEW JERSEY 209TH LEGISLATURE

INTRODUCED MAY 22, 2000

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman KENNETH C. LEFEVRE

District 2 (Atlantic)

Co-Sponsored by:

Assemblyman Gibson

SYNOPSIS

Increases from \$10,000 to \$15,000 annual compensation PERS retiree may earn in PERS-covered position without re-enrollment.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/21/2000)

A2495 BATEMAN, LEFEVRE

2

1 AN ACT concerning the employment of certain retired members of the
2 Public Employees' Retirement System of New Jersey and amending
3 P.L.1966, c.217.

4

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

7

8 1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. a. Except as provided in subsection b. of this section, if a
11 former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an
40 employer in a position for which the compensation does not exceed
41 **[\$10,000] \$15,000** per year. The Director of the Division of Pensions
42 and Benefits may from time to time adjust this amount. This
43 adjustment shall be 3/5 of the percentage of change in the index, as

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

Matter underlined thus is new matter.

1 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of
2 time as determined by the director.

3 (cf: P.L.1997, c.23, s.2)

4

5 2. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 Under current law, a member of the Public Employees' Retirement
11 System (PERS) who retires and receives a retirement allowance for
12 any cause other than disability and subsequently becomes employed
13 again in a position which makes the retiree eligible to be a member of
14 PERS is required to re-enroll in PERS. Upon re-enrollment in PERS,
15 the member's retirement allowance with respect to the former
16 membership is suspended, until the member retires again. Upon second
17 retirement, the member's former retirement allowance is restored,
18 along with a second, separate retirement allowance based upon the
19 member's subsequent membership in PERS.

20 The re-enrollment requirement does not apply if the annual
21 compensation of the subsequent employment does not exceed \$10,000.
22 In such a circumstance, the retiree would collect the compensation of
23 the subsequent employment and continue to receive the retirement
24 allowance based upon the retiree's former membership in PERS.

25 This bill would increase from \$10,000 to \$15,000 the annual
26 amount of compensation a PERS retiree is permitted to receive
27 without having to re-enroll in PERS.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2495

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 23, 2001

The Assembly State Government Committee reports favorably and with committee amendments Assembly Bill No. 2495.

Under current law, if a member of the Public Employees' Retirement System (PERS) who retires and receives a retirement allowance for any cause other than disability subsequently becomes employed again in a position which makes the retiree eligible to be a member of PERS, the retiree is required to reenroll in the retirement system and the payment of a retirement allowance ceases unless the annual compensation of the subsequent employment does not exceed \$10,000. Absent reenrollment, the retiree collects the compensation of the subsequent employment and continues to receive the retirement allowance based upon the retiree's former PERS membership. The Division of Pensions and Benefits has interpreted the \$10,000 limitation to apply to compensation from each employer as opposed to total annual compensation.

As amended, this bill provides that \$15,000 is the amount of compensation a PERS retiree can earn in PERS-covered employment without having to reenroll and specifies that the limitation applies to aggregate compensation from all employers for all positions.

The committee amended the bill to clarify that the \$15,000 limitation refers to aggregate compensation.

As amended, Assembly, No. 2495(1R) is the same as Senate, No. 517(2R).

[First Reprint]

ASSEMBLY, No. 2495

STATE OF NEW JERSEY
209TH LEGISLATURE

INTRODUCED MAY 22, 2000

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman KENNETH C. LEFEVRE

District 2 (Atlantic)

Co-Sponsored by:

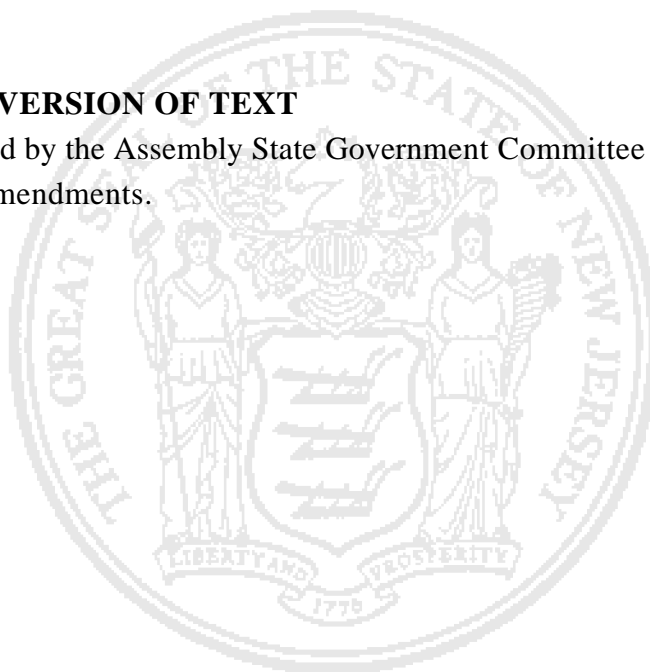
Assemblyman Gibson

SYNOPSIS

Allows PERS retiree to earn \$15,000 aggregate annual compensation in PERS-covered employment without reenrollment.

CURRENT VERSION OF TEXT

As reported by the Assembly State Government Committee on January 23, 2001, with amendments.



(Sponsorship Updated As Of: 11/21/2000)

1 AN ACT concerning the employment of certain retired members of the
2 Public Employees' Retirement System of New Jersey and amending
3 P.L.1966, c.217.

4

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

7

8 1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. a. Except as provided in subsection b. of this section, if a
11 former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an
40 employer ¹or employers¹ in a position ¹or positions¹ for which the
41 ¹aggregate¹ compensation does not exceed ~~[\$10,000]~~ \$15,000 per

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ASG committee amendments adopted January 23, 2001.

1 year. The Director of the Division of Pensions and Benefits may from
2 time to time adjust this amount. This adjustment shall be $\frac{3}{5}$ of the
3 percentage of change in the index, as defined in section 1 of P.L.1958,
4 c.143 (C.43:3B-1), over a period of time as determined by the
5 director.

6 (cf: P.L.1997, c.23, s.2)

7

8 2. This act shall take effect immediately.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2495

STATE OF NEW JERSEY

209th LEGISLATURE

DATED: APRIL 6, 2001

SUMMARY

- Synopsis:** Allows PERS retiree to earn \$15,000 aggregate annual compensation in PERS-covered employment without reenrollment.
- Type of Impact:** Potential Savings to State, Local Government and Higher Education Employers
- Agencies Affected:** Department of Treasury, Division of Pensions and Benefits; Public Employers

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost			
State Savings		See Comments Below	
Local Cost			
Local Savings			

- ! Bill increases from \$10,000 to \$15,000 the maximum annual compensation a Public Employees' Retirement System (PERS) retiree may earn from employment in PERS-covered position without cancellation of retirement benefits and reenrollment in the PERS.
- ! Bill restricts retiree to \$15,000 annually in the aggregate in all PERS-covered positions if the retiree is employed by more than one public employer. Currently, a retiree is exempt from reenrollment if the annual compensation from each employer is less than the maximum, regardless of the number of employers or aggregate compensation.
- ! No information is available on the number of PERS retirees who will qualify for the reenrollment exemption; the number is expected to be small. The fiscal impact of this bill is believed to be minimal.
- ! A public employer realizes savings on pension contributions when an employed retiree is not reenrolled in the PERS. (Without the reenrollment exemption, the public employer does have to make pension contributions for an employee in a PERS-covered position.)

- ! A public employer may realize savings on health benefits costs if an employed retiree is receiving paid post-retirement health benefits based on former employment.

BILL DESCRIPTION

Assembly Bill No. 2495 (1R) of 2000 increases from \$10,000 to \$15,000 the maximum annual aggregate compensation a Public Employees' Retirement System (PERS) retiree may receive from employment in a PERS-covered position with a public employer without being subject to cancellation of retirement benefits and reenrollment in the retirement system. Under current law, if a PERS retiree receiving a retirement allowance, for any cause other than disability, becomes employed in a PERS-covered position, the retiree is required to reenroll in the PERS and the payment of the retirement allowance ceases, unless the annual compensation of the employment is less than \$10,000.

The bill also specifies that \$15,000 is the aggregate annual compensation that a retiree may receive from all public employers in all PERS-covered positions. Currently, a retiree is exempt from reenrollment if the compensation from each employer does not exceed the annual maximum of \$10,000, regardless of the number of employers or aggregate compensation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) notes that there is no information available to indicate the number of PERS retirees who will qualify for this reenrollment exemption by accepting employment subsequent to retirement in a PERS-covered position. An employed retiree who is not reenrolled in the PERS will not receive increased retirement benefits based upon the employment. So, there is no additional cost to the PERS for these employed retirees. As a result, the public employer who employs an exempt PERS retiree in a PERS-covered position will realize savings on pension contributions that it would otherwise have had to make to the PERS for an employee in that position.

It is also possible that the public employer may realize savings on health benefits costs if the employed retiree who is not reenrolled is receiving paid post-retirement health benefits based on the former employment.

The OLS believes that there are few retirees who will qualify for this reenrollment exemption and the savings impact, to individual public employers and in the aggregate for all public employers, is minimal. It should be noted that this reenrollment exemption may result in some PERS members retiring earlier than they otherwise would have. However, the OLS believes that this result will be insignificant and will not impact the assumptions used by the actuaries for the retirement system to calculate PERS liabilities and contributions.

Section: *State Government*

Analyst: *Aggie Szilagyi*
Section Chief

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

P.L. 2001, CHAPTER 278, *approved December 27, 2001*
Senate, No. 517 (*Second Reprint*)

1 **AN ACT** concerning the employment of certain retired members of the
2 Public Employees' Retirement System of New Jersey and amending
3 P.L.1966, c.217.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. a. Except as provided in subsection b. of this section, if a
11 former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and 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 November 9, 2000.

² Assembly ASG committee amendments adopted January 23, 2001.

1 employer ²or employers² in a position ²or positions² for which the
2 ²aggregate² compensation does not exceed ~~[\$10,000]~~¹~~[\$15,000]~~
3 ²~~[\$25,000]~~¹ \$15,000² per year. The Director of the Division of
4 Pensions and Benefits may from time to time adjust this amount. This
5 adjustment shall be 3/5 of the percentage of change in the index, as
6 defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of
7 time as determined by the director.

8 (cf: P.L.1997, c.23, s.2)

9

10 2. This act shall take effect immediately.

11

12

13

14

15 Allows PERS retiree to earn \$15,000 aggregate annual compensation
16 in PERS-covered employment without reenrollment.

CHAPTER 278

AN ACT concerning the employment of certain retired members of the Public Employees' Retirement System of New Jersey and amending P.L.1966, c.217.

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

1. Section 27 of P.L.1966, c.217 (C.43:15A-57.2) is amended to read as follows:

C.43:15A-57.2 Reemployment of retired former member.

27. a. Except as provided in subsection b. of this section, if a former member of the State Employees' Retirement System or the retirement system, who has been granted a retirement allowance for any cause other than disability, becomes employed again in a position which makes him eligible to be a member of the retirement system, his retirement allowance and the right to any death benefit as a result of his former membership, shall be canceled until he again retires.

Such person shall be re-enrolled in the retirement system and shall contribute thereto at a rate based on his age at the time of re-enrollment. Such person shall be treated as an active member for determining disability or death benefits while in service and no benefits pursuant to an optional selection with respect to his former membership shall be paid if his death shall occur during the period of such re-enrollment.

Upon subsequent retirement of such member, his former retirement allowance shall be reinstated together with any optional selection, based on his former membership. In addition, he shall receive an additional retirement allowance based on his subsequent service as a member computed in accordance with applicable provisions of chapter 84 of the laws of 1954; provided, however, that his total retirement allowance upon such subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement. Any death benefit to which such member shall be eligible shall be based on his latest retirement, but shall not be less than the death benefit that was applicable to his former retirement.

b. The cancellation, re-enrollment, and additional retirement allowance provisions of subsection a. of this section shall not apply to a former member of the retirement system who, after having been granted a retirement allowance, becomes employed again by: (1) an employer or employers in a position or positions for which the aggregate compensation does not exceed \$15,000 per year; or (2) if the compensation exceeds \$10,000 per year, by an employer that is a public institution of higher education as defined in N.J.S.18A:62-1 in a teaching staff position. The Director of the Division of Pensions and Benefits may from time to time adjust the amount in paragraph (1) of this subsection. This adjustment shall be $\frac{3}{5}$ of the percentage of change in the index, as defined in section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of time as determined by the director.

2. This act shall take effect immediately.

Approved December 27, 2001.