

SENATE, No. 2057

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED JANUARY 22, 2001

Sponsored by:

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Senator JOHN O. BENNETT

District 12 (Monmouth)

Co-Sponsored by:

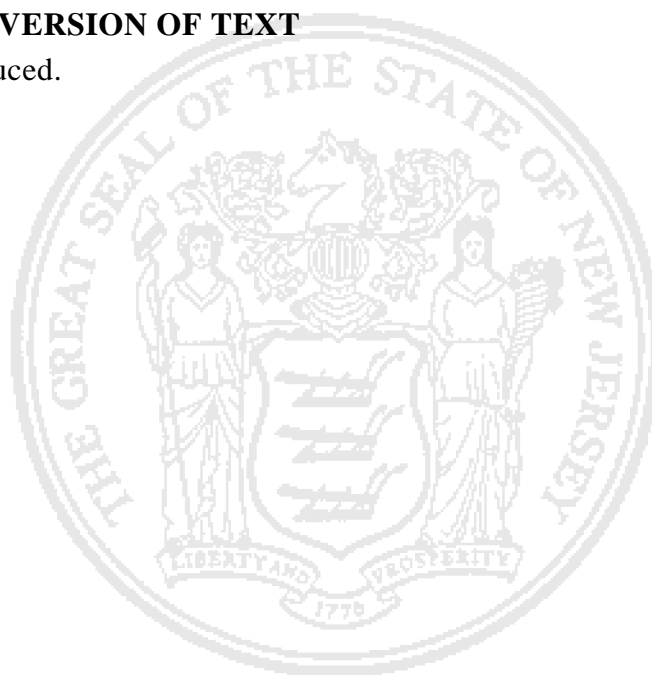
**Senator Kavanaugh, Assemblymen Asselta, Kelly, Pennacchio, R.Smith
and Corodemus**

SYNOPSIS

Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/4/2002)

1 AN ACT concerning accidental death benefits under the State Police
2 Retirement System of New Jersey and amending and supplementing
3 P.L.1965, c.89.

4

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

7

8 1. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to read
9 as follows;

10 14. a. Upon the death of a member in active service as a result of
11 an accident met in the actual performance of duty at some definite time
12 and place, and such death was not the result of the member's willful
13 negligence, an accidental death benefit shall be payable if a report of
14 the accident is filed in the office of the Division of State Police within
15 60 days next following the accident, but the board of trustees may
16 waive such time limit, for a reasonable period, if in the judgment of
17 the board the circumstances warrant such action. No such application
18 shall be valid or acted upon unless it is filed in the office of the
19 retirement system within 5 years of the date of such death.

20 b. (1) Upon the receipt of proper proofs of the death of a member
21 on account of which an accidental death benefit is payable, there shall
22 be paid to the surviving spouse a pension of 70% of final
23 compensation or of adjusted final compensation, as appropriate, for
24 the use of that spouse and children of the deceased, to continue for as
25 long as the person qualifies as a "surviving spouse" for the purposes
26 of this act [; if]. If there is no surviving spouse or in case the spouse
27 dies or remarries, 20% of final compensation or of adjusted final
28 compensation, as the case may be, will be payable to one surviving
29 child, 35% of final compensation or of adjusted final compensation, as
30 the case may be, to two surviving children in equal shares and if there
31 be three or more children, 50% of final compensation or of adjusted
32 final compensation, as the case may be, will be payable to such
33 children in equal shares.

34 If there is no surviving spouse or child, 25% of final compensation
35 will be payable to one surviving parent or 40% of final compensation
36 will be payable to two surviving parents in equal shares.

37 As used in this paragraph, "adjusted final compensation" means the
38 amount of final compensation or final compensation as adjusted, as the
39 case may be, increased by the same percentage increase which is
40 applied in any adjustments of the compensation schedule of active
41 members after the member's death and before the date on which the
42 deceased member of the retirement system would have accrued
43 25 years of service under an assumption of continuous service, at

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 which time the amount resulting from such increases shall become
2 fixed and shall be the basis for adjustments pursuant to the Pension
3 Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.). Any
4 adjustments to final compensation or adjusted final compensation shall
5 take effect at the same time as any adjustments in the compensation
6 schedule of active members. The provisions of the Pension
7 Adjustment Act shall not apply to any pension based upon adjusted
8 final compensation other than the fixed pension in effect at the
9 conclusion of the 25-year period.

10 (2) In the event of accidental death occurring in the first year of
11 creditable service, the benefits, payable pursuant to this subsection,
12 shall be computed at the annual rate of compensation.

13 c. If there is no surviving spouse, child or parent, there shall be
14 paid to any other beneficiary of the deceased member, his aggregate
15 contributions at the time of death.

16 d. In no case shall the death benefits provided in subsection b. be
17 less than that provided under subsection c.

18 e. In addition to the foregoing benefits payable under subsection a.
19 or b., there shall also be paid in one sum to the member's beneficiary,
20 an amount equal to 3 1/2 times final compensation.

21 f. (Deleted by amendment.)

22 g. (Deleted by amendment.)

23 h. In addition to the foregoing benefits, the State shall pay to the
24 member's employer-sponsored health insurance program all health
25 insurance premiums for the coverage of the member's surviving spouse
26 and surviving children.

27 (cf: P.L.1991, c.380, s.1)

28

29 2. (New section) The adjustment in survivors' benefits pursuant to
30 this act, P.L. , c. (C.) (now pending before the Legislature
31 as this bill), shall apply to benefit entitlements granted prior to and in
32 effect on the effective date of this act but only for benefit payments
33 after the effective date of this act. No surviving spouse or surviving
34 child of a deceased member of the retirement system shall be granted
35 a retroactive payment based upon the difference between the benefit
36 the person would have received if the adjustment pursuant to this act
37 had been applicable at the date of entitlement and the benefit that the
38 surviving spouse or surviving child has received from the date of
39 entitlement to the effective date of this act.

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41 3. This act shall take effect immediately but the adjustment
42 provided for in this act shall not begin until the first benefit payment
43 following the 90th day after enactment.

STATEMENT

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This bill would increase the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

This bill provides that the SPRS accidental death survivors' benefit for spouses and children would be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time that amount will become fixed and then eligible for annual cost-of-living adjustments.

The bill also provides that adjustments to SPRS accidental death survivors' benefits would apply to benefit entitlements granted prior to enactment of the bill but only for benefit payments on or after the enactment of the bill.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 2057

STATE OF NEW JERSEY

DATED: JUNE 14, 2001

The Senate State Government Committee reports favorably Senate Bill No. 2057.

This bill would increase the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

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FISCAL NOTE
SENATE, No. 2057
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: OCTOBER 19, 2001

SUMMARY

Synopsis: Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

Type of Impact: Annual increase in State expenditures.

Agencies Affected: Department of Treasury, Division of Pensions and Benefits

Executive Estimate

Fiscal Impact	Year 1	Year 2	Year 3
One-time Administrative	\$200,000	\$0	\$0
State Annual Normal Cost	\$0	\$0	\$205,778
State Accrued Liability (one-time)	\$0	\$0	\$1,233,261

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- ! Increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Increases are applicable to benefit entitlements granted prior to enactment of the bill, but only for benefit payments on or after the enactment of the bill.
- ! Excess SPRS valuation assets of \$207.5 million as of June 30, 2000 could be used to fund the short-term added costs to the retirement system.

BILL DESCRIPTION

Senate Bill No. 2057 of 2001 increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70 percent of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS

member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20 percent of final compensation is payable to one surviving child, 35 percent of final compensation to two surviving children in equal shares, and if there are three or more children, 50 percent of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

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FISCAL ANALYSIS

EXECUTIVE BRANCH

The Department of Treasury estimates this bill would carry an administrative cost of \$200,000 in the initial year of enactment. Because of the two-year lag in pension valuation reports, the budget would not reflect a further fiscal impact until two years after enactment. At that time, it is estimated that the bill would generate an increased normal pension cost of \$206,000 per year (with annual increases of approximately 6 percent) and \$1.2 million in one-time accrued liability costs.

Excess valuation assets of \$207.5 million as of June 30, 2000 would offset the short-term added costs to the retirement system.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concurs with the Executive estimate.

Section: *State Government*

Analyst: *Julie M. McDonnell*
Senior Fiscal Analyst

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

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

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2057

STATE OF NEW JERSEY

DATED: NOVEMBER 29, 2001

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2057.

This bill would increase the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

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FISCAL IMPACT

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increases of approximately 6 percent) and \$1.2 million in one-time accrued liability costs.

Excess valuation assets of \$207.5 million as of June 30, 2000 would offset the short-term added costs to the retirement system.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 2057

STATE OF NEW JERSEY

DATED: DECEMBER 20, 2001

The Assembly State Government Committee reports favorably Senate, No. 2057.

This bill would increase the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

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Senate, No. 2057 is the same as the Assembly Committee Substitute for Assembly, Nos. 4021 and 4027 of 2001.

ASSEMBLY, No. 4021

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED DECEMBER 10, 2001

Sponsored by:

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

Co-Sponsored by:

Assemblyman R.Smith

SYNOPSIS

Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/21/2001)

A4021 ASSELTA

2

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2 Retirement System of New Jersey and amending and supplementing
3 P.L.1965, c.89.

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11 an accident met in the actual performance of duty at some definite time
12 and place, and such death was not the result of the member's willful
13 negligence, an accidental death benefit shall be payable if a report of
14 the accident is filed in the office of the Division of State Police within
15 60 days next following the accident, but the board of trustees may
16 waive such time limit, for a reasonable period, if in the judgment of
17 the board the circumstances warrant such action. No such application
18 shall be valid or acted upon unless it is filed in the office of the
19 retirement system within 5 years of the date of such death.

20 b. (1) Upon the receipt of proper proofs of the death of a member
21 on account of which an accidental death benefit is payable, there shall
22 be paid to the surviving spouse a pension of 70% of final
23 compensation or of adjusted final compensation, as appropriate, for
24 the use of that spouse and children of the deceased, to continue for as
25 long as the person qualifies as a "surviving spouse" for the purposes
26 of this act[; if]. If there is no surviving spouse or in case the spouse
27 dies or remarries, 20% of final compensation or of adjusted final
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31 be three or more children, 50% of final compensation or of adjusted
32 final compensation, as the case may be, will be payable to such
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38 amount of final compensation or final compensation as adjusted, as the
39 case may be, increased by the same percentage increase which is
40 applied in any adjustments of the compensation schedule of active
41 members after the member's death and before the date on which the
42 deceased member of the retirement system would have accrued
43 25 years of service under an assumption of continuous service, at

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

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1 which time the amount resulting from such increases shall become
2 fixed and shall be the basis for adjustments pursuant to the Pension
3 Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.). Any
4 adjustments to final compensation or adjusted final compensation shall
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6 schedule of active members. The provisions of the Pension
7 Adjustment Act shall not apply to any pension based upon adjusted
8 final compensation other than the fixed pension in effect at the
9 conclusion of the 25-year period.

10 (2) In the event of accidental death occurring in the first year of
11 creditable service, the benefits, payable pursuant to this subsection,
12 shall be computed at the annual rate of compensation.

13 c. If there is no surviving spouse, child or parent, there shall be
14 paid to any other beneficiary of the deceased member, his aggregate
15 contributions at the time of death.

16 d. In no case shall the death benefits provided in subsection b. be
17 less than that provided under subsection c.

18 e. In addition to the foregoing benefits payable under subsection a.
19 or b., there shall also be paid in one sum to the member's beneficiary,
20 an amount equal to 3 1/2 times final compensation.

21 f. (Deleted by amendment.)

22 g. (Deleted by amendment.)

23 h. In addition to the foregoing benefits, the State shall pay to the
24 member's employer-sponsored health insurance program all health
25 insurance premiums for the coverage of the member's surviving spouse
26 and surviving children.

27 (cf: P.L.1991, c.380, s.1)

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29 2. (New section) The adjustment in survivors' benefits pursuant to
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31 as this bill), shall apply to benefit entitlements granted prior to and in
32 effect on the effective date of this act but only for benefit payments
33 after the effective date of this act. No surviving spouse or surviving
34 child of a deceased member of the retirement system shall be granted
35 a retroactive payment based upon the difference between the benefit
36 the person would have received if the adjustment pursuant to this act
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38 surviving spouse or surviving child has received from the date of
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ASSEMBLY, No. 4027

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED DECEMBER 10, 2001

Sponsored by:

Assemblyman JOHN V. KELLY

District 36 (Bergen, Essex and Passaic)

Assemblyman JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

CURRENT VERSION OF TEXT

As introduced.



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2 Retirement System of New Jersey and amending and supplementing
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11 an accident met in the actual performance of duty at some definite time
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14 the accident is filed in the office of the Division of State Police within
15 60 days next following the accident, but the board of trustees may
16 waive such time limit, for a reasonable period, if in the judgment of
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ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 4021 and 4027

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED DECEMBER 20, 2001

Sponsored by:

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOHN V. KELLY

District 36 (Bergen, Essex and Passaic)

Assemblyman JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Assemblymen R.Smith and Corodemus

SYNOPSIS

Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly State Government Committee.



(Sponsorship Updated As Of: 1/4/2002)

1 **AN ACT** concerning accidental death benefits under the State Police
2 Retirement System of New Jersey and amending and
3 supplementing P.L.1965, c.89.

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

7
8 1. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to read
9 as follows;

10 14. a. Upon the death of a member in active service as a result of
11 an accident met in the actual performance of duty at some definite time
12 and place, and such death was not the result of the member's willful
13 negligence, an accidental death benefit shall be payable if a report of
14 the accident is filed in the office of the Division of State Police within
15 60 days next following the accident, but the board of trustees may
16 waive such time limit, for a reasonable period, if in the judgment of
17 the board the circumstances warrant such action. No such application
18 shall be valid or acted upon unless it is filed in the office of the
19 retirement system within 5 years of the date of such death.

20 b. (1) Upon the receipt of proper proofs of the death of a member
21 on account of which an accidental death benefit is payable, there shall
22 be paid to the surviving spouse a pension of 70% of final
23 compensation or of adjusted final compensation, as appropriate, for
24 the use of that spouse and children of the deceased, to continue for as
25 long as the person qualifies as a "surviving spouse" for the purposes
26 of this act ~~;~~ if. If there is no surviving spouse or in case the spouse
27 dies or remarries, 20% of final compensation or of adjusted final
28 compensation, as the case may be, will be payable to one surviving
29 child, 35% of final compensation or of adjusted final compensation, as
30 the case may be, to two surviving children in equal shares and if there
31 be three or more children, 50% of final compensation or of adjusted
32 final compensation, as the case may be, will be payable to such
33 children in equal shares.

34 If there is no surviving spouse or child, 25% of final compensation
35 will be payable to one surviving parent or 40% of final compensation
36 will be payable to two surviving parents in equal shares.

37 As used in this paragraph, "adjusted final compensation" means the
38 amount of final compensation or final compensation as adjusted, as the
39 case may be, increased by the same percentage increase which is
40 applied in any adjustments of the compensation schedule of active
41 members after the member's death and before the date on which the
42 deceased member of the retirement system would have accrued
43 25 years of service under an assumption of continuous service, at

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.

1 which time the amount resulting from such increases shall become
2 fixed and shall be the basis for adjustments pursuant to the Pension
3 Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.). Any
4 adjustments to final compensation or adjusted final compensation shall
5 take effect at the same time as any adjustments in the compensation
6 schedule of active members. The provisions of the Pension
7 Adjustment Act shall not apply to any pension based upon adjusted
8 final compensation other than the fixed pension in effect at the
9 conclusion of the 25-year period.

10 (2) In the event of accidental death occurring in the first year of
11 creditable service, the benefits, payable pursuant to this subsection,
12 shall be computed at the annual rate of compensation.

13 c. If there is no surviving spouse, child or parent, there shall be
14 paid to any other beneficiary of the deceased member, his aggregate
15 contributions at the time of death.

16 d. In no case shall the death benefits provided in subsection b. be
17 less than that provided under subsection c.

18 e. In addition to the foregoing benefits payable under subsection
19 a. or b., there shall also be paid in one sum to the member's
20 beneficiary, an amount equal to 3 1/2 times final compensation.

21 f. (Deleted by amendment.)

22 g. (Deleted by amendment.)

23 h. In addition to the foregoing benefits, the State shall pay to the
24 member's employer-sponsored health insurance program all health
25 insurance premiums for the coverage of the member's surviving spouse
26 and surviving children.

27 (cf: P.L.1991, c.380, s.1)

28
29 2. (New section) The adjustment in survivors' benefits pursuant
30 to this act, P.L. , c. (C.) (now pending before the Legislature
31 as this bill), shall apply to benefit entitlements granted prior to and in
32 effect on the effective date of this act but only for benefit payments
33 after the effective date of this act. No surviving spouse or surviving
34 child of a deceased member of the retirement system shall be granted
35 a retroactive payment based upon the difference between the benefit
36 the person would have received if the adjustment pursuant to this act
37 had been applicable at the date of entitlement and the benefit that the
38 surviving spouse or surviving child has received from the date of
39 entitlement to the effective date of this act.

40
41 3. This act shall take effect immediately but the adjustment
42 provided for in this act shall not begin until the first benefit payment
43 following the 90th day after enactment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, Nos. 4021 and 4027**

STATE OF NEW JERSEY

DATED: DECEMBER 20, 2001

The Assembly Appropriations Committee reports favorably Assembly Bill Nos. 4021 and 4027 (ACS).

Assembly Bill Nos. 4021 and 4027 ACS increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children.

Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

This bill provides that the SPRS accidental death survivors' benefit for spouses and children would be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time that amount will become fixed and then eligible for annual cost-of-living adjustments.

The bill also provides that adjustments to SPRS accidental death survivors' benefits would apply to benefit entitlements granted prior to enactment of the bill but only for benefit payments on or after the enactment of the bill.

FISCAL IMPACT

The Department of Treasury estimates this bill would carry an administrative cost of \$200,000 in the initial year of enactment. Because of the two-year lag in pension valuation reports, the budget would not reflect a further fiscal impact until two years after

enactment. At that time, it is estimated that the bill would generate an increased normal pension cost of \$206,000 per year (with annual increases of approximately 6 percent) and \$1.2 million in one-time accrued liability costs.

FISCAL NOTE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 4021 and 4027
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: JANUARY 18, 2002

SUMMARY

Synopsis: Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

Type of Impact: Annual increase in State expenditures.

Agencies Affected: Department of Treasury, Division of Pensions and Benefits

Executive Estimate

Fiscal Impact	Year 1	Year 2	Year 3
One-time Administrative	\$200,000	\$0	\$0
State Annual Normal Cost	\$0	\$0	\$205,778
State Accrued Liability (one-time)	\$0	\$0	\$1,233,261

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- ! Increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Increases are applicable to benefit entitlements granted prior to enactment of the bill, but only for benefit payments on or after the enactment of the bill.
- ! Excess SPRS valuation assets of \$207.5 million as of June 30, 2000 could be used to fund the short-term added costs to the retirement system.

BILL DESCRIPTION

Assembly Committee Substitute for Assembly Bill Nos. 4021 and 4027 of 2001 increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70 percent of final

compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20 percent of final compensation is payable to one surviving child, 35 percent of final compensation to two surviving children in equal shares, and if there are three or more children, 50 percent of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

This bill provides that the SPRS accidental death survivors' benefit for spouses and children would be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time that amount will become fixed and then eligible for annual cost-of-living adjustments.

The bill also provides that adjustments to SPRS accidental death survivors' benefits would apply to benefit entitlements granted prior to enactment of the bill but only for benefit payments on or after the enactment of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Department of Treasury estimates this bill would carry an administrative cost of \$200,000 in the initial year of enactment. Because of the two-year lag in pension valuation reports, the budget would not reflect a further fiscal impact until two years after enactment. At that time, it is estimated that the bill would generate an increased normal pension cost of \$206,000 per year (with annual increases of approximately 6 percent) and \$1.2 million in one-time accrued liability costs.

Excess valuation assets of \$207.5 million as of June 30, 2000 would offset the short-term added costs to the retirement system.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive estimate.

Section: *State Government*

Analyst: *Aggie Szilagy*
Section Chief

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

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

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, Nos. 4021 and 4027**

STATE OF NEW JERSEY

DATED: DECEMBER 20, 2001

The Assembly State Government Committee reports favorably an Assembly Committee Substitute for Assembly Bill Nos. 2041 and 4027.

This committee substitute would increase the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

This committee substitute provides that the SPRS accidental death survivors' benefit for spouses and children would be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service. At that time, the amount will become fixed and then eligible for annual cost-of-living adjustments.

The substitute also provides that adjustments to SPRS accidental death survivors' benefits would apply to benefit entitlements granted prior to enactment of the bill but only for benefit payments on or after the enactment of the bill.

The Assembly Committee Substitute for Assembly Bill Nos. 4021 and 4027 is the same as Senate Bill No. 2057 of 2001.

P.L. 2001, CHAPTER 350, *approved January 6, 2002*

Senate, No. 2057

1 **AN ACT** concerning accidental death benefits under the State Police
2 Retirement System of New Jersey and amending and supplementing
3 P.L.1965, c.89.

4

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

7

8 1. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to read
9 as follows;

10 14. a. Upon the death of a member in active service as a result of
11 an accident met in the actual performance of duty at some definite time
12 and place, and such death was not the result of the member's willful
13 negligence, an accidental death benefit shall be payable if a report of
14 the accident is filed in the office of the Division of State Police within
15 60 days next following the accident, but the board of trustees may
16 waive such time limit, for a reasonable period, if in the judgment of
17 the board the circumstances warrant such action. No such application
18 shall be valid or acted upon unless it is filed in the office of the
19 retirement system within 5 years of the date of such death.

20 b. (1) Upon the receipt of proper proofs of the death of a member
21 on account of which an accidental death benefit is payable, there shall
22 be paid to the surviving spouse a pension of 70% of final
23 compensation or of adjusted final compensation, as appropriate, for
24 the use of that spouse and children of the deceased, to continue for as
25 long as the person qualifies as a "surviving spouse" for the purposes
26 of this act [; if]. If there is no surviving spouse or in case the spouse
27 dies or remarries, 20% of final compensation or of adjusted final
28 compensation, as the case may be, will be payable to one surviving
29 child, 35% of final compensation or of adjusted final compensation, as
30 the case may be, to two surviving children in equal shares and if there
31 be three or more children, 50% of final compensation or of adjusted
32 final compensation, as the case may be, will be payable to such
33 children in equal shares.

34 If there is no surviving spouse or child, 25% of final compensation
35 will be payable to one surviving parent or 40% of final compensation
36 will be payable to two surviving parents in equal shares.

37 As used in this paragraph, "adjusted final compensation" means the
38 amount of final compensation or final compensation as adjusted, as the
39 case may be, increased by the same percentage increase which is
40 applied in any adjustments of the compensation schedule of active

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 members after the member's death and before the date on which the
2 deceased member of the retirement system would have accrued
3 25 years of service under an assumption of continuous service, at
4 which time the amount resulting from such increases shall become
5 fixed and shall be the basis for adjustments pursuant to the Pension
6 Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.). Any
7 adjustments to final compensation or adjusted final compensation shall
8 take effect at the same time as any adjustments in the compensation
9 schedule of active members. The provisions of the Pension
10 Adjustment Act shall not apply to any pension based upon adjusted
11 final compensation other than the fixed pension in effect at the
12 conclusion of the 25-year period.

13 (2) In the event of accidental death occurring in the first year of
14 creditable service, the benefits, payable pursuant to this subsection,
15 shall be computed at the annual rate of compensation.

16 c. If there is no surviving spouse, child or parent, there shall be
17 paid to any other beneficiary of the deceased member, his aggregate
18 contributions at the time of death.

19 d. In no case shall the death benefits provided in subsection b. be
20 less than that provided under subsection c.

21 e. In addition to the foregoing benefits payable under subsection a.
22 or b., there shall also be paid in one sum to the member's beneficiary,
23 an amount equal to 3 1/2 times final compensation.

24 f. (Deleted by amendment.)

25 g. (Deleted by amendment.)

26 h. In addition to the foregoing benefits, the State shall pay to the
27 member's employer-sponsored health insurance program all health
28 insurance premiums for the coverage of the member's surviving spouse
29 and surviving children.

30 (cf: P.L.1991, c.380, s.1)

31

32 2. (New section) The adjustment in survivors' benefits pursuant to
33 this act, P.L. , c. (C.) (now pending before the Legislature
34 as this bill), shall apply to benefit entitlements granted prior to and in
35 effect on the effective date of this act but only for benefit payments
36 after the effective date of this act. No surviving spouse or surviving
37 child of a deceased member of the retirement system shall be granted
38 a retroactive payment based upon the difference between the benefit
39 the person would have received if the adjustment pursuant to this act
40 had been applicable at the date of entitlement and the benefit that the
41 surviving spouse or surviving child has received from the date of
42 entitlement to the effective date of this act.

43

44 3. This act shall take effect immediately but the adjustment
45 provided for in this act shall not begin until the first benefit payment
46 following the 90th day after enactment.

STATEMENT

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This bill would increase the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children. Current law provides a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who dies in active service as a result of an accident met in the actual performance of duty. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation is payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation is payable to such children in equal shares. A cost-of-living adjustment is made to such payments annually.

This bill provides that the SPRS accidental death survivors' benefit for spouses and children would be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time that amount will become fixed and then eligible for annual cost-of-living adjustments.

The bill also provides that adjustments to SPRS accidental death survivors' benefits would apply to benefit entitlements granted prior to enactment of the bill but only for benefit payments on or after the enactment of the bill.

Changes compensation base of SPRS accidental death benefit pension for surviving spouses and children.

CHAPTER 350

AN ACT concerning accidental death benefits under the State Police Retirement System of New Jersey and amending and supplementing P.L.1965, c.89.

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

1. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to read as follows;

C.53:5A-14 Accidental death benefits; payment of health insurance premiums.

14. a. Upon the death of a member in active service as a result of an accident met in the actual performance of duty at some definite time and place, and such death was not the result of the member's willful negligence, an accidental death benefit shall be payable if a report of the accident is filed in the office of the Division of State Police within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. No such application shall be valid or acted upon unless it is filed in the office of the retirement system within five years of the date of such death.

b. (1) Upon the receipt of proper proofs of the death of a member on account of which an accidental death benefit is payable, there shall be paid to the surviving spouse a pension of 70% of final compensation or of adjusted final compensation, as appropriate, for the use of that spouse and children of the deceased, to continue for as long as the person qualifies as a "surviving spouse" for the purposes of this act. If there is no surviving spouse or in case the spouse dies or remarries, 20% of final compensation or of adjusted final compensation, as the case may be, will be payable to one surviving child, 35% of final compensation or of adjusted final compensation, as the case may be, to two surviving children in equal shares and if there be three or more children, 50% of final compensation or of adjusted final compensation, as the case may be, will be payable to such children in equal shares.

If there is no surviving spouse or child, 25% of final compensation will be payable to one surviving parent or 40% of final compensation will be payable to two surviving parents in equal shares.

As used in this paragraph, "adjusted final compensation" means the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time the amount resulting from such increases shall become fixed and shall be the basis for adjustments pursuant to the Pension Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.). Any adjustments to final compensation or adjusted final compensation shall take effect at the same time as any adjustments in the compensation schedule of active members. The provisions of the Pension Adjustment Act shall not apply to any pension based upon adjusted final compensation other than the fixed pension in effect at the conclusion of the 25-year period.

(2) In the event of accidental death occurring in the first year of creditable service, the benefits, payable pursuant to this subsection, shall be computed at the annual rate of compensation.

c. If there is no surviving spouse, child or parent, there shall be paid to any other beneficiary of the deceased member, his aggregate contributions at the time of death.

d. In no case shall the death benefits provided in subsection b. be less than that provided under subsection c.

e. In addition to the foregoing benefits payable under subsection a. or b., there shall also be paid in one sum to the member's beneficiary, an amount equal to 3 1/2 times final compensation.

f. (Deleted by amendment.)

g. (Deleted by amendment.)

h. In addition to the foregoing benefits, the State shall pay to the member's employer-sponsored health insurance program all health insurance premiums for the coverage of the member's surviving spouse and surviving children.

C.53:5A-14.2 Applicability of adjustment in survivors' benefits.

2. The adjustment in survivors' benefits pursuant to this act, P.L.2001, c.350, shall apply to benefit entitlements granted prior to and in effect on the effective date of this act but only for benefit payments after the effective date of this act. No surviving spouse or surviving child of a deceased member of the retirement system shall be granted a retroactive payment based upon the difference between the benefit the person would have received if the adjustment pursuant to this act had been applicable at the date of entitlement and the benefit that the surviving spouse or surviving child has received from the date of entitlement to the effective date of this act.

3. This act shall take effect immediately but the adjustment provided for in this act shall not begin until the first benefit payment following the 90th day after enactment.

Approved January 6, 2002.