

53:5A-8

LEGISLATIVE HISTORY CHECKLIST

NJSA: 53:5A-8

(State Police Retirement System Act--mandatory retirement at 55)

LAWS OF: 1985

CHAPTER: 175

Bill No: A3294

Sponsor(s): Zangari and others

Date Introduced: February 14, 1985

Committee: Assembly: -----

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

Amended during passage: No Substituted for S2777 (not attached since identical to A3294)

Date of Passage: Assembly: February 25, 1985

Senate: May 31, 1985

Date of Approval: May 31, 1985

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly No

Senate Yes

Fiscal Note: Yes

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

See newspaper clipping--attached

"U.S. challenges N.J.'s trooper retirement age," 6-12-85
Trenton Times.

"Mandatory retirement issue saps police morale," 2-10-85
Star Ledger.

(OVER)

CHAPTER 175 LAWS OF N. J. 1985
APPROVED 5-31-85

ASSEMBLY, No. 3294

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 14, 1985

By Assemblymen ZANGARI, KAVANAUGH, PATERNITI, OTLOWSKI, WEIDEL, ZIMMER, MARTIN, VILLANE, CUPROWSKI, FRELINGHUYSEN, PALAIA, Assemblywoman MUHLER, Assemblymen PENN, ZECKER, FELICE, KOSCO, SCHUBER, Assemblywoman COOPER, Assemblymen ROCCO, SHUSTED, GIRGENTI, ROD, Assemblywoman OGDEN, Assemblymen LOVEYS, LITTELL, MUZIANI, HAYTAIAN, HENDRICKSON, HOLLENBECK, VAINIERI, DORIA, ALBOHN, LARocca, M. ADUBATO, LONG, S. ADUBATO, THOMPSON, NAPLES, PANKOK, PELLY, MARSELLA, MAZUR, McENROE, BROWN, VISOTCKY, COLBURN, MILLER, BAER, KERN and ROONEY

AN ACT to amend the "State Police Retirement System Act," approved June 9, 1965 (P. L. 1965, c. 89).

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

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

3 8. *a. The Legislature finds and declares that the public health,*
4 *safety and welfare requires the ongoing health and fitness of all*
5 *members of the New Jersey State Police so that they may safely*
6 *and efficiently protect the public. The Legislature further finds and*
7 *declares that such continued health and fitness cannot be determined*
8 *except with reference to age, and therefore finds and concludes that*
9 *retirement of all members of the State Police at age 55, except as*
10 *provided for in subsection c. of this section, shall constitute a bona*
11 *fide occupational qualification which is reasonably necessary to the*
12 *normal operation of the State Police which qualification the Legis-*
13 *lature hereby promulgates and establishes.*

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.

14 *b.* Any member of the retirement system may retire on a service
15 retirement allowance upon the completion of at least 20 years of
16 creditable service as a State policeman *which includes the creditable*
17 *service of those members appointed to the Division of State Police*
18 *under section 3 of P. L. 1983, c. 403 (C. 39:2-9.3).* Upon the filing of
19 a written and duly executed application with the retirement system,
20 setting forth at what time, not less than one month subsequent to
21 the filing thereof, he desires to be retired, any such member retiring
22 for service shall receive a service retirement allowance which shall
23 consist of:

24 (1) An annuity which shall be the actuarial equivalent of his
25 aggregate contributions; and

26 (2) A pension in the amount which, when added to the member's
27 annuity, will provide a total retirement allowance of 50% of his
28 final compensation.

29 **[b.]** *c. Except for the Superintendent of State Police, any mem-*
30 *ber of the retirement system including a member appointed to the*
31 *State Police under section 3 of P. L. 1983, c. 403 (C. 39:2-9.3), who*
32 *has attained the age of 55 years shall be retired forthwith on the*
33 *first day of the next calendar month following the effective date of*
34 *this 1985 amendatory act. Any member of the retirement system*
35 *so retired shall receive a service retirement allowance pursuant to*
36 *this section or section 27 of P. L. 1965, c. 89 (C. 53:5A-27), as*
37 *appropriate.*

38 *d. Any member of the retirement system as of the effective date*
39 *of this act who is required to retire pursuant to subsection c. of*
40 *this section shall be entitled to continued health benefits coverage*
41 *during retirement as provided in the "New Jersey State Health*
42 *Benefits Program Act," P. L. 1961, c. 49 (C. 52:14-17.25 et seq.).*
43 *Notwithstanding the provisions of section 8 of P. L. 1961, c. 49 (C.*
44 *52:14-17.32), the State shall pay the premium or periodic charge*
45 *for the benefits provided to a member retiring under subsection c.*
46 *of this section with fewer than 25 years of service credited in the*
47 *retirement system, and his dependents covered under the program,*
48 *but not including survivors.*

49 *e. Any member of the retirement system as of the effective date*
50 *of this act who is required to retire pursuant to subsection c. of*
51 *this section shall be entitled to the retirement allowance provided*
52 *for by subsection b. of this section notwithstanding that the member*
53 *shall have fewer than 20 years creditable service.*

54 *f. Any member of the retirement system having more than 20*
55 *but less than 25 years of creditable service as of the effective date*
56 *of this act who is required to retire pursuant to subsection c. of*

"55 and out..." 8-9-85 Star Ledger.

"Police aging issues..." 6-24-85 Trenton Times.

See: Equal Employment Opportunity Commission v. State, Civil Action
Number 85-2905, filed 10-7-85.

For other clippings, see newspaper clipping file in New Jersey Reference Department,
"N.J - State Police - 1985".

57 *this section shall be entitled to the retirement allowance provided*
 58 *for by subsection b. of this section plus 2% of his final compensa-*
 59 *tion multiplied by the number of years of creditable service over*
 60 *20 but not over 25.*

61 **[c.]** *g.* Upon the receipt of proper proofs of the death of a mem-
 62 ber who has retired on a service retirement allowance, there shall
 63 be paid to the member's beneficiary an amount equal to one-half
 64 of the final compensation received by the member.

1 2. This act shall take effect 90 days following enactment.

STATEMENT

This bill amends the "State Police Retirement System Act," P. L. 1965, c. 89 (C. 53:5A-1 et seq.) in several areas. The bill contains a legislative declaration that age is a bona fide occupational qualification for service as a member of the State Police. The bill sets a mandatory retirement age of 55 for State Police officers, regardless of years of service. The Superintendent of State Police shall be exempted from the mandatory retirement age of 55.

The bill contains three "save-harmless" provisions for persons who are members of the State Police as of the effective date of the act. The State will be required to pay the premium or periodic charge for health benefits coverage for a member and his dependents, even though the member has less than 25 years of creditable service in the retirement system at the time of retirement. An affected member who has less than 20 years of creditable service at the time of retirement shall receive a retirement allowance of a member who retires with at least 20 years of creditable service. Finally, an affected member having more than 20 but less than 25 years of creditable service at the time of retirement shall receive a retirement allowance of a member who retires with at least 20 years of creditable service, plus 2% of final compensation for every year over 20 but not over 25.

A3294 (1985)

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

STATEMENT TO
ASSEMBLY, No. 3294

STATE OF NEW JERSEY

DATED: MARCH 14, 1985

This bill makes age a "bona fide occupational qualification" for service as a member of the State Police and establishes a mandatory retirement age of 55 for State Police officers. Only the Superintendent of State Police is exempted from mandatory retirement.

The bill also provides that:

1. Any member of the retirement system as of the effective date of this act who is required to retire shall be entitled to continued health benefits coverage during retirement and the State shall pay the benefit premiums for a member even if the member has less than 25 years of credited service.

2. Any member of the retirement system as of the effective date of this act who is required to retire shall be entitled to a retirement allowance of 50% of his final compensation even if the member has less than 20 years of creditable service.

3. Any member of the retirement system as of the effective date of this act who is required to retire and who has more than 20 but less than 25 years of creditable service shall, in addition to a retirement allowance of 50% of his final compensation, receive 2% of his final compensation multiplied by the number of years of creditable service over 20 but not more than 25.

The committee released the bill without recommendation.

FISCAL NOTE TO
ASSEMBLY, No. 3294

STATE OF NEW JERSEY

DATED: APRIL 11, 1985

Assembly Bill No. 3294 declares that age is a bona fide occupational requirement for service as a member of the State Police, and sets a mandatory retirement age of 55 for members of the State Police Retirement System. To protect current members who might be adversely affected by the bill, it contains three "save-harmless" provisions. Members forced to retire before obtaining 25 years of creditable service which would entitle them to free health benefits coverage for themselves and their dependents, would be entitled to free health care coverage. Members forced to retire before obtaining 20 years of creditable service which would entitle them to a retirement allowance of 50% of final salary, would be entitled to the retirement allowance based on 20 years of creditable service. Members with more than 20 years of creditable service forced to retire before obtaining 25 years of creditable service with no additional retirement allowance for the years of service over 20 years, would be entitled to an additional retirement allowance at the rate of 2% of final compensation for each year over 20 years. It has been determined that 62 current members of the State Police would be affected by the "save-harmless" provisions. These provisions would increase the cost to the State for health care benefits and retirement allowances for State Police officers.

HEALTH CARE BENEFITS:

The Division of Pensions has determined a composite monthly premium cost for State health benefits of \$106.00 per month, or \$1,272.00 per year. Based on actuarial retirement rates, the division estimated a lifetime present value cost of at least \$551,200.00 for State-paid benefits that would not otherwise occur if the members were to retire with fewer than 25 years service.

The division states that these costs would be spread irregularly over approximately 40 years as the members held harmless pass through the system and into retirement. These costs are on a pay-as-you-go basis and are not funded in advance.

RETIREMENT BENEFITS :

As a result of the bill's hold-harmless provisions for the 62 persons affected, the State as employer would incur additional retirement benefit costs based on slightly higher base pensions and correspondingly higher cost-of-living adjustments. In addition, the State would lose the value of member contributions to the retirement system for those years between the time when the member would be mandatorily retired at age 55 and when he might be expected to retire in the absence of a mandatory provision.

The Division of Pensions calculated average base benefit increases and contribution decreases for those affected, then determined a present value of future employer costs needed to cover these differences totalling \$224,767.00 (based on July 1, 1983 actuarial information). This present value cost was annualized to yield a forward-funded normal cost increase of \$27,061.00 due for the year ending June 30, 1985.

The division further calculated the lifetime present value of increased cost-of-living payments to be at least \$328,086.00, payable again over approximately 40 years on a pay-as-you-go basis.

SUMMARY :

The 62 active members of the State Police are those who, by being required to retire at age 55, might do so without otherwise having either (a) the necessary 20 years in the system to qualify for a 50% pension, or (b) the necessary 25 years in the system to qualify for a 60% pension and State-paid health benefits in retirement. These persons are at various stages of their career, meaning that the pay-as-you-go portion of the costs incurred on behalf of them (health benefits and cost-of-living adjustments) will take place over a period of years in the future. For this reason, the Division of Pensions has cautioned that annualizing the present value of future costs back to a current fiscal year basis is technically not practicable and is offered strictly for illustrative purposes.

The division estimates the total value of future increased payments to be \$1,104,053.00 or greater, but which would translate into an annual cost of under \$100,000.00, keeping in mind the above caution.

OFFICE OF LEGISLATIVE SERVICES COMMENTS :

The Office of Legislative Services notes that the Division of Pensions addresses the hold-harmless costs for the 62 current State Police members discussed above but does not treat the general issue of whether the reimposition of an age-55 mandatory retirement provision increases pension costs by retiring people who would otherwise continue working.

It is noted that the actuary for the State Police Retirement System did liberalize the actuarial assumptions pertaining to retirement rates following the enactment of P. L. 1983, c. 448, which abolished the previous mandatory retirement provisions for the State Police. The retirement tables are now extended to age 60 for all members, regardless of entry age, but at such marginal rates that there is implicitly an extremely small impact assumed for that slight percentage of State Police officers who might work past age 55, regardless of the absence of mandatory retirement.

With this assumption, the Office of Legislative Services concurs with the general magnitude of costs as presented by the Division of Pensions.

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