

43: 13-22.49a to 43: 13-22.49j

LEGISLATIVE HISTORY CHECKLIST

(PERS benefits-- certain elected officials.)

NJSA 43:13-22.49a to 43:13-22.49j

LAWS 1981

CHAPTER 565

Bill No. A1819

Sponsor(s) Codey

Date Introduced June 12, 1980

Committee: Assembly State Gov't, Federal & Interstate Relations & Veterans Affairs

Senate "

Amended during passage

Yes

Assembly committee substitute enacted

Date of Passage: Assembly Feb. 19, 1981

Senate June 8, 1981

Date of approval Jan. 18, 1982

Following statements are attached if available:

Sponsor statement	Yes	xxx
Committee Statement: Assembly	Yes	xxx
Senate	xxx	No
Fiscal Note	Yes	xxx
Veto Message	xxx	No
Message on signing	Yes	xxx

Following were printed:

Reports	xxx	No
Hearings	xxx	No

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Delaware legislation, as mentioned in sponsors' statement:
Del. Code Ann: Tit. 16 4752A (1981)

565 81
118-82

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 1819

STATE OF NEW JERSEY

ADOPTED FEBRUARY 9, 1981

SPONSORED BY ASSEMBLYMAN CODEY

A SUPPLEMENT to "An act to provide for the creation, setting apart, maintenance and administration of a city employees' retirement system in cities of the first class having, at the time of the enactment of this act, a population in excess of 400,000 inhabitants; and merging and superseding the provisions of pension funds established pursuant to article 2 of chapter 13, chapters 18 and 19, of Title 43 of the Revised Statutes, in said cities," approved November 22, 1954 (P. L. 1954, c. 218; C. 43:13-22.3 et seq.).

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

1 1. Notwithstanding the provisions of P. L. 1954, c. 218 (C.
2 43:13-22.3 et seq.) or any other law, the governing body of a city,
3 as defined by P. L. 1954, c. 218 (C. 43:13-22.3 et seq.), may adopt
4 an ordinance which makes elected officials of such city eligible for
5 the special retirement benefits provided by this act. Upon the adop-
6 tion of such an ordinance, all elected officials of the city shall
7 become members of the retirement system of the city.

1 2. A separate account shall be established in the pension fund
2 created pursuant to section 27 of P. L. 1954, c. 218 (C. 43:13-22.29)
3 for each elected official of the city, and all contributions based on
4 service as an elected official of the city shall be credited to this
5 account, as distinguished from any other account that the elected
6 official may have as a result of other public service covered by the
7 retirement system. The elected official shall contribute at a rate
8 equal to 5% of his official salary, which contribution shall be
9 deducted from his salary at the time or times it is paid, and which
10 shall be exclusive of any other contribution required of the member
11 for Social Security, contributory death benefits or deductions for
12 any other purpose.

13 An elected official of the city who is enrolled on the basis of other
14 public service before, during, or after his service as such an elected

15 official shall contribute for such other service at the rate of contribu-
16 tion required of other members of the system.

1 3. Notwithstanding any other law regarding the purchase of
2 service credit, an elected official of the city may purchase credit for
3 all previous service as such an elected official by paying into the
4 pension fund 5% of the salaries he received in such prior periods,
5 in which event he shall agree to make such purchase within 1 year
6 after the effective date of this supplementary act or during the first
7 year of service as an elected official in the city. If the request for
8 the purchase is received beyond the 1-year period, interest shall
9 be added to the amount of the arrearage obligation at an interest
10 rate to be determined by the pension commission after consultation
11 with the actuary. The purchase of service credit may be by lump
12 sum or in regular installments over a maximum period of 10 years.

13 In the case of any elected official of the city coming under the
14 provisions of this section, full pension credit for the period of
15 service for which arrears are being paid by the member shall be
16 given upon the payment of at least one-half of the total arrearage
17 obligation and the completion of 1 year of service as an elected
18 official of the city and the making of such arrears payments, except
19 that in the case of retirement pursuant to section 17 of P. L. 1954,
20 c. 218 (C. 43:13-22.19) and section 6 of P. L. 1972, c. 122 (C.
21 43:13-22.19a) and to this supplementary act, the total membership
22 credit for such service shall be in direct proportion as the amount
23 paid bears to the total amount of the arrearage obligation of the
24 member.

25 No member shall receive credit for any service as an elected
26 official of the city for which he has not contributed as required by
27 this section.

1 4. In the case of an elected official who is a member of the Public
2 Employees' Retirement System pursuant to section 75 of P. L. 1954,
3 c. 84 (C. 43:15A-75), all accumulated deductions standing to the
4 credit of such an official shall be remitted to the retirement system
5 of the city within 120 days following the receipt of the ordinance
6 as prescribed in section 10 of this supplementary act. Such deduc-
7 tions shall be adjusted for all years prior to the adoption of the
8 ordinance to determine either an overpayment or shortage in the
9 separate account on the basis of the percentage of salary provided
10 for in section 3 of this supplementary act. Overpayments shall be
11 refunded, and shortages shall be established as arrearage obliga-
12 tions to be satisfied in the same manner as any other arrearage
13 obligation established pursuant to section 3.

14 Within 180 days following the receipt of the ordinance, the pro-
 15 rata part of the reserve fund constituting the employer's obliga-
 16 tions under P. L. 1954, c. 84 (C. 43:15A-1 et seq.) applicable to the
 17 elected official's account shall be remitted to the retirement system
 18 of the city.

19 Interest at the rate of 6% per annum shall be added to the em-
 20 ployer's obligation if such moneys are not remitted within the
 21 periods prescribed by this section.

1 5. a. A member who shall have attained 60 years, upon retire-
 2 ment from service as an elected official of the city, shall receive a
 3 pension equal to 3% of final compensation as an elected official of
 4 the city for each year of creditable service as such an official. In
 5 no event shall the pension payable under this section exceed two-
 6 thirds of final compensation.

7 b. The death benefit provided in section 18 of P. L. 1954, c. 218
 8 (C. 43:13-22.20) shall apply in the case of any member retiring
 9 under the provisions of this section.

10 c. No member shall be eligible to retire pursuant to this section
 11 until he has terminated all public service covered by the retirement
 12 system.

1 6. A member who shall have served as an elected official of the
 2 city for at least 10 years and having made contributions therefor
 3 to the retirement system, and who ceases to be an elected official
 4 of the city for any reason other than death before reaching age 60,
 5 may, upon termination of such service as such an elected official
 6 and all other public service covered by the retirement system, elect
 7 to receive, in lieu of the payment provided in section 29 of P. L.
 8 1954, c. 218 (C. 43:13-22.31):

9 a. The payments provided for in section 6 of P. L. 1972, c. 122
 10 (C. 43:13-22.19a) if he so qualifies under the section; or

11 b. The payments provided for in section 17 of P. L. 1954, c. 218
 12 (C. 43:13-22.19) if he so qualifies under the section; or

13 c. A deferred pension, beginning on the first day of the month
 14 following his attainment of age 60 and the filing of an application
 15 therefor, which shall be equal to 3% of final compensation as an
 16 elected official for each year of creditable service as such an elected
 17 official.

18 The benefit payable pursuant to this section shall be subject to
 19 the maximum pension provisions of section 5 of this supplementary
 20 act.

1 7. A member making contributions pursuant to the provisions of
 2 this supplementary act who is not eligible for any benefits here-

3 under may, upon termination of such service as an elected official
4 of the city, elect to receive a refund of his contributions in accor-
5 dance with the provisions of section 29 of P. L. 1954, c. 218 (C.
6 43:13-22.31); but if an elected official of the city is a member of the
7 retirement system on the basis of other public service, no applica-
8 tion for a refund of contributions may be approved until he has
9 terminated all service covered by the system and makes application
10 for a refund of all contributions made to the retirement system. If
11 all or any part of a member's service as an elected official of the
12 city is applied toward qualifying for benefits under any other pro-
13 visions of P. L. 1954, c. 218 (C. 43:13-22.3 et seq.), no return of
14 contributions made on the basis of service as an elected official of
15 the city shall be approved; in that event, service established as an
16 elected official of the city and salaries pertaining thereto shall be
17 credited in the same manner as all other service and salaries
18 covered by the retirement system.

19 b. At the time of retirement, a member enrolled on the basis of
20 service as an elected official of the city as well as other public
21 service shall be permitted to elect the largest possible pension if he
22 qualifies for benefits under both the provisions of this supple-
23 mentary act and P. L. 1954, c. 218 (C. 43:13-22.3 et seq.). Upon the
24 election of the retirement benefits provided by service as an elected
25 official of the city by this supplementary act, an application for a
26 refund of contributions made on the basis of such other public
27 service may be approved.

28 c. An elected official of the city electing to receive a pension
29 under any other law of the State shall be ineligible to receive a
30 pension for the same service under this supplementary act or P. L.
31 1954, c. 218 (C. 43:13-22.3 et seq.).

1 8. a. If the governing body of the city later repeals the ordinance
2 which it enacted pursuant to section 1 of this supplementary act, a
3 member enrolled on the basis of service as an elected official shall,
4 upon filing an application therefor, receive a return of his contribu-
5 tions as an elected official pursuant to section 29 of P. L. 1954, c.
6 218 (C. 43:13-22.31) unless the member continues in the retire-
7 ment system pursuant to subsection b. of this section or has retired
8 pursuant to this act.

9 b. Any member who shall have served as an elected official of the
10 city for at least 10 years and contributed to the retirement system,
11 or who shall have attained the retirement age of 60, may continue to
12 avail himself of the special benefits provided by this supplementary
13 act, except that only creditable service rendered as an elected official

14 up to the time of the repeal of the ordinance shall be included for the
15 purposes of computing the special benefits.

16 c. In the case of an elected official of the city who retires pur-
17 suant to the provisions of this act and is receiving or is eligible to
18 receive the special benefits provided by this act, the repeal of the
19 ordinance by the governing body shall not affect the benefits which
20 such member is receiving or is eligible to receive, nor the obligation
21 of the city to fund those benefits.

1 9. Upon the repeal of the ordinance by the governing body of
2 the city, any elected official of the city who receives a refund of
3 his contributions to the retirement system may become a member of
4 the Public Employees' Retirement System pursuant to section 75
5 of P. L. 1954, c. 84 (C. 43:15A-75) and may purchase credit for
6 previous service as an elected official of the city pursuant to the
7 provisions of subsection b. of section 8 of P. L. 1954, c. 84 (C.
8 43:15A-8b.).

1 10. Upon the adoption of an ordinance pursuant to section 1 of
2 this supplementary act or the repeal of such an ordinance, the
3 governing body of the city shall make available to the Division of
4 Pensions a copy of the ordinance or the repeal, as the case may be.

1 11. This act shall take effect immediately.

ASSEMBLY, No. 1819

STATE OF NEW JERSEY

INTRODUCED JUNE 12, 1980

By Assemblyman CODEY

Referred to Committee on State Government, Federal and
Interstate Relations and Veterans Affairs

A SUPPLEMENT to the "Public Employees' Retirement System Act,"
approved June 28, 1954 (P. L. 1954, c. 84, C. 43:15A-1 et seq.) as
said short title was amended by P. L. 1971, c. 213.

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

1 1. As used in this act, "city of the first class" means a munici-
2 pality with a population of 380,000 or more according to the 1970
3 census.

1 2. The governing body of a city of first class may adopt an ordi-
2 nance which makes elected officials of such city eligible for the
3 special retirement benefits provided by this act; except that no
4 elected official shall be eligible to participate in this special program
5 until the governing body makes available to the Division of
6 Pensions a copy of said ordinance.

1 3. Upon the adoption of the ordinance and following its receipt
2 by the Division of Pensions, and notwithstanding the provisions of
3 sections 7 and 75 of P. L. 1954, c. 84 (C. 43:15A-7; 43:15A-75), all
4 elected officials of a city of first class shall become members of the
5 retirement system.

1 4. Notwithstanding the provisions of section 25 of P. L. 1954,
2 c. 84 (C. 43:15A-25), a separate account shall be established in
3 the annuity savings fund for each elected official of a city of the
4 first class and all contributions based on service as an elected
5 official of a city of the first class shall be credited to this account
6 as distinguished from any other account that the elected official
7 may have as a result of other public service covered by the retire-
8 ment system; and, the elected official shall contribute at a rate
9 equal to 5% of his official salary, which contribution shall be de-
10 ducted from his salary at the time or times it is paid, and which
11 shall be exclusive of any other contribution required of the mem-

12 ber for Social Security, contributory death benefits or deductions
13 for any other purpose.

14 An elected official of a city of the first class who is enrolled on
15 the basis of other public service before, during, or after his service
16 as such an elected official shall contribute for such other service
17 at the rate of contribution required of other members of the
18 system as provided by section 25 of P. L. 1954, c. 84 (C. 43:15A-25).

1 5. Notwithstanding any other law regarding the purchase of
2 service credit, an elected official of a city of the first class may pur-
3 chase credit for all previous service as such an elected official by
4 paying into the annuity savings fund 5% of the salaries he received
5 in such prior periods, in which event he shall agree to make such
6 purchase within 1 year after the effective date of this supplementary
7 act or during the first year of service as an elected official in a city
8 of the first class; if the request for the purchase is received beyond
9 the 1-year period, interest shall be added to the amount of the
10 arrearage obligation at the regular interest rate. The purchase
11 of service credit may be by lump sum or in regular installments
12 over a maximum period of 10 years.

13 In the case of any elected official of a city of the first class coming
14 under the provisions of this section, full pension credit for the
15 period of service for which arrears are being paid by the member
16 shall be given upon the payment of at least one-half of the total
17 arrearage obligation and the completion of 1 year of service as an
18 elected official of a city of the first class and the making of such
19 arrears payments, except that in the case of retirement pursuant
20 to sections 38, 41b, 48 and 61 of P. L. 1954, c. 84 (C. 43:15A-38,
21 43:15A-41b, 43:15A-48 and 43:15A-61) and to provisions of this
22 supplementary act, the total membership credit for such service
23 shall be in direct proportion as the amount paid bears to the total
24 amount of the arrearage obligation of the member.

25 The contributions of all elected officials of a city of the first class
26 related to their service as such elected officials shall be adjusted
27 for all years prior to the effective date of this supplementary act
28 to determine either an overpayment or shortage in the separate
29 account; requiring the payment of contributions at the percentage
30 of salary provided for in this section. Overpayments shall be re-
31 funded and shortages shall be established as arrearage obligations
32 to be satisfied in the same manner as any other arrearage obliga-
33 tion established pursuant to this section.

34 No member shall receive credit for any service as an elected
35 official of a city of the first class for which he has not contributed
36 as required by this section.

1 6. A member, who shall have attained 60 years, upon retirement
2 from service as an elected official of a city of the first class, shall
3 receive a retirement allowance consisting of:

4 a. An annuity which shall be the actuarial equivalent of his
5 accumulated deductions together with regular interest; and

6 b. A pension in the amount which, when added to the member's
7 annuity, will provide a total retirement allowance of 3% of final
8 compensation as an elected official of a city of the first class, for
9 each year of creditable service as such an official. In no event shall
10 the allowance payable under this section exceed two-thirds of final
11 compensation.

12 c. The death benefit provided in section 48c of P. L. 1954, c. 84
13 (C. 43:15A-48c) shall apply in the case of any member retiring
14 under the provisions of this section.

15 d. No member shall be eligible to retire pursuant to this section
16 until he has terminated all public service covered by the retire-
17 ment system.

1 7. A member, who shall have served as an elected official of a
2 city of the first class for at least 10 years and having made contri-
3 butions therefor to the retirement system and who ceases to be
4 an elected official of a city of the first class for any reason other
5 than death before reaching age 60, may, upon termination of such
6 service as such an elected official and all other public service cov-
7 ered by the retirement system elect to receive, in lieu of the pay-
8 ment provided in section 41a of P. L. 1954, c. 84 (C. 43:15A-41a):

9 a. The payments provided for in section 38 of P. L. 1954, c. 84
10 (C. 43:15A-38) if he so qualifies under said section; or

11 b. The payments provided for in section 41b of P. L. 1954, c. 84
12 (C. 43:15A-41b) if he so qualifies under said section; or

13 c. A deferred retirement allowance beginning on the first day
14 of the month following his attainment of age 60 and the filing of
15 an application therefore, which shall be made up of an annuity
16 derived from the member's accumulated deductions at the time of
17 termination of his service as an elected official of a city of the first
18 class and a pension in the amount which, when added to the mem-
19 ber's annuity, will provide a total retirement allowance of 3%
20 of final compensation as an elected official, for each year of credi-
21 table service as such an elected official.

22 The benefit payable pursuant to this section shall be subject to
23 the maximum allowance provisions of section 6 of this supplemen-
24 tary act.

25 The provisions for the exercise of optional privileges, the pay-
26 ment of accumulated contributions in the event of death before
27 obtaining service retirement age, and the death benefit in the event
28 of death following retirement, shall be those stipulated in section
29 38 of P. L. 1954, c. 84 (C. 43:15A-38) in the case of any elected
30 official of a city of the first class retiring under the provisions of
31 this section.

1 8. a. A member making contributions pursuant to the provisions
2 of this supplementary act and who is not eligible for any benefits
3 hereunder, may, upon termination of such service as an elected
4 official of a city of the first class, elect to receive the return of his
5 accumulated deductions in accordance with the provisions of sec-
6 tion 41a of P. L. 1954, c. 84 (C. 43:15A-41a); but if an elected
7 official of a city of the first class is a member of the retirement
8 system on the basis of other public service, no application for a
9 return of contributions may be approved until he has terminated
10 all service covered by the system and makes application for a re-
11 turn of all contributions made to the retirement system. If all or
12 any part of a member's service as an elected official of a city of
13 the first class is applied toward qualifying for benefits under any
14 other provisions of the act to which this act is a supplement, no
15 return of contributions made on the basis of service as an elected
16 official of a city of the first class shall be approved; in that event
17 service established as an elected official of a city of the first class
18 and salaries pertaining thereto shall be credited in the same man-
19 ner as all other service and salaries covered by the retirement
20 system.

21 b. At the time of retirement, a member enrolled on the basis of
22 service as an elected official of a city of the first class as well as
23 other public service shall be permitted to elect the largest possible
24 retirement allowance, if he qualifies for benefits under both the
25 provisions of this supplementary act and the act to which this
26 is a supplement. Upon the election of the retirement benefits pro-
27 vided by service as an elected official of a city of the first class
28 by this supplementary act, an application for a return of contri-
29 butions made on the basis of such other public service may be
30 approved.

31 c. An elected official of a city of the first class electing to receive
32 a retirement allowance under any other law of the State shall be
33 ineligible to receive a retirement allowance or pension for the
34 same under this supplementary act or the act to which this is a
35 supplement.

36 9. a. If the governing body of the city of the first class later
 37 repeals the ordinance which it enacted pursuant to section 2 of this
 38 act, any elected official who is a member of the retirement system
 39 at the time of such repeal may continue to avail himself of the
 40 special benefits provided by this act; except that only creditable
 41 service rendered as an elected official up to the time of the repeal of
 42 the ordinance shall be included for the purposes of computing the
 43 special benefits, and creditable service rendered as an elected official
 44 after the repeal of the ordinance shall be treated as any other public
 45 service covered by the act to which this act is a supplement for the
 46 purposes of determining retirement benefits under this act or the
 47 act to which this act is a supplement. Notwithstanding the pro-
 48 visions of the previous sentence, if the elected official is a nonveteran
 49 and is not a member of the retirement system as a result of some
 50 other public service, such official may terminate his membership in
 51 the retirement system and receive a return of his contributions pur-
 52 suant to section 41a of P. L. 1954, c. 84 (C. 43:15A-41a).

53 b. In the case of an elected official of a city of the first class who
 54 retires pursuant to the provisions of this act and is receiving or is
 55 eligible to receive the special benefits provided by this act, the
 56 repeal of the ordinance by the governing body shall not affect the
 57 benefits which such member is receiving or is eligible to receive.

1 10. Upon the repeal of the ordinance by the governing body of a
 2 city of the first class, the governing body shall inform the Division
 3 of Pensions of its action. Any elected official who continues his
 4 membership in the retirement system on the basis of his elective
 5 service shall have his rate of contribution readjusted by the board
 6 of trustees of the retirement system in accordance with the pro-
 7 visions of section 25 of P. L. 1954, c. 84 (C. 43:15A-25). The mem-
 8 ber's rate of contribution shall be set at that rate which he would
 9 have paid on the basis of his age at the time he was first enrolled
 10 in the retirement system on the basis of his service as an elected
 11 official.

1 11. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to establish separate retirement bene-
 fits in the Public Employees' Retirement System for a person who
 has rendered service as an elected official in a city of the first class
 with a population of 380,000. (Hereafter referred to as a city of the
 first class.) This bill permits the governing body of a city of the first
 class to provide at its option, for such benefits upon the adoption
 of an ordinance.

If such an ordinance is adopted, membership in the retirement system shall be mandatory for an elected official of a city of the first class and he shall be required to make contributions to the system in an amount equal to 5% of his official salary. The bill also contains a provision which permits an elected official to purchase previous service as an elected official in a city of the first class in an amount equal to 5% of the salaries received in such prior periods.

Upon attaining age 60, a member retiring on the basis of service as an elected official of a city of the first class shall receive a retirement allowance equal to 3% of his final compensation as an elected official for each year of creditable service as an elected official in a city of the first class.

A member with 10 years of service as an elected official in a city of the first class who ceases to serve in this capacity before attaining age 60, may elect to receive a deferred retirement allowance payable at age 60 in an amount equal to 3% of his final compensation as an elected official for each year of creditable service as an elected official in a city of the first class.

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

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1819

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 1981

This bill authorizes the establishment of separate retirement benefits in Newark's Employee Retirement System for elected officials of Newark (the mayor and the 9 councilmen) upon the adoption of an ordinance by the council. The benefits provided and the contributions required are similar to those applicable to members of the New Jersey Legislature.

If an ordinance is adopted, membership in Newark's retirement system is mandatory for an elected official of Newark, and he is required to make contributions of 5% of his salary as an official. Upon attaining the age of 60, such an official may retire and receive a retirement allowance equal to 3% of his final compensation as an elected official for each year of creditable service (but not more than two-thirds of that compensation).

A member with 10 years of service as an elected official of Newark who ceases to serve in this capacity prior to reaching the age of 60 may elect to receive a deferred retirement allowance payable at 60.

If the ordinance is ever repealed, an elected official with 10 years of service may, upon retirement, avail himself of the retirement benefits provided, but only service up to the time of repeal will be used for computing those benefits. Any official who has retired and is receiving retirement benefits will continue to receive those benefits. Any other official shall receive a refund of his contributions and may enroll in the Public Employees' Retirement System.

At present, Newark's elected officials are in the Social Security system but are not in any other retirement system on the basis of their elected service. (Most of the city's employees are in Newark's Employee Retirement System.) Each elected official could, however, join PERS as a *regular* member if he so wished. In that case, he would have to serve as mayor or councilman for 15 years in order to vest and obtain a retirement allowance at age 60, or he would have to be an elected official at age 60 in order to retire and receive a retirement allowance. The retirement benefit formula for regular PERS members is about 1.7% of final compensation times the number of years of service.

As originally introduced, Assembly Bill No. 1819 provided for the establishment of a separate account for Newark's elected officials in the Public Employees' Retirement System. It was the committee's judgment, however, that such an account more properly belongs in the Newark retirement system.

In its fiscal note on the original bill, the Division of Pensions estimated the total cost of this benefit to be 25% of salary. With the deduction of the 5% contribution from the official, this leaves the employer's share at 20%. On the basis of present salaries (\$52,500.00 for the mayor and \$24,500.00 for each councilman), the employer's cost would amount to \$54,600.00 yearly. If previous service as an elected official is purchased, an additional amount from the employer would be required.

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FISCAL NOTE TO
ASSEMBLY, No. 1819

STATE OF NEW JERSEY

DATED: JULY 29, 1980

Assembly Bill No. 1819 of 1980 supplements the act governing the Public Employees' Retirement System to establish a special retirement benefit for elected officials of the City of Newark and the benefit structure is modeled directly upon that provided to members of the State Legislature. The special benefits become effective upon the adoption of an ordinance by the governing body and notwithstanding the fact that the City of Newark has not adopted the Public Employees' Retirement System for all other members, the elected officials shall become members and shall be entitled to these unique benefits. The members will be eligible for 3% of final compensation for each year of service, but not more than $\frac{2}{3}$ of final compensation. He can purchase prior service credit at a rate of 5% of the salary he received in prior periods. Interest will be added to the obligation if he does not arrange for the purchase of such prior service within the first year of eligibility. If the member has 10 years of service, he should be eligible for deferred retirement payable at age 60. If the governing body repeals the ordinance, further service will be credited as any other public service covered by the act, but no one who has retired shall suffer any loss of benefits. The bill is to take effect immediately.

The Division of Pension comments:

"Three percent for each year of service is almost twice that currently granted to members of the Public Employees' Retirement System including the elected officials in the City of Newark. In addition we have the cost of vesting after only 10 years of service in contrast to 15 years. As the number of individuals who are entitled to these benefits is relatively small, we assume that there will be substantial selection by one or more of those eligible so that while we are normally considering the experience of elected officials in the Legislature with comparatively little service, this may not be the case among elected officials in the City of Newark. As a result we estimate the cost of this benefit at 25% of salary and after applying the 5% contribution made by the employees, we estimate the employer's share to be the difference or 20%. Twenty percent of total salary for the 10 individuals involved results in an increased cost of \$37,368.40.00 or a little more than \$3,700 a year

for each elected official. This must be compared to the \$960 currently paid by all employers in the retirement system.

"To the extent that one or more of these elected officials have substantial service which they will be purchasing at the rate of 5% of salary, the cost to the employer will be 20% of salary for each year and therefore if all of the elected officials were to purchase an average of 10 years of such service, the cost would be 10 times the figure indicated above or about \$375,000.

"In addition there would be added costs to the public because of the Pension Adjustment Program as the adjustment would be substantially larger as the benefit realized by the member would likewise be larger.

"There are obvious additional cost implications if elected officials in all communities were to obtain similar, special benefits."

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

A-1649, also by Assemblyman Doyle, permitting the governing body of a county to appoint two additional members to a county library commission. County Library Commissions currently consisted of five unpaid members, serving five year terms, who are responsible for establishing and maintaining libraries within the appropriations made by a county.

This bill is in response to a recommendation by the County and Municipal Government Study (Musto) Commission, which recommended making the seven-member commission mandatory.

A-53, sponsored by Assemblyman Herman Costello (D-Burlington), providing that first-party benefits under the New Jersey no-fault insurance laws will not be collected for the purposes of paying off a debt of the insured.

First-person benefits under the no-fault laws are, for example, medical expense, survivor, income continuation or essential service benefits. Levies, executions, and debt attachments on those benefits are prohibited by the bill.

A-2063, sponsored by Assemblyman James W. Bornheimer (D-Middlesex), amending the "Mortgage Guaranty Insurance Act" and permitting mortgage insurance to be issued for residential dwellings occupied by more than four families, for commercial and industrial buildings, and for coverage on certain rented and leased properties.

The bill lifts some prohibitions on the issuance of mortgage insurance policies, and is expected to facilitate the financing of multi-family housing and industrial and commercial buildings.

A-1819, sponsored by Assemblyman Richard J. Codey (D-Essex), authorizing the establishment of a separate retirement benefits system in Newark's Employee Retirement System for elected officials of Newark--the Mayor and the nine councilmen. Adoption of such a system would be contingent upon the passage of a city ordinance.

Newark's elected officials currently have no pension system other than Social Security. Membership in the new system would be mandatory, with the officials contributing 5-percent of their salary as an official.