

43:16A-63 to 65

LEGISLATIVE HISTORY CHECKLIST

NJSA 43:16A-63 to 43:16A-65

Laws of 1975 Chapter 203

Bill No. A1752

Sponsor(s) Florio

Date Introduced May 13, 1974

Committee: Assembly Appropriations

Senate County & Municipal Gov't.

Amended during passage Yes *~~Yes~~ Amendments during passage denoted by asterisks

Date of passage: Assembly January 27, 1975

Senate May 8, 1975

Date of approval February 2, 1976

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly ~~Yes~~ No

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

10/4/76
1077

CHAPTER 303 LAWS OF N. J. 19 75

APPROVED 2-2-76

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1752

STATE OF NEW JERSEY

INTRODUCED MAY 13, 1974

By Assemblyman FLORIO

Referred to Committee on Appropriations

AN ACT to amend **and supplement** "An act concerning the Police and Firemen's Retirement System, providing for membership therein by certain law enforcement officers and revising parts of the statutory law," approved June 1, 1973 (P. L. 1973, c. 156).

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

1 1. Section 4 of P. L. 1973, c. 156 (C. 43:16A-63) is amended to
2 read as follows:

3 4. a. An eligible officer who is a member of the Public
4 Employees' Retirement System *or of a county pension fund created*
5 *under *P. L. 1943, c. 160 (C. 43:10-18.1 et seq.), or* P. L. 1948,*
6 *c. 310 (C. 43:10-18.50 et seq.) or article 2 of chapter 10 of Title 43*
7 *of the Revised Statutes (R. S. 43:10-19 et seq.), hereinafter re-*
8 *ferred to as a "county pension fund"* shall be permitted to transfer
9 his membership in said fund to the Police and Firemen's Retirement
10 System of New Jersey by waiving all rights and benefits
11 which would otherwise be provided by the Public Employees' Retirement
12 System *or a county pension fund*. Any such officer will
13 likewise be permitted to continue his membership in the Public
14 Employees' Retirement System *or a county pension fund* by waiv-
15 ing all rights and benefits which would otherwise be provided by
16 the Police and Firemen's Retirement System. Such waivers shall
17 be accomplished by filing forms satisfactory to the New Jersey
18 Division of Pensions, which is responsible for the administration
19 of the Police and Firemen's Retirement System, within 90 days of
20 the effective date of this **1975 amendatory and supplementary**
21 act. In the absence of the filing of a timely waiver by any eligible

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

22 officer his pension status shall remain unchanged and his member-
 23 ship shall not be transferred to the Police and Firemen's Retire-
 24 ment System.

25 b. Each new officer who begins employment following the effec-
 26 tive date of this **1975 amendatory and supplementary** act, shall
 27 be required to enroll in the Police and Firemen's Retirement
 28 System of New Jersey as a condition of employment, provided he
 29 is otherwise eligible for membership by meeting the appointment,
 30 age, and health prescriptions required of all members. As of the
 31 effective date of this **1975 amendatory and supplementary** act,
 32 the eligibility of membership for such new officers in the Public
 33 Employees' Retirement System or a county pension fund named in
 34 paragraph a. above shall be terminated and the membership re-
 35 quirements of such other fund will be deemed satisfied by the
 36 enrollment of such employees in the Police and Firemen's Retire-
 37 ment System.

1 2. Section 5 of P. L. 1973, c. 156 (C. 43:16A-64) is amended to
 2 read as follows:

3 5. Within 120 days following the effective date of this **1975*
 4 *amendatory and supplementary** act the Public Employees' Retire-
 5 ment System or a county pension fund shall remit to the Police and
 6 Firemen's Retirement System of New Jersey all accumulated
 7 deductions standing to the credit of each transferred employee as
 8 members of such [fund] funds, and within 180 days following the
 9 effective date of this **1975 amendatory and supplementary** act
 10 remit the pro rata part of the reserve fund constituting the em-
 11 ployer's obligations under the former system applicable to such
 12 employee's account, and the Police and Firemen's Retirement
 13 System shall then enter the respective sums so remitted to it to the
 14 credit of such employee in the Annuity Savings Fund and to the
 15 credit of the employer in the Pension Accumulation Fund of the
 16 Police and Firemen's Retirement System of New Jersey.

1 3. Section 6 of P. L. 1973, c. 156 (C. 43:16A-65) is amended to
 2 read as follows:

3 6. The transferred employees thereby affected shall be members
 4 of the Police and Firemen's Retirement System and deductions
 5 from their salaries and contributions on their behalf shall there-
 6 after be made as required by the act creating such system for
 7 members thereof. Such transferred employees shall have the same
 8 contribution obligation and enjoy the same rights and benefits of
 9 all other members of the system except as provided by this **1975*
 10 *amendatory and supplementary** act. Any credit for public service

11 which had been established in the Public Employees' Retirement
12 System *or a county pension fund* by the transferred employee shall
13 be established in the Police and Firemen's Retirement System.

14 Upon the transfer of membership to the Police and Firemen's
15 Retirement System under the provisions of this **1975 amendatory
16 and supplementary** act, the rate of contribution of such member
17 shall be determined by the rates payable by other members, except
18 that the number of years of credited service in the former pension
19 fund shall be deducted from the member's current age in order to
20 fix the age upon which the rate of contribution is based.

21 All outstanding obligations such as loans, purchases, and other
22 arrearages shall be met by the transferred employees as previously
23 scheduled for payment to the Public Employees' Retirement
24 System *or a county pension fund*.

1 4. Section 7 of P. L. 1973, c. 156 (C. 43:16A-66) is amended to
2 read as follows:

3 7. a. Any person becoming a member of the Police and Fire-
4 men's Retirement System pursuant to the provisions of this
5 **1975 amendatory and supplementary** act shall not be allowed any
6 of the group life insurance benefits if on the date he files an applica-
7 tion for enrollment he is 55 or more years of age, unless he
8 furnishes satisfactory evidence of insurability and on the effective
9 date of membership is actively at work and performing all his
10 regular duties at his customary place of employment. The effective
11 date of coverage for such benefits shall be the first day of the month
12 which immediately follows the date when such evidence is deter-
12A mined to be satisfactory.

13 b. Such evidence of insurability will not be required of any
14 person becoming a member upon transfer from the Public
15 Employees' Retirement System *or a county pension fund*, if the
16 transferring employee was covered by such benefits in the latter
17 system at the time of the transfer. If such transferring employee
18 was not covered by such benefits at the time of the transfer, he
19 may be allowed the benefits under the group life insurance policy
20 or policies subject to the provisions of subsection a. of this section;
21 provided, however, that any such employee must furnish satis-
22 factory evidence of insurability under the provisions of sub-
23 section a. of this section, if he had been unable or failed to give
24 such evidence as a member of the Public Employees' Retirement
25 System *or a county pension fund*.

1 *5. *The actuary of the Police and Firemen's Retirement System*
2 *shall calculate, and the employer of employees transferring into*
3 *the system pursuant to this 1975 amendatory and supplementary*
4 *act shall be liable, in the manner provided in section 8 of P. L.*
5 *1973, c. 156 (C. 43:16A-67), for the difference between the amounts*
6 *remitted into the system and the amounts required by the system.*
7 *The chief fiscal officer of the employer shall transmit such informa-*
8 *tion as shall be required by the New Jersey Division of Pensions to*
9 *comply with the provisions of this 1975 amendatory and supple-*
10 *mentary act.**

1 ***[5.]*** *6.* *This act shall take effect immediately.*

ASSEMBLY, No. 1752

STATE OF NEW JERSEY

INTRODUCED MAY 13, 1974

By Assemblyman FLORIO

Referred to Committee on Appropriations

AN ACT to amend "An act concerning the Police and Firemen's Retirement System, providing for membership therein by certain law enforcement officers and revising parts of the statutory law," approved June 1, 1973 (P. L. 1973, c. 156).

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

1 1. Section 4 of P. L. 1973, c. 156 (C. 43:16A-63) is amended to
2 read as follows:

3 4. a. An eligible officer who is a member of the Public
4 Employees' Retirement System *or of a county pension fund created*
5 *under P. L. 1948, c. 310 (C. 43:10-18.50 et seq.) or article 2 of*
6 *chapter 10 of Title 43 of the Revised Statutes (R. S. 43:10-19*
7 *et seq.), hereinafter referred to as a "county pension fund"* shall
8 be permitted to transfer his membership in said fund to the Police
9 and Firemen's Retirement System of New Jersey by waiving all
10 rights and benefits which would otherwise be provided by the
11 Public Employees' Retirement System *or a county pension fund.*
12 Any such officer will likewise be permitted to continue his member-
13 ship in the Public Employees' Retirement System *or a county*
14 *pension fund* by waiving all rights and benefits which would other-
15 wise be provided by the Police and Firemen's Retirement System.
16 Such waivers shall be accomplished by filing forms satisfactory to
17 the New Jersey Division of Pensions, which is responsible for the
18 administration of the Police and Firemen's Retirement System,
19 within 90 days of the effective date of this act. In the absence of
20 the filing of a timely waiver by any eligible officer his pension status
21 shall remain unchanged and his membership shall not be trans-
22 ferred to the Police and Firemen's Retirement System.

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

23 b. Each new officer who begins employment following the effective
 24 date of this act, shall be required to enroll in the Police and
 25 Firemen's Retirement System of New Jersey as a condition of
 26 employment, provided he is otherwise eligible for membership by
 27 meeting the appointment, age, and health prescriptions required
 28 of all members. As of the effective date of this act, the eligibility
 29 of membership for such new officers in the Public Employees'
 30 Retirement System *or a county pension fund named in paragraph a.*
 31 *above* shall be terminated and the membership requirements of
 32 such other fund will be deemed satisfied by the enrollment of such
 33 employees in the Police and Firemen's Retirement System.

1 2. Section 5 of P. L. 1973, c. 156 (C. 43:16A-64) is amended to
 2 read as follows:

3 5. Within 120 days following the effective date of this act the
 4 Public Employees' Retirement System *or a county pension fund*
 5 shall remit to the Police and Firemen's Retirement System of
 6 New Jersey all accumulated deductions standing to the credit of
 7 each transferred employee as members of such **[fund]** *funds*, and
 8 within 180 days following the effective date of this act remit the
 9 pro rata part of the reserve fund constituting the employer's obliga-
 10 tions under the former system applicable to such employee's
 11 account, and the Police and Firemen's Retirement System shall
 12 then enter the respective sums so remitted to it to the credit of
 13 such employee in the Annuity Savings Fund and to the credit of the
 14 employer in the Pension Accumulation Fund of the Police and
 15 Firemen's Retirement System of New Jersey.

1 3. Section 6 of P. L. 1973, c. 156 (C. 43:16A-65) is amended to
 2 read as follows:

3 6. The transferred employees thereby affected shall be members
 4 of the Police and Firemen's Retirement System and deductions
 5 from their salaries and contributions on their behalf shall there-
 6 after be made as required by the act creating such system for
 7 members thereof. Such transferred employees shall have the same
 8 contribution obligation and enjoy the same rights and benefits of
 9 all other members of the system except as provided by this act.
 10 Any credit for public service which had been established in the
 11 Public Employees' Retirement System *or a county pension fund* by
 12 the transferred employee shall be established in the Police and
 13 Firemen's Retirement System.

14 Upon the transfer of membership to the Police and Firemen's
 15 Retirement System under the provisions of this act, the rate of
 16 contribution of such member shall be determined by the rates pay-

17 able by other members, except that the number of years of credited
18 service in the former pension fund shall be deducted from the
19 member's current age in order to fix the age upon which the rate
20 of contribution is based.

21 All outstanding obligations such as loans, purchases, and other
22 arrearages shall be met by the transferred employees as previously
23 scheduled for payment to the Public Employees' Retirement
24 System *or a county pension fund*.

1 4. Section 7 of P. L. 1973, c. 156 (C. 43:16A-66) is amended to
2 read as follows:

3 7. a. Any person becoming a member of the Police and Fire-
4 men's Retirement System pursuant to the provisions of this act
5 shall not be allowed any of the group life insurance benefits if on
6 the date he files an application for enrollment he is 55 or more
7 years of age, unless he furnishes satisfactory evidence of insur-
8 ability and on the effective date of membership is actively at work
9 and performing all his regular duties at his customary place of
10 employment. The effective date of coverage for such benefits shall
11 be the first day of the month which immediately follows the date
12 when such evidence is determined to be satisfactory.

13 b. Such evidence of insurability will not be required of any
14 person becoming a member upon transfer from the Public
15 Employees' Retirement System *or a county pension fund*, if the
16 transferring employee was covered by such benefits in the latter
17 system at the time of the transfer. If such transferring employee
18 was not covered by such benefits at the time of the transfer, he
19 may be allowed the benefits under the group life insurance policy
20 or policies subject to the provisions of subsection a. of this section;
21 provided, however, that any such employee must furnish satis-
22 factory evidence of insurability under the provisions of sub-
23 section a. of this section, if he had been unable or failed to give
24 such evidence as a member of the Public Employees' Retirement
25 System *or a county pension fund*.

1 5. This act shall take effect immediately.

STATEMENT

P. L. 1973, c. 156 provided for certain State and county police officers to transfer from the Public Employees' Retirement System to the Police and Firemen's Retirement System. This bill would extend such privilege also to such officers as county detectives who are members of county pension funds rather than the Public Employees' Retirement System.

[SENATE REPRINT]

ASSEMBLY, No. 1752

with Senate committee amendments adopted April 24, 1975

STATE OF NEW JERSEY

INTRODUCED MAY 13, 1974

By Assemblyman FLORIO

Referred to Committee on Appropriations

AN ACT to amend **and supplement** "An act concerning the Police and Firemen's Retirement System, providing for membership therein by certain law enforcement officers and revising parts of the statutory law," approved June 1, 1973 (P. L. 1973, c. 156).

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

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4 Employees' Retirement System *or of a county pension fund created*
5 *under *P. L. 1943, c. 160 (C. 43:10-18.1 et seq.), or* P. L. 1948,*
6 *c. 310 (C. 43:10-18.50 et seq.) or article 2 of chapter 10 of Title 43*
7 *of the Revised Statutes (R. S. 43:10-19 et seq.), hereinafter re-*
8 *ferred to as a "county pension fund"* shall be permitted to transfer
9 his membership in said fund to the Police and Firemen's Retirement
10 System of New Jersey by waiving all rights and benefits
11 which would otherwise be provided by the Public Employees' Retirement
12 System *or a county pension fund*. Any such officer will
13 likewise be permitted to continue his membership in the Public
14 Employees' Retirement System *or a county pension fund* by waiv-
15 ing all rights and benefits which would otherwise be provided by
16 the Police and Firemen's Retirement System. Such waivers shall
17 be accomplished by filing forms satisfactory to the New Jersey
18 Division of Pensions, which is responsible for the administration
19 of the Police and Firemen's Retirement System, within 90 days of
20 the effective date of this **1975 amendatory and supplementary**
21 act. In the absence of the filing of a timely waiver by any eligible

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22 officer his pension status shall remain unchanged and his member-
 23 ship shall not be transferred to the Police and Firemen's Retire-
 24 ment System.

25 b. Each new officer who begins employment following the effec-
 26 tive date of this **1975 amendatory and supplementary** act, shall
 27 be required to enroll in the Police and Firemen's Retirement
 28 System of New Jersey as a condition of employment, provided he
 29 is otherwise eligible for membership by meeting the appointment,
 30 age, and health prescriptions required of all members. As of the
 31 effective date of this **1975 amendatory and supplementary** act,
 32 the eligibility of membership for such new officers in the Public
 33 Employees' Retirement System *or a county pension fund named in*
 34 *paragraph a. above* shall be terminated and the membership re-
 35 quirements of such other fund will be deemed satisfied by the
 36 enrollment of such employees in the Police and Firemen's Retire-
 37 ment System.

1 2. Section 5 of P. L. 1973, c. 156 (C. 43:16A-64) is amended to
 2 read as follows:

3 5. Within 120 days following the effective date of this **1975*
 4 *amendatory and supplementary** act the Public Employees' Retire-
 5 ment System *or a county pension fund* shall remit to the Police and
 6 Firemen's Retirement System of New Jersey all accumulated
 7 deductions standing to the credit of each transferred employee as
 8 members of such **[fund]** *funds*, and within 180 days following the
 9 effective date of this **1975 amendatory and supplementary** act
 10 remit the pro rata part of the reserve fund constituting the em-
 11 ployer's obligations under the former system applicable to such
 12 employee's account, and the Police and Firemen's Retirement
 13 System shall then enter the respective sums so remitted to it to the
 14 credit of such employee in the Annuity Savings Fund and to the
 15 credit of the employer in the Pension Accumulation Fund of the
 16 Police and Firemen's Retirement System of New Jersey.

1 3. Section 6 of P. L. 1973, c. 156 (C. 43:16A-65) is amended to
 2 read as follows:

3 6. The transferred employees thereby affected shall be members
 4 of the Police and Firemen's Retirement System and deductions
 5 from their salaries and contributions on their behalf shall there-
 6 after be made as required by the act creating such system for
 7 members thereof. Such transferred employees shall have the same
 8 contribution obligation and enjoy the same rights and benefits of
 9 all other members of the system except as provided by this **1975*
 10 *amendatory and supplementary** act. Any credit for public service

11 which had been established in the Public Employees' Retirement
12 System *or a county pension fund* by the transferred employee shall
13 be established in the Police and Firemen's Retirement System.

14 Upon the transfer of membership to the Police and Firemen's
15 Retirement System under the provisions of this **1975 amendatory
16 and supplementary** act, the rate of contribution of such member
17 shall be determined by the rates payable by other members, except
18 that the number of years of credited service in the former pension
19 fund shall be deducted from the member's current age in order to
20 fix the age upon which the rate of contribution is based.

21 All outstanding obligations such as loans, purchases, and other
22 arrearages shall be met by the transferred employees as previously
23 scheduled for payment to the Public Employees' Retirement
24 System *or a county pension fund*.

1 4. Section 7 of P. L. 1973, c. 156 (C. 43:16A-66) is amended to
2 read as follows:

3 7. a. Any person becoming a member of the Police and Fire-
4 men's Retirement System pursuant to the provisions of this
5 **1975 amendatory and supplementary** act shall not be allowed any
6 of the group life insurance benefits if on the date he files an applica-
7 tion for enrollment he is 55 or more years of age, unless he
8 furnishes satisfactory evidence of insurability and on the effective
9 date of membership is actively at work and performing all his
10 regular duties at his customary place of employment. The effective
11 date of coverage for such benefits shall be the first day of the month
12 which immediately follows the date when such evidence is deter-
12A mined to be satisfactory.

13 b. Such evidence of insurability will not be required of any
14 person becoming a member upon transfer from the Public
15 Employees' Retirement System *or a county pension fund*, if the
16 transferring employee was covered by such benefits in the latter
17 system at the time of the transfer. If such transferring employee
18 was not covered by such benefits at the time of the transfer, he
19 may be allowed the benefits under the group life insurance policy
20 or policies subject to the provisions of subsection a. of this section;
21 provided, however, that any such employee must furnish satis-
22 factory evidence of insurability under the provisions of sub-
23 section a. of this section, if he had been unable or failed to give
24 such evidence as a member of the Public Employees' Retirement
25 System *or a county pension fund*.

1 *5. *The actuary of the Police and Firemen's Retirement System*
2 *shall calculate, and the employer of employees transferring into*
3 *the system pursuant to this 1975 amendatory and supplementary*
4 *act shall be liable, in the manner provided in section 8 of P. L.*
5 *1973, c. 156 (C. 43:16A-67), for the difference between the amounts*
6 *remitted into the system and the amounts required by the system.*
7 *The chief fiscal officer of the employer shall transmit such informa-*
8 *tion as shall be required by the New Jersey Division of Pensions to*
9 *comply with the provisions of this 1975 amendatory and supple-*
10 *mentary act.**

1 ***[5.]*** *6.* This act shall take effect immediately.

SENATE COMMITTEE AMENDMENTS TO
ASSEMBLY, No. 1752

STATE OF NEW JERSEY

ADOPTED APRIL 24, 1975

Amend page 1, title, line 1, after "to amend", insert "and supplement".

Amend page 1, section 1, line 5, after "under", insert "P. L. 1943, cc. 160 (C. 43:10-18.1 et seq.), or".

Amend page 1, section 1, line 19, after "this", insert "1975 amendatory and supplementary".

Amend page 2, section 1, line 24, after "this", insert "1975 amendatory and supplementary".

Amend page 2, section 1, line 28, after "this", insert "1975 amendatory and supplementary".

Amend page 2, section 2, line 3, after "this", insert "1975 amendatory and supplementary".

Amend page 2, section 2, line 8, after "this", insert "1975 amendatory and supplementary".

Amend page 2, section 3, line 9, after "this", insert "1975 amendatory and supplementary".

Amend page 2, section 3, line 15, after "this", insert "1975 amendatory and supplementary".

Amend page 3, section 4, line 4, after "this", insert "1975 amendatory and supplementary".

Amend page 3, section 4, line 25, after line 25, insert as follows:

"5. The actuary of the Police and Firemen's Retirement System shall calculate, and the employer of employees transferring into the system pursuant to this 1975 amendatory and supplementary act shall be liable, in the manner provided in section 8 of P. L. 1973, c. 156 (C. 43:16A-67), for the difference between the amounts remitted into the system and the amounts required by the system. The chief fiscal officer of the employer shall transmit such information as shall be required by the New Jersey Division of Pensions to comply with the provisions of this 1975 amendatory and supplementary act."

Amend page 3, section 5, line 1, omit "5.", insert "6."

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1752
with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 24, 1975

Assembly Bill No. 1752 authorizes any person in any of the several categories of county detectives or sheriff's officers defined in section 1 of P. L. 1973, c. 156 (C. 43:16A-1) who are presently enrolled in a county pension system for detectives organized pursuant to R. S. 43:10-19 et seq., and county detectives and sheriff's officers in a county fund organized pursuant to P. L. 1948, c. 310 (C. 43:10-18.50 et seq.)—i.e., Passaic County—to transfer to the Police and Firemen's Retirement System (PFRS).

The terms of such transfer shall be the same as those authorized for sheriff's officers and detectives who were permitted by chapter 156 of P. L. 1973 to transfer from the Public Employees' Retirement System to the Police and Firemen's Retirement System. The terms of the bill include: the filing of an application for transfer within 90 days of the effective date of the act, the closing out to new members of any still operative county pension funds for detectives and a requirement that each county pay into PFRS the amount of moneys paid by the employer and employee into the county fund for each transferee.

The purpose of this bill is to grant to sheriff's officers and county detectives enrolled in county pension systems the same option of transferring into the Police and Firemen's Retirement System that was accorded, by P. L. 1973, c. 316, to sheriff's officers and detectives who were, at the time of that law's enactment, enrolled in the Public Employees' Retirement System.

The Senate Committee amendments make some technical changes in the bill and extend the provisions of the bill to sheriff's officers enrolled in the county pension fund of a county of the first class with a population of over 800,000 (R. S. 43:10-18.1 et seq.)—that is to say, Essex County.

FISCAL NOTE TO
ASSEMBLY, No. 1752

STATE OF NEW JERSEY

DATED: JUNE 9, 1975

Assembly Bill No. 1752, with Senate Committee Amendments, provides for certain State and county police officers to transfer from the Public Employees' Retirement System to the Police and Firemen's Retirement System.

In commenting on the legislation in its original form, the Division of Pensions made the following statement:

"This legislation presents us with a substantial problem in the preparation of a fiscal note because we know very little about the county pension funds involved. The first cited by the legislation is the Passaic county retirement system while the second group involves county detective pension funds established in eleven counties. The fiscal requirements involve the remittance of all accumulated deductions for those members who transfer to the Police and Firemen's Retirement System, the establishment of the contributions for employees as members of the Police and Firemen's Retirement System, the transfer of a pro rata part of the reserve fund constituting the employer's obligation under the former system, and the payment to the Police and Firemen's Retirement System of the new obligation created by the membership of these transferring employees as well as the compulsory enrollment of all newly employed eligible persons.

"Under the previous legislation we had individuals transferring from the Public Employees' Retirement System where the average rate of contribution for the member was not materially different than that he will be required to pay in the Police and Firemen's Retirement System. In the case of the county fund, the employee may be paying 3 percent of salary and since these funds were not established on a sound basis, there are no reserves to transfer to establish his accumulated deductions or to transfer the employer's share of the reserve requirements of the local system. Thus where the Public Employees' Retirement System member was paying about 6 percent of salary and he is going to pay about 7 percent in the Police and Firemen's Retirement System and where his employer's contribution had been set aside

in the reserves of the Public Employees' Retirement System and they totaled about 9 percent of salary and such employer contributions are now going to be increased to about 15 percent of salary, the status of employees and employers under this legislation in these local funds is quite different. The member of these local funds paid only 3 percent and his employer paid a matching amount and none of this money exists because it has been paid to meet the current pension payroll for those previously retired.

Therefore, the employee will increase his contribution from 3 to about 7 percent and the employer will increase his contribution from 3 percent to much more than 15 percent because he has to provide all of the remaining reserves to be credited both to the employee's and the employer's accounts. Thus the employers under this legislation will not only have to make good on their promise to pay the benefits to those who were retired by these local funds in the past but also make sufficient contributions to the Police and Firemen's Retirement System to pay for the previous service of all the individuals who transfer since there are no reserves which will be transferred on their behalf. This will approximate 22 percent of salary for each year of credit to be established. In addition, these employers will also be required to pay the current cost for those who transfer as well as for new employees.

"We have no way of estimating the actual cost for each of the counties involved because we have no information as to the number of individuals participating in these local funds and who are going to be eligible to transfer as a result of this legislation. However, obviously the cost will be completely borne by the employer and this will be substantial for each individual who does transfer, thereby constituting a windfall for these individuals as distinguished from those transferred pursuant to Chapter 156 as former members of the Public Employees' Retirement System. We would like to point out that while the legislation refers to members of county detective funds as they actually exist in eleven counties, the legislation is going to have a much broader effect in the Passaic County Retirement System since this will not only involve detectives but all other eligible officers, such as those in the police, park police, sheriff's office, county investigation, etc.

"In summary then, this legislation used the language that had been adopted for the transfer of a large group of eligible public employees from one State system to another, from one fully funded program to another. The adaptation of such language as it applies to systems which are not funded and do not have the reserves to be transferred results in substantial costs, perhaps as much as 25 percent of salary

for each year of credit to be established and as a consequence provides substantial windfalls to those who might transfer in contrast to those who transferred under previous legislation.”

The Division of Pensions now further comments:

“Under terms of the amendments, the employees in Essex County, the largest of the counties, have been added. We presume that this has increased the eligible population by approximately 50%.

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