52:14-17.321

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2003 **CHAPTER:** 128

NJSA: 52:14-17.321 (Retirement benefits—certain employees)

BILL NO: A2639 (Substituted for S1892)

SPONSOR(S): Sires and Doria

DATE INTRODUCED: June 30, 2002

COMMITTEE: **ASSEMBLY:** State Government; Appropriations

SENATE: Budget

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 12, 2003

SENATE: June 30, 2003

DATE OF APPROVAL: July 14, 2003

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (2nd reprint enacted)
(Amendments during passage denoted by superscript numbers)

A2639

SPONSORS STATEMENT: (Begins on page 6 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY**: Yes 5-8-2003 (State Govt.)
5-20-2003 (Approp)

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S1892

SPONSORS STATEMENT: (Begins on page 6 of original bill) Yes
Bill and Sponsors Statement identical to A2639

COMMITTEE STATEMENT: **ASSEMBLY**: No

SENATE: Yes
Identical to Assembly Appropriations Statement for A2639

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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§§1-13 - T&E
§15 - C.52:14-17.32l

P.L. 2003, CHAPTER 128, ***approved July 14, 2003***
Assembly, No. 2639 ***(Second Reprint)***

AN ACT concerning retirement benefits for certain employees of public employers other than the State and the funding of liabilities for those benefits, [1]and amending P.L.2002, c.42 and[1] supplementing [1]**[**chapter 2 of Title 40A of the New Jersey Statutes and**]**[1] P.L.1961, c.49 (C.52:14-17.25 et seq.).

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

1. An employee of a county or county college or an employee of a municipality under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP) that elects to provide the benefits authorized under this act who:

a. is at least 50 years of age and has at least 25 years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire [1]**[**after the effective date of this act but on or before April 1, 2003**]** within [2]**[**30 days**]** one month[2] after the effective date of the resolution adopted by the governing body of the employee's employer pursuant to section 4 of this act[1] ; and

c. retires under the retirement system [1]**[**after the effective date of this act but not later than June 30, 2003**]** within [2]**[**90 days**]** three months[2] after the effective date of the resolution[1] ,

other than a veteran who retires on a special veteran's retirement, shall receive an additional [2]**[**five**]** three [2] years of service credit under the PERS or TPAF, or an amount equal to 100% of the employee's base annual salary at the time of retirement from the employer for participants of the ABP. The payments shall be made to the employee's retirement annuity contract under the ABP up to the maximum contribution allowable under section 415 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.415. Any payment amount in excess of the section 415 contribution limit shall be contributed to a contract on behalf of the employee that meets the requirements of subsection (b) of section 403 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.403, to the extent that the payment may be

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

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1] Assembly ASG committee amendments adopted May 8, 2003.
[2] Assembly AAP committee amendments adopted May 22, 2003.

contributed on a before-tax basis under the maximum limits allowed under the Internal Revenue Code of 1986. Payment amounts in excess of the section 403(b) limit shall be paid directly to the employee.

If a member of PERS or TPAF is under age 55 at the time of retirement, the member’s retirement allowance shall not be reduced.

An employee who meets the age and service requirements under this section and retires on a special veteran's retirement shall receive an additional pension under the retirement system in the amount of [2][5/55] 3/55 [2] of the compensation on which the retirement allowance is based.

The additional retirement benefit under this section is applicable only to the full-time employment with the employer that elects to provide the benefits authorized under this act and from which the employee retires to receive the benefit and the compensation for that employment.

[2]A county college shall be responsible for the full cost of health care benefits in retirement provided under section 3 of P.L.1987, c.384 (C.52:14-17.32f) and w section 2 of P.L.1992, c.126 (C.52:14-17.32f1) for each employee retiring under the provisions of this act for a period of three years following the employee's retirement.[2]

2. For an employee of a county college or an employer participating under the PERS, TPAF or ABP, that elects to provide the benefits authorized under this act who:

a. is at least 60 years of age and has at least 20, but less than 25, years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire [1][after the effective date of this act but on or before April 1, 2003] within [2] [30 days]one month[2] after the effective date of the resolution adopted by the governing body of the employee's employer pursuant to section 4 of this act[1] ; and

c. retires under the retirement system [1][after the effective date of this act but not later than June 30, 2003] within [2][90 days] three months[2] after the effective date of the resolution[1] ,

the employer shall pay the entire cost for health care benefits coverage for the retired employee and the employee's dependents, but not including survivors unless the employer is paying the entire cost for coverage for survivors on the effective date of this act. The coverage shall be provided through the New Jersey State Health Benefits Program [2] ,[2] and the retired employee, the employee's dependents and survivors shall be eligible for coverage pursuant to section 15 of P.L. , c. (C.)(now pending before the Legislature as this bill). The payment for the coverage shall be made by the employer in the same manner provided for payment by an employer other than the State of premiums or periodic charges for retired employees under section 7 of P.L.1964, c.125 (C.52:14-17.38).

3. For an employee of a participating employer under the PERS, TPAF or ABP that elects to provide the benefits under this act who:

a. is at least 60 years of age and has at least 10, but less than 20, years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire [1][after the effective date of this act but on or before April 1, 2003] within [2][30 days] one month[2] after the effective date of the resolution adopted by the governing body of the employee's employer pursuant to section 4 of this act[1] ; and

c. retires under the retirement system [1][after the effective date of this act but not later than June 30, 2003] within [2][90 days] three months[2] after the effective date of the resolution[1] ,

the employer shall pay an additional pension of $500 per month in each of the 24 months following the date of retirement.

4. An employer may elect to provide the benefits under this act by the adoption of a resolution by its governing body [1], which is to be effective on the first day of a month, within one year of the effective date of this act, P.L. , c. (now pending before the Legislature as this bill),[1] and the filing of a certified copy of the resolution with the Director of the Division of Pensions and Benefits [1][after the effective date of this act but before April 1, 2003] within 3 business days after its adoption[1] . With respect to county colleges, the governing body is the board of trustees. [2]The governing body may elect to provide the benefits under this act one time only and the effective date of the resolution shall fall within the one year period following the effective date of this act.[2] The employer shall submit to the director any information necessary to provide the benefits or to determine the liability for them.

5. The actuaries for the PERS and TPAF shall determine the liability of the retirement systems for the additional service credit or pensions provided under this act and for the early retirement of employees in accordance with the tables of actuarial assumptions adopted by the board of trustees of the retirement systems.

For the PERS, this liability shall be added to the unfunded accrued liability of the employer under the retirement system and shall be paid by the employer over a period of 15 years in the same manner as provided for the employer's unfunded accrued liability of the retirement system under sections 24, 68 and 81 of P.L.1954, c.84 (C.43:15A-24, 68 and 81).

For the TPAF, the liability and contribution requirements for each employer shall be determined by the actuary of the system in the same manner as provided for the unfunded accrued liability of the retirement system under N.J.S.18A:66-18 and shall be paid by the employer over a period of 15 years.

The retirement systems shall annually certify to each employer the contributions due to the contingent reserve fund for the liability under this act. The contributions certified by the retirement systems shall be paid by the employer to the retirement systems on or before the date prescribed by law for payment of employer contributions for basic retirement benefits. If payment of the full amount of the contribution certified is not made within 30 days after the last date for payment of employer contributions for basic retirement benefits, interest at the rate of 10% per year shall be assessed against the unpaid balance on the first day after the thirtieth day.

The employer shall pay the cost of the actuarial work to determine the additional liability of the retirement systems for the benefits under this act and that cost shall be included in the initial contribution required from the employer.

6. The cost of the cash payments under this act for the ABP participants shall be funded by the employer from appropriations to the employer for annual operating expenses or from funds otherwise available to the employer for operating expenses.

7. An employee who receives a benefit under this act shall forfeit all tenure rights.

8. When the needs of the employer require the service of an employee who elects to retire and receive a benefit under this act, the employer, with the approval of the governing body of the employer and with the consent of the employee, may delay the effective retirement date of the employee until the first day of any calendar month after [1][June 30, 2003] the [2][90th day] third month[2] after the effective date of the resolution adopted by the governing body of the employer pursuant to section 4 of this act[1], but not later than [1][June 30, 2004] one year after that [2][90th day[1]] three month period[2]. With respect to county colleges, the governing body is the board of trustees. A delay in the effective retirement date of an employee shall not extend the dates set forth in sections 1 through 3 of this act to qualify for benefits under this act.

For a member of the PERS or TPAF whose effective retirement date is delayed under this section and who dies before the retirement becomes effective, the retirement shall be effective as of the first day of the month after the date of death of the member if the member's beneficiary requests in writing to the board of trustees of the retirement system that the retirement be effective under the Option settlement selected by the member, or under Option 3 if the member did not select an Option.

9. An employee purchasing service credit on or after the effective date of this act to qualify for a benefit under this act may purchase a portion of the credit that the employee is eligible to purchase.

10. For the purposes of this act, "employee" means a full-time employee of a county, a county college, or a municipality who is eligible to participate in the employer's health care benefits plan. The term does not include an employee of a public agency or organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71) [2], nor does it include an employee participating in PERS under the provisions of P.L.2001, c.366 (C.43:15A-155 et seq.)[2].

11. The provisions of this act shall be applicable to employers and employees participating in a county pension fund created under Article 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes, P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310 (C.43:10-18.50 et seq.), [1]R.S.43:10-1 et seq.,[1] or Article 2 of Chapter 66 of Title 18A of the New Jersey Statutes, or in a municipal retirement system created under P.L.1954, c.218 (C.43:13-22.3 et seq.) or P.L.1964, c.275 (C.43:13-22.50 et seq.), and shall become operative upon the adoption of the provisions of this act by the employer.

The provisions of this act shall apply to counties of the first class with a population of more than 500,000 persons and a population density of more than 11,000 persons per square mile granting a pension pursuant to the "General Noncontributory Pension Act", P.L.1955, c.263 (C.43:8B-1 et seq.).

12. Prior to [1][April 1, 2003] [2][the date on which the governing body of the employer adopts a resolution pursuant to section 4 of this act[1]] the end of the one year period following the effective date of this act[2], each employer covered by the provisions of this act shall meet and consult with the representatives of the bargaining unit or units representing the employees who would be eligible for benefits under this act.

13. The Director of the Division of Pensions and Benefits may promulgate rules and regulations that the director deems necessary for the effective implementation of this act.

[1][14. Notwithstanding the provisions of N.J.S.40A:2-51 to the contrary, a county or municipality may incur indebtedness, borrow

money, authorize and issue negotiable refunding bonds, in any amount determined to be necessary by the county or the municipality and approved by the Local Finance Board to effect the refunding for the purpose of retiring the present value of the unfunded accrued liability for early retirement incentive benefits granted pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993, c.99, P.L.1999, c.59, and P.L. , c. (now pending before the Legislature as this bill), in addition to the other purposes for which it may do the same under N.J.S.40A:2-51. The system actuary shall calculate the present value of the unfunded liability due and owing by the municipality or county on a date certain upon the request of the county or municipality. For purposes of this section, "county" means any county of any class and all boards or commissions organized under such county, including but not limited to welfare boards, boards of social services, park commissions and mosquito control authorities.]

14. Section 1 of P.L.2002, c.42 (C.40A:2-51.3) is amended to read as follows:

1. Notwithstanding the provisions of N.J.S.40A:2-51 to the contrary, a county or municipality may incur indebtedness, borrow money, authorize and issue negotiable refunding bonds, in any amount determined to be necessary by the county or the municipality and approved by the Local Finance Board to effect the refunding for the purpose of retiring the present value of the unfunded accrued liability for early retirement incentive benefits granted pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993, c.99, [and] P.L.1999, c.59, and P.L. , c. (now pending before the Legislature as this bill), in addition to the other purposes for which it may do the same under N.J.S.40A:2-51. The system actuary shall calculate the present value of the unfunded liability due and owing by the municipality or county on a date certain upon the request of the county or municipality. For purposes of this section, "county" means any county of any class and all boards or commissions organized under such county, including but not limited to welfare boards, boards of social services, park commissions and mosquito control authorities.[1]

(cf: P.L.2002, c.42, s.1)

15.[2] (New section)[2] After the effective date of P.L. , c. (now pending before the Legislature as this bill), a former employee of a county, county college or municipality who:

a. retires from employment with the county, county college or municipality pursuant to the provisions of section 2 of P.L. , c. (now pending before the Legislature as this bill) in accordance with the action taken pursuant to section 4 or 11 of P.L. , c. (now pending before the Legislature as this bill),

b. is receiving a retirement benefit from a State- or locally-administered retirement system, may enroll in the State Health Benefits Program upon retirement, but not later than 60 days following retirement. The laws and regulations governing the program, except as provided in this section, are applicable to enrollments in the program under this section.

16. This act shall take effect immediately.

Provides additional retirement benefits for county, county college, and municipal employees; permits issuance of refunding bonds to fund benefits.

ASSEMBLY, No. 2639

STATE OF NEW JERSEY

210th LEGISLATURE

INTRODUCED JUNE 30, 2002

Sponsored by:
Assemblyman ALBIO SIRES
District 33 (Hudson)
Assemblyman JOSEPH V. DORIA, JR.
District 31 (Hudson)

Co-Sponsored by:
Assemblymen Impreveduto, Wisniewski and Moran

SYNOPSIS
Provides additional retirement benefits for county, county college, and municipal employees; permits issuance of refunding bonds to fund benefits.

CURRENT VERSION OF TEXT
As introduced.

(Sponsorship Updated As Of: 5/6/2003)

AN ACT concerning retirement benefits for certain employees of public employers other than the State and the funding of liabilities for those benefits, and supplementing chapter 2 of Title 40A of the New Jersey Statutes and P.L.1961, c.49 (C.52:14-17.25 et seq.).

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

1. An employee of a county or county college or an employee of a municipality under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP) that elects to provide the benefits authorized under this act who:

a. is at least 50 years of age and has at least 25 years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire after the effective date of this act but on or before April 1, 2003; and

c. retires under the retirement system after the effective date of this act but not later than June 30, 2003,

other than a veteran who retires on a special veteran's retirement, shall receive an additional five years of service credit under the PERS or TPAF, or an amount equal to 100% of the employee's base annual salary at the time of retirement from the employer for participants of the ABP. The payments shall be made to the employee's retirement annuity contract under the ABP up to the maximum contribution allowable under section 415 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.415. Any payment amount in excess of the section 415 contribution limit shall be contributed to a contract on behalf of the employee that meets the requirements of subsection (b) of section 403 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.403, to the extent that the payment may be contributed on a before-tax basis under the maximum limits allowed under the Internal Revenue Code of 1986. Payment amounts in excess of the section 403(b) limit shall be paid directly to the employee.

If a member of PERS or TPAF is under age 55 at the time of retirement, the member’s retirement allowance shall not be reduced.

An employee who meets the age and service requirements under this section and retires on a special veteran's retirement shall receive an additional pension under the retirement system in the amount of 5/55 of the compensation on which the retirement allowance is based.

The additional retirement benefit under this section is applicable only to the full-time employment with the employer that elects to provide the benefits authorized under this act and from which the employee retires to receive the benefit and the compensation for that employment.

2. For an employee of a county college or an employer participating under the PERS, TPAF or ABP, that elects to provide the benefits authorized under this act who:

a. is at least 60 years of age and has at least 20, but less than 25, years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire after the effective date of this act but on or before April 1, 2003; and

c. retires under the retirement system after the effective date of this act but not later than June 30, 2003,

the employer shall pay the entire cost for health care benefits coverage for the retired employee and the employee's dependents, but not including survivors unless the employer is paying the entire cost for coverage for survivors on the effective date of this act. The coverage shall be provided through the New Jersey State Health Benefits Program and the retired employee, the employee's dependents and survivors shall be eligible for coverage pursuant to section 15 of P.L. , c. (C.)(now pending before the Legislature as this bill). The payment for the coverage shall be made by the employer in the same manner provided for payment by an employer other than the State of premiums or periodic charges for retired employees under section 7 of P.L.1964, c.125 (C.52:14-17.38).

3. For an employee of a participating employer under the PERS, TPAF or ABP that elects to provide the benefits under this act who:

a. is at least 60 years of age and has at least 10, but less than 20, years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire after the effective date of this act but on or before April 1, 2003; and

c. retires under the retirement system after the effective date of this act but not later than June 30, 2003,

the employer shall pay an additional pension of $500 per month in each of the 24 months following the date of retirement.

4. An employer may elect to provide the benefits under this act by the adoption of a resolution by its governing body and the filing of a certified copy of the resolution with the Director of the Division of Pensions and Benefits after the effective date of this act but before

April 1, 2003. With respect to county colleges, the governing body is the board of trustees. The employer shall submit to the director any information necessary to provide the benefits or to determine the liability for them.

5. The actuaries for the PERS and TPAF shall determine the liability of the retirement systems for the additional service credit or pensions provided under this act and for the early retirement of employees in accordance with the tables of actuarial assumptions adopted by the board of trustees of the retirement systems.

For the PERS, this liability shall be added to the unfunded accrued liability of the employer under the retirement system and shall be paid by the employer over a period of 15 years in the same manner as provided for the employer's unfunded accrued liability of the retirement system under sections 24, 68 and 81 of P.L.1954, c.84 (C.43:15A-24, 68 and 81).

For the TPAF, the liability and contribution requirements for each employer shall be determined by the actuary of the system in the same manner as provided for the unfunded accrued liability of the retirement system under N.J.S.18A:66-18 and shall be paid by the employer over a period of 15 years.

The retirement systems shall annually certify to each employer the contributions due to the contingent reserve fund for the liability under this act. The contributions certified by the retirement systems shall be paid by the employer to the retirement systems on or before the date prescribed by law for payment of employer contributions for basic retirement benefits. If payment of the full amount of the contribution certified is not made within 30 days after the last date for payment of employer contributions for basic retirement benefits, interest at the rate of 10% per year shall be assessed against the unpaid balance on the first day after the thirtieth day.

The employer shall pay the cost of the actuarial work to determine the additional liability of the retirement systems for the benefits under this act and that cost shall be included in the initial contribution required from the employer.

6. The cost of the cash payments under this act for the ABP participants shall be funded by the employer from appropriations to the employer for annual operating expenses or from funds otherwise available to the employer for operating expenses.

7. An employee who receives a benefit under this act shall forfeit all tenure rights.

8. When the needs of the employer require the service of an employee who elects to retire and receive a benefit under this act, the

employer, with the approval of the governing body of the employer and with the consent of the employee, may delay the effective retirement date of the employee until the first day of any calendar month after June 30, 2003, but not later than June 30, 2004. With respect to county colleges, the governing body is the board of trustees. A delay in the effective retirement date of an employee shall not extend the dates set forth in sections 1 through 3 of this act to qualify for benefits under this act.

For a member of the PERS or TPAF whose effective retirement date is delayed under this section and who dies before the retirement becomes effective, the retirement shall be effective as of the first day of the month after the date of death of the member if the member's beneficiary requests in writing to the board of trustees of the retirement system that the retirement be effective under the Option settlement selected by the member, or under Option 3 if the member did not select an Option.

9. An employee purchasing service credit on or after the effective date of this act to qualify for a benefit under this act may purchase a portion of the credit that the employee is eligible to purchase.

10. For the purposes of this act, "employee" means a full-time employee of a county, a county college, or a municipality who is eligible to participate in the employer's health care benefits plan. The term does not include an employee of a public agency or organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71).

11. The provisions of this act shall be applicable to employers and employees participating in a county pension fund created under Article 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes, P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310 (C.43:10-18.50 et seq.), or Article 2 of Chapter 66 of Title 18A of the New Jersey Statutes, or in a municipal retirement system created under P.L.1954, c.218 (C.43:13-22.3 et seq.) or P.L.1964, c.275 (C.43:13-22.50 et seq.), and shall become operative upon the adoption of the provisions of this act by the employer.

The provisions of this act shall apply to counties of the first class with a population of more than 500,000 persons and a population density of more than 11,000 persons per square mile granting a pension pursuant to the "General Noncontributory Pension Act", P.L.1955, c.263 (C.43:8B-1 et seq.).

12. Prior to April 1, 2003, each employer covered by the provisions of this act shall meet and consult with the representatives of the bargaining unit or units representing the employees who would be eligible for benefits under this act.

13. The Director of the Division of Pensions and Benefits may promulgate rules and regulations that the director deems necessary for the effective implementation of this act.

14. Notwithstanding the provisions of N.J.S.40A:2-51 to the contrary, a county or municipality may incur indebtedness, borrow money, authorize and issue negotiable refunding bonds, in any amount determined to be necessary by the county or the municipality and approved by the Local Finance Board to effect the refunding for the purpose of retiring the present value of the unfunded accrued liability for early retirement incentive benefits granted pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993, c.99, P.L.1999, c.59, and P.L. , c. (now pending before the Legislature as this bill), in addition to the other purposes for which it may do the same under N.J.S.40A:2-51. The system actuary shall calculate the present value of the unfunded liability due and owing by the municipality or county on a date certain upon the request of the county or municipality. For purposes of this section, "county" means any county of any class and all boards or commissions organized under such county, including but not limited to welfare boards, boards of social services, park commissions and mosquito control authorities.

15. After the effective date of P.L. , c. (now pending before the Legislature as this bill), a former employee of a county, county college or municipality who:

a. retires from employment with the county, county college or municipality pursuant to the provisions of section 2 of P.L. , c. (now pending before the Legislature as this bill) in accordance with the action taken pusuant to section 4 or 11 of P.L. , c. (now pending before the Legislature as this bill),

b. is receiving a retirement benefit from a State- or locally-administered retirement system,

may enroll in the State Health Benefits Program upon retirement, but not later than 60 days following retirement. The laws and regulations governing the program, except as provided in this section, are applicable to enrollments in the program under this section.

16. This act shall take effect immediately.

STATEMENT

This bill provides for additional retirement benefits for certain employees of a county, a county college or a municipality who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program

(ABP) after the effective date of this act but not later than June 30, 2003, if the employer elects to provide the benefits. Employers participating in several locally-administered county, municipal and school district pension systems may also adopt the provisions of this bill.

Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional five years of service credit. If a member of the PERS or TPAF is under age 55 at the time of retirement, the member's retirement allowance will not be reduced.

Employees who satisfy age and service requirements and who retire on special veteran's retirement will receive an additional pension in the amount of 5/55 of the compensation on which the retirement allowance is based.

Participants of the ABP will receive an amount equal to 100% of base annual salary at the time of retirement.

Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive employer-paid coverage in the New Jersey State Health Benefits Program, and the retired employees, their dependents and survivors will be eligible for coverage in the program even if the employer does not participate in the program or otherwise provide health care benefits coverage in retirement upon the normal retirement of such employees.

Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive an additional pension payment of $500 per month for the first 24 months after retirement.

The employer may elect to provide these benefits by the adoption of a resolution by its governing body and the filing of a certified copy with the Director of the Division of Pensions and Benefits. Employers covered by this bill must meet with the employee union representatives prior to April 1, 2003. The actuaries of the PERS and TPAF retirement systems will calculate the system liability for the additional benefits and the employers will be responsible for the payment of this liability over a period of 15 years.

When the needs of an employer require the services of an employee who elects to retire and receive a benefit under this bill, the employer, with the approval of the governing body and the consent of the employee, may delay the effective retirement date of the employee for up to one year. The delay authorized under the bill does not extend the dates for qualification for benefits.

The bill authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for several early retirement incentive benefits granted since 1991, including the benefits granted by this bill.

The employees eligible for the benefits under this bill are all eligible to retire under their respective retirement systems. The purpose of these additional benefits is to induce more of them to retire and, thus, assist in reducing the workforce and costs for counties, county colleges and municipalities in this time of fiscal constraint.

[Corrected Copy]

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2639

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 8, 2003

The Assembly State Government Committee reports favorably and with committee amendments Assembly, No. 2639.

As amended, this bill provides additional retirement benefits to certain employees of a county, a county college or a municipality that elects to provide the benefits, who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP). The governing body of the employer will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have 30 days to file an application and 90 days to retire. Employers participating in several locally administered county, municipal and school district pension systems may also adopt the provisions of this bill.

Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional five years of service credit. If a member of PERS or TPAF is under age 55 at the time of retirement, the member’s retirement allowance will not be reduced. Employees who satisfy age and service requirements and who retire on a special veteran's retirement will receive an additional pension in the amount of 5/55 of the compensation on which the retirement allowance is based. Participants in ABP will receive an amount equal to 100% of base annual salary at the time of retirement.

Employees who are at least 60 years of age with between 20 and 25 years of service as of the effective date of retirement will receive employer-paid coverage in the New Jersey State Health Benefits Program. The retired employees and their dependents will be eligible for coverage in the program even if the employer does not participate in the program or otherwise provide health care benefits coverage in retirement upon the normal retirement of such employees. Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive an additional pension payment of $500 per month for the first 24 months after retirement.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body and the filing of a certified copy with the Director of the Division of Pensions and Benefits. Employers covered by this bill must meet with the employee union representatives prior to adopting a resolution. The actuary of the PFRS will calculate the system liability for the additional benefits and the employers will be responsible for the payment of this liability over a period of 15 years.

When the needs of an employer require the services of an employee who elects to retire and receive a benefit under this bill, the employer, with the approval of the governing body and the consent of the employee, may delay the effective retirement date of the employee for up to one year. The delay authorized under the bill does not extend the dates for qualification for benefits.

The bill authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for the early retirement incentive benefits granted by the bill.

COMMITTEE AMENDMENTS

The committee amended the bill to provide that the governing body of an employer will have one year after the enactment of the bill to adopt a resolution electing to offer the additional retirement benefits. Once a resolution is adopted and effective, employees will have 30 days to file an application and 90 days to retire. The committee also amended the bill to clarify the law under which the employers may issue refunding bonds to retire their liability for the benefits under the bill and that the Hudson County Employees' Pension Fund is on the list of retirement systems to which the bill applies.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2639

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 20, 2003

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2639 (1R) with committee amendments.

Assembly Bill No. 2639 (1R), as amended, provides additional retirement benefits to certain employees of a county, a county college or a municipality that elects to provide the benefits, who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP). The governing body of the employer will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have one month to file an application and three months to retire. Employers participating in several locally administered county, municipal and school district pension systems may also adopt the provisions of this bill.

Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional three years of service credit. If a member of PERS or TPAF is under age 55 at the time of retirement, the member's retirement allowance will not be reduced. Employees who satisfy age and service requirements and who retire on a special veteran's retirement will receive an additional pension in the amount of 3/55 of the compensation on which the retirement allowance is based. Participants in ABP will receive an amount equal to 100% of base annual salary at the time of retirement.

Employees who are at least 60 years of age with between 20 and 25 years of service as of the effective date of retirement will receive employer-paid coverage in the New Jersey State Health Benefits Program. The retired employees and their dependents will be eligible for coverage in the program even if the employer does not participate in the program or otherwise provide health care benefits coverage in retirement upon the normal retirement of such employees. Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive an additional pension payment of $500 per month for the first 24 months after retirement.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body and the filing of a certified copy with the Director of the Division of Pensions and Benefits. The effective date of the resolution must fall within one year of enactment of this bill; an employer may offer these benefits only once. An employer covered by this bill must meet with the employee union representatives, whether or not the employer adopts a resolution, within a year of the enactment of this bill. The actuary of the PFRS will calculate the system liability for the additional benefits and the employers will be responsible for the payment of this liability over a period of 15 years.

When the needs of an employer require the services of an employee who elects to retire and receive a benefit under this bill, the employer, with the approval of the governing body and the consent of the employee, may delay the effective retirement date of the employee for up to one year. The delay authorized under the bill does not extend the dates for qualification for benefits.

The bill authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for the early retirement incentive benefits granted by the bill.

FISCAL IMPACT:

This bill is permissive, whereby, it is not known how many eligible employers would elect to participate, nor is the number of employees within those participating employers known.

COMMITTEE AMENDMENTS:

These amendments:

* reduce the additional service credit from five years to three years;
* specify that for an employee at least 50 years of age retiring with at least 25 years of service, the health care benefits costs will be born by the county college employer for the first 3 years following the employee's retirement;
* clarify that the bill does not include county employees covered by the Prosecutors Part of PERS;
* clarify the time frames for submitting retirement applications and retiring to cover full month periods, regardless of the number of days in a month;
* specify that these benefits may be offered only once in the year following enactment;
* specify that the effective date for the adopted resolution must fall within the one year period following enactment; and
* clarify that employers must meet with employees and their bargaining units within one year following enactment, regardless of whether a resolution to provide the benefits is adopted or not.

[Corrected Copy]

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 2639

STATE OF NEW JERSEY

DATED: JUNE 30, 2003

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2639 (2R).

This bill provides additional retirement benefits to certain employees of a county, a county college or a municipality that elects to provide the benefits, who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP). The governing body of the employer will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have 30 days to file an application and 90 days to retire. Employers participating in several locally administered county, municipal and school district pension systems may also adopt the provisions of this bill.

Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional three years of service credit. A member of PERS or TPAF who is under age 55 at the time of retirement will be exempt from any actuarial reduction in retirement allowance. Employees who satisfy age and service requirements and who retire on a special veteran's retirement will receive an additional pension in the amount of 3/55 of the compensation on which the retirement allowance is based. Participants in ABP will receive an amount equal to 100% of base annual salary at the time of retirement.

Employees who are at least 60 years of age with between 20 and 25 years of service as of the effective date of retirement will receive employer-paid coverage in the New Jersey State Health Benefits Program. The retired employees and their dependents will be eligible for coverage in the program even if the employer does not participate in the program or otherwise provide health care benefits coverage in retirement upon the normal retirement of such employees. Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive an additional pension payment of $500 per month for the first 24 months after retirement.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body and the filing of a certified copy with the Director of the Division of Pensions and Benefits. Employers covered by this bill must meet with the employee union representatives prior to adopting a resolution. The actuary of the PERS will calculate the system liability for the additional benefits and the employers will be responsible for the payment of this liability over a period of 15 years.

When the needs of an employer require the services of an employee who elects to retire and receive a benefit under this bill, the employer, with the approval of the governing body and the consent of the employee, may delay the effective retirement date of the employee for up to one year. The delay authorized under the bill does not extend the dates for qualification for benefits.

The bill authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for the early retirement incentive benefits granted by the bill.

The provisions of this bill are identical to those of the committee substitute for Senate Bill No. 1892, which the committee also reports this day.

FISCAL IMPACT

This bill is permissive, so that it is not known how many eligible employers would elect to participate or how many qualified employees of those participating employers will elect to accept the retirement incentive. Accordingly, it is impossible to project the fiscal impact of the bill on participating local governments.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2639

STATE OF NEW JERSEY

210th LEGISLATURE

DATED: JULY 8, 2003

SUMMARY

Synopsis: Provides additional retirement benefits for county, county college, and municipal employees; permits issuance of refunding bonds to fund benefits.

Type of Impact: Expenditure increase three years after enactment to fund post-retirement medical benefits, State General Fund. Expenditure reduction short-term; subsequent expenditure increase, local government funds.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits; county governments, county colleges and municipal governments.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Local Cost		Indeterminate (See Comments Below)	
Local Savings		Indeterminate (See Comments Below)	

! Provides additional retirement benefits to members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) who are employed by county governments, county colleges or municipal governments, at the option of the local government unit or county college.

! The State may experience an increase in cost to fund post-retirement medical benefits if employers with 25 or more years of service retire earlier that would otherwise be the case from a county college, after the third year of retirement, because the State, by law, is responsible for the full cost of post-retirement medical benefits of these persons.

! There is a potential for the local employer to realize salary, social security, Medicare and pension contribution cost savings. Additional employer costs include an unfunded pension liability for the enhanced pension benefits and the first three years of post-retirement health benefit costs for retirees from county colleges (category 1 benefits), additional post-retirement health care payments (category 2 benefits) and additional pensions for two years following retirement (category 3 benefits). Therefore, net savings would depend on whether the positions are left vacant for a certain period of years or filled with lower-paid employees.

BILL DESCRIPTION

Assembly Bill No. 2639 [2R] of 2002 would allow a county, county college, or municipality to provide additional retirement benefits to certain employees who retire under the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF). The governing body of the employer will have one year after the enactment of this bill to adopt a resolution for this provision. Once a resolution is adopted and effective, employees will have one month to file an application and three months to retire. A certified copy is to be filed with the Director of the Division of Pensions and Benefits.

An employee who is a least 50 years of age and has at least 25 years of service credit under PERS or TPAF as of the effective date of retirement will receive an additional three years of service credit (category 1 benefits). If a member of PERS or TPAF is under age 55 at the time of retirement, the member's retirement allowance will not be reduced. An employee veteran who meets the age and service credit requirements and retires on a special veteran's retirement under PERS or TPAF will receive an additional pension in the amount of 3/55 of the compensation on which the retirement allowance is based and the employer pays three years of State Health Benefits Program (SHPB) benefit costs.

An employee who is at least 60 years of age and has at least 20, but less than 25, years of service as of the effective date of retirement will receive full payment of premiums for coverage under the State Health Benefits Program (SHBP) for the retired employee and dependents, but not including survivors, whether or not the employer participates in SHBP with respect to its active employees (category 2 benefits). An employee who is at least 60 years of age with at least 10, but less than 20, years of service credit will receive an additional payment of $500 per month for the 24 months following retirement (category 3 benefits).

When the needs of an employer require the services of an employee who elects to receive a benefit under this bill, the employer may delay, with the consent of the employee, the effective retirement date of the employee for up to one year. The authorization for a delay in the effective retirement date does not extend the dates for qualification for benefits.

The cost of the enhanced pension benefits will be funded through employer contributions paid by county governments, county colleges or municipal governments to the retirement systems, calculated separately for each entity over a period of 15 years. The cost of the SHBP health care benefits payments for eligible retirees and their dependents will be paid by the employer on a current cost basis.

The bill also authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for the early retirement incentive benefits granted by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) cannot estimate the potential additional cost of this bill because it is not known how many county colleges will opt to offer the benefits and how many members of the TPAF and PERS will take the benefits offered. Under current law (N.J.S.A. 52:14-17.32f and 32f1), the State is responsible, either directly or through contributions to the TPAF, for the full cost of post-retirement medical benefits for such retired members. When an employee is offered and accepts an incentive to retire earlier than the employee normally would, there is an additional cost to the State for the period because the employer would have been paying for the coverage if the employee did not retire. Local employers are responsible for post-retirement health care benefits for each employee retiring (category 1 benefits) under the provisions of this bill for a period of three years following the employee's retirement.

Due to the provisions of this bill, employers that elect to offer these enhanced retirement benefits will realize an increased cost for an unfunded pension liability created as a result of the retirement of employees eligible for the pension benefits set forth in the bill and county college health care payments (category 1 benefits), for the post-retirement health care benefits offered to employees who are over age 60 and have between 20 and 25 years of service (category 2 benefits), and for the additional $500 monthly payments for two years following retirement (category 3 benefits). Therefore, the positions would have to remain vacant for a certain period of years or be filled with lower-paid employees. The OLS notes it cannot be assumed that retirees will be replaced with lower-paid entry-level employees when many of these positions are likely to be filled through the promotion of experienced personnel earning almost as much as the persons they are replacing.

Salary, social security and Medicare savings that the employer may accrue would partially offset the additional cost. The employer would not have to make pension contributions for each employee who retires and whose position is not filled. The employer would realize salary savings for positions that are not filled or turnover savings (salary differential) for a position that is filled with a lower-paid employee.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

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

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

SENATE, No. 1892

STATE OF NEW JERSEY

210th LEGISLATURE

INTRODUCED SEPTEMBER 26, 2002

Sponsored by:
Senator JOSEPH CHARLES, JR.
District 31 (Hudson)
Senator SHIRLEY K. TURNER
District 15 (Mercer)

SYNOPSIS

Provides additional retirement benefits for county, county college, and municipal employees; permits issuance of refunding bonds to fund benefits.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/17/2003)

AN ACT concerning retirement benefits for certain employees of public employers other than the State and the funding of liabilities for those benefits, and supplementing chapter 2 of Title 40A of the New Jersey Statutes and P.L.1961, c.49 (C.52:14-17.25 et seq.).

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

1. An employee of a county or county college or an employee of a municipality under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP) that elects to provide the benefits authorized under this act who:

a. is at least 50 years of age and has at least 25 years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire after the effective date of this act but on or before April 1, 2003; and

c. retires under the retirement system after the effective date of this act but not later than June 30, 2003,

other than a veteran who retires on a special veteran's retirement, shall receive an additional five years of service credit under the PERS or TPAF, or an amount equal to 100% of the employee's base annual salary at the time of retirement from the employer for participants of the ABP. The payments shall be made to the employee's retirement annuity contract under the ABP up to the maximum contribution allowable under section 415 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.415. Any payment amount in excess of the section 415 contribution limit shall be contributed to a contract on behalf of the employee that meets the requirements of subsection (b) of section 403 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.403, to the extent that the payment may be contributed on a before-tax basis under the maximum limits allowed under the Internal Revenue Code of 1986. Payment amounts in excess of the section 403(b) limit shall be paid directly to the employee.

If a member of PERS or TPAF is under age 55 at the time of retirement, the member’s retirement allowance shall not be reduced.

An employee who meets the age and service requirements under this section and retires on a special veteran's retirement shall receive an additional pension under the retirement system in the amount of 5/55 of the compensation on which the retirement allowance is based.

The additional retirement benefit under this section is applicable only to the full-time employment with the employer that elects to provide the benefits authorized under this act and from which the employee retires to receive the benefit and the compensation for that employment.

2. For an employee of a county college or an employer participating under the PERS, TPAF or ABP, that elects to provide the benefits authorized under this act who:

a. is at least 60 years of age and has at least 20, but less than 25, years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire after the effective date of this act but on or before April 1, 2003; and

c. retires under the retirement system after the effective date of this act but not later than June 30, 2003,

the employer shall pay the entire cost for health care benefits coverage for the retired employee and the employee's dependents, but not including survivors unless the employer is paying the entire cost for coverage for survivors on the effective date of this act. The coverage shall be provided through the New Jersey State Health Benefits Program and the retired employee, the employee's dependents and survivors shall be eligible for coverage pursuant to section 15 of P.L. , c. (C.)(now pending before the Legislature as this bill). The payment for the coverage shall be made by the employer in the same manner provided for payment by an employer other than the State of premiums or periodic charges for retired employees under section 7 of P.L.1964, c.125 (C.52:14-17.38).

3. For an employee of a participating employer under the PERS, TPAF or ABP that elects to provide the benefits under this act who:

a. is at least 60 years of age and has at least 10, but less than 20, years of service credit under the PERS or TPAF, or service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement;

b. files an application to retire after the effective date of this act but on or before April 1, 2003; and

c. retires under the retirement system after the effective date of this act but not later than June 30, 2003,

the employer shall pay an additional pension of $500 per month in each of the 24 months following the date of retirement.

4. An employer may elect to provide the benefits under this act by the adoption of a resolution by its governing body and the filing of a certified copy of the resolution with the Director of the Division of Pensions and Benefits after the effective date of this act but before

April 1, 2003. With respect to county colleges, the governing body is the board of trustees. The employer shall submit to the director any information necessary to provide the benefits or to determine the liability for them.

5. The actuaries for the PERS and TPAF shall determine the liability of the retirement systems for the additional service credit or pensions provided under this act and for the early retirement of employees in accordance with the tables of actuarial assumptions adopted by the board of trustees of the retirement systems.

For the PERS, this liability shall be added to the unfunded accrued liability of the employer under the retirement system and shall be paid by the employer over a period of 15 years in the same manner as provided for the employer's unfunded accrued liability of the retirement system under sections 24, 68 and 81 of P.L.1954, c.84 (C.43:15A-24, 68 and 81).

For the TPAF, the liability and contribution requirements for each employer shall be determined by the actuary of the system in the same manner as provided for the unfunded accrued liability of the retirement system under N.J.S.18A:66-18 and shall be paid by the employer over a period of 15 years.

The retirement systems shall annually certify to each employer the contributions due to the contingent reserve fund for the liability under this act. The contributions certified by the retirement systems shall be paid by the employer to the retirement systems on or before the date prescribed by law for payment of employer contributions for basic retirement benefits. If payment of the full amount of the contribution certified is not made within 30 days after the last date for payment of employer contributions for basic retirement benefits, interest at the rate of 10% per year shall be assessed against the unpaid balance on the first day after the thirtieth day.

The employer shall pay the cost of the actuarial work to determine the additional liability of the retirement systems for the benefits under this act and that cost shall be included in the initial contribution required from the employer.

6. The cost of the cash payments under this act for the ABP participants shall be funded by the employer from appropriations to the employer for annual operating expenses or from funds otherwise available to the employer for operating expenses.

7. An employee who receives a benefit under this act shall forfeit all tenure rights.

8. When the needs of the employer require the service of an employee who elects to retire and receive a benefit under this act, the

employer, with the approval of the governing body of the employer and with the consent of the employee, may delay the effective retirement date of the employee until the first day of any calendar month after June 30, 2003, but not later than June 30, 2004. With respect to county colleges, the governing body is the board of trustees. A delay in the effective retirement date of an employee shall not extend the dates set forth in sections 1 through 3 of this act to qualify for benefits under this act.

For a member of the PERS or TPAF whose effective retirement date is delayed under this section and who dies before the retirement becomes effective, the retirement shall be effective as of the first day of the month after the date of death of the member if the member's beneficiary requests in writing to the board of trustees of the retirement system that the retirement be effective under the Option settlement selected by the member, or under Option 3 if the member did not select an Option.

9. An employee purchasing service credit on or after the effective date of this act to qualify for a benefit under this act may purchase a portion of the credit that the employee is eligible to purchase.

10. For the purposes of this act, "employee" means a full-time employee of a county, a county college, or a municipality who is eligible to participate in the employer's health care benefits plan. The term does not include an employee of a public agency or organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71).

11. The provisions of this act shall be applicable to employers and employees participating in a county pension fund created under Article 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes, P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310 (C.43:10-18.50 et seq.), or Article 2 of Chapter 66 of Title 18A of the New Jersey Statutes, or in a municipal retirement system created under P.L.1954, c.218 (C.43:13-22.3 et seq.) or P.L.1964, c.275 (C.43:13-22.50 et seq.), and shall become operative upon the adoption of the provisions of this act by the employer.

The provisions of this act shall apply to counties of the first class with a population of more than 500,000 persons and a population density of more than 11,000 persons per square mile granting a pension pursuant to the "General Noncontributory Pension Act", P.L.1955, c.263 (C.43:8B-1 et seq.).

12. Prior to April 1, 2003, each employer covered by the provisions of this act shall meet and consult with the representatives of the bargaining unit or units representing the employees who would be eligible for benefits under this act.

13. The Director of the Division of Pensions and Benefits may promulgate rules and regulations that the director deems necessary for the effective implementation of this act.

14. Notwithstanding the provisions of N.J.S.40A:2-51 to the contrary, a county or municipality may incur indebtedness, borrow money, authorize and issue negotiable refunding bonds, in any amount determined to be necessary by the county or the municipality and approved by the Local Finance Board to effect the refunding for the purpose of retiring the present value of the unfunded accrued liability for early retirement incentive benefits granted pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993, c.99, P.L.1999, c.59, and P.L. , c. (now pending before the Legislature as this bill), in addition to the other purposes for which it may do the same under N.J.S.40A:2-51. The system actuary shall calculate the present value of the unfunded liability due and owing by the municipality or county on a date certain upon the request of the county or municipality. For purposes of this section, "county" means any county of any class and all boards or commissions organized under such county, including but not limited to welfare boards, boards of social services, park commissions and mosquito control authorities.

15. After the effective date of P.L. , c. (now pending before the Legislature as this bill), a former employee of a county, county college or municipality who:

a. retires from employment with the county, county college or municipality pursuant to the provisions of section 2 of P.L. , c. (now pending before the Legislature as this bill) in accordance with the action taken pusuant to section 4 or 11 of P.L. , c. (now pending before the Legislature as this bill),

b. is receiving a retirement benefit from a State- or locally-administered retirement system,

may enroll in the State Health Benefits Program upon retirement, but not later than 60 days following retirement. The laws and regulations governing the program, except as provided in this section, are applicable to enrollments in the program under this section.

16. This act shall take effect immediately.

STATEMENT

This bill provides for additional retirement benefits for certain employees of a county, a county college or a municipality who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program

(ABP) after the effective date of this act but not later than June 30, 2003, if the employer elects to provide the benefits. Employers participating in several locally-administered county, municipal and school district pension systems may also adopt the provisions of this bill.

Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional five years of service credit. If a member of the PERS or TPAF is under age 55 at the time of retirement, the member's retirement allowance will not be reduced.

Employees who satisfy age and service requirements and who retire on special veteran's retirement will receive an additional pension in the amount of 5/55 of the compensation on which the retirement allowance is based.

Participants of the ABP will receive an amount equal to 100% of base annual salary at the time of retirement.

Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive employer-paid coverage in the New Jersey State Health Benefits Program, and the retired employees, their dependents and survivors will be eligible for coverage in the program even if the employer does not participate in the program or otherwise provide health care benefits coverage in retirement upon the normal retirement of such employees.

Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive an additional pension payment of $500 per month for the first 24 months after retirement.

The employer may elect to provide these benefits by the adoption of a resolution by its governing body and the filing of a certified copy with the Director of the Division of Pensions and Benefits. Employers covered by this bill must meet with the employee union representatives prior to April 1, 2003. The actuaries of the PERS and TPAF retirement systems will calculate the system liability for the additional benefits and the employers will be responsible for the payment of this liability over a period of 15 years.

When the needs of an employer require the services of an employee who elects to retire and receive a benefit under this bill, the employer, with the approval of the governing body and the consent of the employee, may delay the effective retirement date of the employee for up to one year. The delay authorized under the bill does not extend the dates for qualification for benefits.

The bill authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for several early retirement incentive benefits granted since 1991, including the benefits granted by this bill.

The employees eligible for the benefits under this bill are all eligible to retire under their respective retirement systems. The purpose of these additional benefits is to induce more of them to retire and, thus, assist in reducing the workforce and costs for counties, county colleges and municipalities in this time of fiscal constraint.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1892

STATE OF NEW JERSEY

DATED: JUNE 30, 2003

The Senate Budget and Appropriations Committee reports favorably a committee substitute for Senate Bill No. 1892.

This substitute bill provides additional retirement benefits to certain employees of a county, a county college or a municipality that elects to provide the benefits, who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Alternate Benefit Program (ABP). The governing body of the employer will have one year after the enactment of this bill to adopt a resolution. Once a resolution is adopted and effective, employees will have one month to file an application and three months to retire. Employers participating in several locally administered county, municipal and school district pension systems may also adopt the provisions of this bill.

Employees who are at least 50 years of age and have at least 25 years of service credit as of the effective date of retirement will receive an additional three years of service credit. A member of PERS or TPAF who is under age 55 at the time of retirement will be exempt from any actuarial reduction in retirement allowance. Employees who satisfy age and service requirements and who retire on a special veteran's retirement will receive an additional pension in the amount of 3/55 of the compensation on which the retirement allowance is based. Participants in ABP will receive an amount equal to 100% of base annual salary at the time of retirement.

Employees who are at least 60 years of age with between 20 and 25 years of service as of the effective date of retirement will receive employer-paid coverage in the New Jersey State Health Benefits Program. The retired employees and their dependents will be eligible for coverage in the program even if the employer does not participate in the program or otherwise provide health care benefits coverage in retirement upon the normal retirement of such employees. Employees who are at least 60 years of age with between 10 and 20 years of service as of the effective date of retirement will receive an additional pension payment of $500 per month for the first 24 months after retirement.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body and the filing of a certified copy with the Director of the Division of Pensions and Benefits. The effective date of the resolution must fall within one year of enactment of this bill; an employer may offer these benefits only once. An employer covered by this bill must meet with the employee union representatives, whether or not the employer adopts a resolution, within a year of the enactment of this bill. The actuary of the PERS will calculate the system liability for the additional benefits and the employers will be responsible for the payment of this liability over a period of 15 years.

When the needs of an employer require the services of an employee who elects to retire and receive a benefit under this bill, the employer, with the approval of the governing body and the consent of the employee, may delay the effective retirement date of the employee for up to one year. The delay authorized under the bill does not extend the dates for qualification for benefits.

The bill authorizes counties and municipalities to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for the early retirement incentive benefits granted by the bill.

The provisions of this bill are identical to those of Assembly Bill No. 2639 (2R), which the committee also reports this day.

FISCAL IMPACT

This bill is permissive, so that it is not known how many eligible employers would elect to participate or how many qualified employees of those participating employers will elect to accept the retirement incentive. Accordingly, it is impossible to project the fiscal impact of the bill on participating local governments.