

# 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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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

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

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

6

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

9

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

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

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

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

27 other than a veteran who retires on a special veteran's retirement, shall  
28 receive an additional <sup>2</sup>[five] three <sup>2</sup> years of service credit under the  
29 PERS or TPAF, or an amount equal to 100% of the employee's base  
30 annual salary at the time of retirement from the employer for  
31 participants of the ABP. The payments shall be made to the employee's  
32 retirement annuity contract under the ABP up to the maximum  
33 contribution allowable under section 415 of the federal Internal  
34 Revenue Code of 1986, 26 U.S.C. s.415. Any payment amount in  
35 excess of the section 415 contribution limit shall be contributed to a  
36 contract on behalf of the employee that meets the requirements of  
37 subsection (b) of section 403 of the federal Internal Revenue Code of  
38 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:**

<sup>1</sup> Assembly ASG committee amendments adopted May 8, 2003.

<sup>2</sup> Assembly AAP committee amendments adopted May 22, 2003.

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

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

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

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

16 <sup>2</sup>A county college shall be responsible for the full cost of health  
17 care benefits in retirement provided under section 3 of P.L.1987, c.384  
18 (C.52:14-17.32f) and w section 2 of P.L.1992, c.126 (C.52:14-  
19 17.32f1) for each employee retiring under the provisions of this act for  
20 a period of three years following the employee's retirement.<sup>2</sup>

21  
22 2. For an employee of a county college or an employer  
23 participating under the PERS, TPAF or ABP, that elects to provide  
24 the benefits authorized under this act who:

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

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

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

37 the employer shall pay the entire cost for health care benefits  
38 coverage for the retired employee and the employee's dependents, but  
39 not including survivors unless the employer is paying the entire cost  
40 for coverage for survivors on the effective date of this act. The  
41 coverage shall be provided through the New Jersey State Health  
42 Benefits Program <sup>2</sup> <sup>2</sup> and the retired employee, the employee's  
43 dependents and survivors shall be eligible for coverage pursuant to  
44 section 15 of P.L. , c. (C. )(now pending before the  
45 Legislature as this bill). The payment for the coverage shall be made  
46 by the employer in the same manner provided for payment by an

1 employer other than the State of premiums or periodic charges for  
2 retired employees under section 7 of P.L.1964, c.125 (C.52:14-17.38).

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

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

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

15 c. retires under the retirement system <sup>1</sup>[after the effective date of  
16 this act but not later than June 30, 2003] within <sup>2</sup>[90 days] three  
17 months<sup>2</sup> after the effective date of the resolution<sup>1</sup> ,  
18 the employer shall pay an additional pension of \$500 per month in each  
19 of the 24 months following the date of retirement.

20

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

35

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

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

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

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

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

20  
21 6. The cost of the cash payments under this act for the ABP  
22 participants shall be funded by the employer from appropriations to the  
23 employer for annual operating expenses or from funds otherwise  
24 available to the employer for operating expenses.

25  
26 7. An employee who receives a benefit under this act shall forfeit  
27 all tenure rights.

28  
29 8. When the needs of the employer require the service of an  
30 employee who elects to retire and receive a benefit under this act, the  
31 employer, with the approval of the governing body of the employer  
32 and with the consent of the employee, may delay the effective  
33 retirement date of the employee until the first day of any calendar  
34 month after <sup>1</sup>[June 30, 2003] the <sup>2</sup>[90th day] third month<sup>2</sup> after the  
35 effective date of the resolution adopted by the governing body of the  
36 employer pursuant to section 4 of this act<sup>1</sup>, but not later than <sup>1</sup>[June  
37 30, 2004] one year after that <sup>2</sup>[90th day<sup>1</sup>] three month period<sup>2</sup>. With  
38 respect to county colleges, the governing body is the board of trustees.  
39 A delay in the effective retirement date of an employee shall not  
40 extend the dates set forth in sections 1 through 3 of this act to qualify  
41 for benefits under this act.

42 For a member of the PERS or TPAF whose effective retirement  
43 date is delayed under this section and who dies before the retirement  
44 becomes effective, the retirement shall be effective as of the first day  
45 of the month after the date of death of the member if the member's  
46 beneficiary requests in writing to the board of trustees of the

1 retirement system that the retirement be effective under the Option  
2 settlement selected by the member, or under Option 3 if the member  
3 did not select an Option.

4  
5 9. An employee purchasing service credit on or after the effective  
6 date of this act to qualify for a benefit under this act may purchase a  
7 portion of the credit that the employee is eligible to purchase.

8  
9 10. For the purposes of this act, "employee" means a full-time  
10 employee of a county, a county college, or a municipality who is  
11 eligible to participate in the employer's health care benefits plan. The  
12 term does not include an employee of a public agency or organization  
13 as defined in section 71 of P.L.1954, c.84 (C.43:15A-71) <sup>2</sup>, nor does  
14 it include an employee participating in PERS under the provisions of  
15 P.L.2001, c.366 (C.43:15A-155 et seq.)<sup>2</sup>.

16  
17 11. The provisions of this act shall be applicable to employers and  
18 employees participating in a county pension fund created under Article  
19 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes,  
20 P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310  
21 (C.43:10-18.50 et seq.), <sup>1</sup>R.S.43:10-1 et seq.,<sup>1</sup> or Article 2 of Chapter  
22 66 of Title 18A of the New Jersey Statutes, or in a municipal  
23 retirement system created under P.L.1954, c.218 (C.43:13-22.3 et  
24 seq.) or P.L.1964, c.275 (C.43:13-22.50 et seq.), and shall become  
25 operative upon the adoption of the provisions of this act by the  
26 employer.

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

32  
33 12. Prior to <sup>1</sup>[April 1, 2003] <sup>2</sup>[the date on which the governing  
34 body of the employer adopts a resolution pursuant to section 4 of this  
35 act<sup>1</sup>] the end of the one year period following the effective date of this  
36 act<sup>2</sup>, each employer covered by the provisions of this act shall meet  
37 and consult with the representatives of the bargaining unit or units  
38 representing the employees who would be eligible for benefits under  
39 this act.

40  
41 13. The Director of the Division of Pensions and Benefits may  
42 promulgate rules and regulations that the director deems necessary for  
43 the effective implementation of this act.

44  
45 <sup>1</sup>[14. Notwithstanding the provisions of N.J.S.40A:2-51 to the  
46 contrary, a county or municipality may incur indebtedness, borrow

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

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

18 1. Notwithstanding the provisions of N.J.S.40A:2-51 to the  
 19 contrary, a county or municipality may incur indebtedness, borrow  
 20 money, authorize and issue negotiable refunding bonds, in any amount  
 21 determined to be necessary by the county or the municipality and  
 22 approved by the Local Finance Board to effect the refunding for the  
 23 purpose of retiring the present value of the unfunded accrued liability  
 24 for early retirement incentive benefits granted pursuant to P.L.1991,  
 25 c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993,  
 26 c.99, [and] P.L.1999, c.59, and P.L. , c. (now pending before the  
 27 Legislature as this bill), in addition to the other purposes for which it  
 28 may do the same under N.J.S.40A:2-51. The system actuary shall  
 29 calculate the present value of the unfunded liability due and owing by  
 30 the municipality or county on a date certain upon the request of the  
 31 county or municipality. For purposes of this section, "county" means  
 32 any county of any class and all boards or commissions organized under  
 33 such county, including but not limited to welfare boards, boards of  
 34 social services, park commissions and mosquito control authorities.<sup>1</sup>  
 35 (cf: P.L.2002, c.42, s.1)

36

37 15.<sup>2</sup> (New section)<sup>2</sup> After the effective date of P.L. , c. (now  
 38 pending before the Legislature as this bill), a former employee of a  
 39 county, county college or municipality who:

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

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



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

5

6 16. This act shall take effect immediately.

7

8

9

10

11 Provides additional retirement benefits for county, county college, and  
12 municipal employees; permits issuance of refunding bonds to fund  
13 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:**

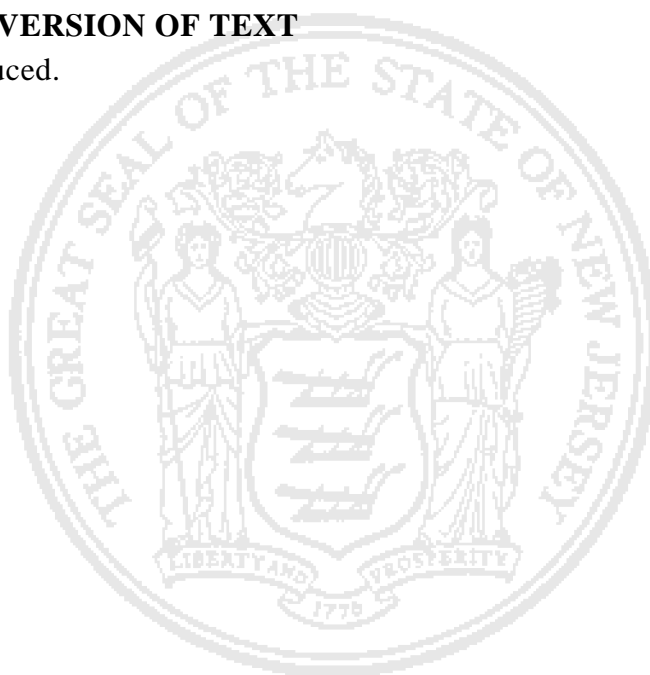
**Assemblymen Impreveduto, Wisniewski and Moran**

**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)**

A2639 SIRES, DORIA

2

1 AN ACT concerning retirement benefits for certain employees of public  
2 employers other than the State and the funding of liabilities for  
3 those benefits, and supplementing chapter 2 of Title 40A of the  
4 New Jersey Statutes and P.L.1961, c.49 (C.52:14-17.25 et seq.).  
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:  
8

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

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

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

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

23 other than a veteran who retires on a special veteran's retirement, shall  
24 receive an additional five years of service credit under the PERS or  
25 TPAF, or an amount equal to 100% of the employee's base annual  
26 salary at the time of retirement from the employer for participants of  
27 the ABP. The payments shall be made to the employee's retirement  
28 annuity contract under the ABP up to the maximum contribution  
29 allowable under section 415 of the federal Internal Revenue Code of  
30 1986, 26 U.S.C. s.415. Any payment amount in excess of the section  
31 415 contribution limit shall be contributed to a contract on behalf of  
32 the employee that meets the requirements of subsection (b) of section  
33 403 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.403,  
34 to the extent that the payment may be contributed on a before-tax  
35 basis under the maximum limits allowed under the Internal Revenue  
36 Code of 1986. Payment amounts in excess of the section 403(b) limit  
37 shall be paid directly to the employee.

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

40 An employee who meets the age and service requirements under  
41 this section and retires on a special veteran's retirement shall receive  
42 an additional pension under the retirement system in the amount of  
43 5/55 of the compensation on which the retirement allowance is based.

44 The additional retirement benefit under this section is applicable  
45 only to the full-time employment with the employer that elects to  
46 provide the benefits authorized under this act and from which the

1 employee retires to receive the benefit and the compensation for that  
2 employment.

3

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

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

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

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

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

28

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

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

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

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

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

42

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

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

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

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

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

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

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

36  
37 6. The cost of the cash payments under this act for the ABP  
38 participants shall be funded by the employer from appropriations to the  
39 employer for annual operating expenses or from funds otherwise  
40 available to the employer for operating expenses.

41  
42 7. An employee who receives a benefit under this act shall forfeit  
43 all tenure rights.

44  
45 8. When the needs of the employer require the service of an  
46 employee who elects to retire and receive a benefit under this act, the

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

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

17

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

21

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

27

28 11. The provisions of this act shall be applicable to employers and  
29 employees participating in a county pension fund created under Article  
30 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes,  
31 P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310  
32 (C.43:10-18.50 et seq.), or Article 2 of Chapter 66 of Title 18A of the  
33 New Jersey Statutes, or in a municipal retirement system created under  
34 P.L.1954, c.218 (C.43:13-22.3 et seq.) or P.L.1964, c.275  
35 (C.43:13-22.50 et seq.), and shall become operative upon the adoption  
36 of the provisions of this act by the employer.

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

42

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

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

4  
5 14. Notwithstanding the provisions of N.J.S.40A:2-51 to the  
6 contrary, a county or municipality may incur indebtedness, borrow  
7 money, authorize and issue negotiable refunding bonds, in any amount  
8 determined to be necessary by the county or the municipality and  
9 approved by the Local Finance Board to effect the refunding for the  
10 purpose of retiring the present value of the unfunded accrued liability  
11 for early retirement incentive benefits granted pursuant to P.L.1991,  
12 c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993,  
13 c.99, P.L.1999, c.59, and P.L. , c. (now pending before the  
14 Legislature as this bill), in addition to the other purposes for which it  
15 may do the same under N.J.S.40A:2-51. The system actuary shall  
16 calculate the present value of the unfunded liability due and owing by  
17 the municipality or county on a date certain upon the request of the  
18 county or municipality. For purposes of this section, "county" means  
19 any county of any class and all boards or commissions organized under  
20 such county, including but not limited to welfare boards, boards of  
21 social services, park commissions and mosquito control authorities.

22  
23 15. After the effective date of P.L. , c. (now pending before  
24 the Legislature as this bill), a former employee of a county, county  
25 college or municipality who:

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

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

37  
38 16. This act shall take effect immediately.

39  
40  
41 STATEMENT

42  
43 This bill provides for additional retirement benefits for certain  
44 employees of a county, a county college or a municipality who retire  
45 under the Public Employees' Retirement System (PERS), the Teachers'  
46 Pension and Annuity Fund (TPAF) or the Alternate Benefit Program

1 (ABP) after the effective date of this act but not later than June 30,  
2 2003, if the employer elects to provide the benefits. Employers  
3 participating in several locally-administered county, municipal and  
4 school district pension systems may also adopt the provisions of this  
5 bill.

6 Employees who are at least 50 years of age and have at least  
7 25 years of service credit as of the effective date of retirement will  
8 receive an additional five years of service credit. If a member of the  
9 PERS or TPAF is under age 55 at the time of retirement, the member's  
10 retirement allowance will not be reduced.

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

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

17 Employees who are at least 60 years of age with between 10 and  
18 20 years of service as of the effective date of retirement will receive  
19 employer-paid coverage in the New Jersey State Health Benefits  
20 Program, and the retired employees, their dependents and survivors  
21 will be eligible for coverage in the program even if the employer does  
22 not participate in the program or otherwise provide health care  
23 benefits coverage in retirement upon the normal retirement of such  
24 employees.

25 Employees who are at least 60 years of age with between 10 and  
26 20 years of service as of the effective date of retirement will receive  
27 an additional pension payment of \$500 per month for the first  
28 24 months after retirement.

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

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

43 The bill authorizes counties and municipalities to issue refunding  
44 bonds to retire the present value of the unfunded accrued pension  
45 liabilities for several early retirement incentive benefits granted since  
46 1991, including the benefits granted by this bill.



**A2639 SIRES, DORIA**

8

1       The employees eligible for the benefits under this bill are all eligible  
2 to retire under their respective retirement systems. The purpose of  
3 these additional benefits is to induce more of them to retire and, thus,  
4 assist in reducing the workforce and costs for counties, county  
5 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  $\frac{3}{55}$  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	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>Local Cost</b>	Indeterminate (See Comments Below)		
<b>Local Savings</b>	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 than 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 at 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  $\frac{3}{55}$  of the compensation on which the retirement allowance is based and the employer pays three years of State Health Benefits Program (SHBP) 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**

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**STATE OF NEW JERSEY**  
**210th LEGISLATURE**

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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)**

1 AN ACT concerning retirement benefits for certain employees of public  
2 employers other than the State and the funding of liabilities for  
3 those benefits, and supplementing chapter 2 of Title 40A of the  
4 New Jersey Statutes and P.L.1961, c.49 (C.52:14-17.25 et seq.).  
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:  
8

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

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

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

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

23 other than a veteran who retires on a special veteran's retirement, shall  
24 receive an additional five years of service credit under the PERS or  
25 TPAF, or an amount equal to 100% of the employee's base annual  
26 salary at the time of retirement from the employer for participants of  
27 the ABP. The payments shall be made to the employee's retirement  
28 annuity contract under the ABP up to the maximum contribution  
29 allowable under section 415 of the federal Internal Revenue Code of  
30 1986, 26 U.S.C.s.415. Any payment amount in excess of the section  
31 415 contribution limit shall be contributed to a contract on behalf of  
32 the employee that meets the requirements of subsection (b) of section  
33 403 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.403, to  
34 the extent that the payment may be contributed on a before-tax basis  
35 under the maximum limits allowed under the Internal Revenue Code  
36 of 1986. Payment amounts in excess of the section 403(b) limit shall  
37 be paid directly to the employee.

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

40 An employee who meets the age and service requirements under  
41 this section and retires on a special veteran's retirement shall receive  
42 an additional pension under the retirement system in the amount of  
43 5/55 of the compensation on which the retirement allowance is based.

44 The additional retirement benefit under this section is applicable  
45 only to the full-time employment with the employer that elects to  
46 provide the benefits authorized under this act and from which the

1 employee retires to receive the benefit and the compensation for that  
2 employment.

3

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

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

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

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

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

28

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

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

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

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

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

42

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

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

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

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

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

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

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

36  
37 6. The cost of the cash payments under this act for the ABP  
38 participants shall be funded by the employer from appropriations to the  
39 employer for annual operating expenses or from funds otherwise  
40 available to the employer for operating expenses.

41  
42 7. An employee who receives a benefit under this act shall forfeit  
43 all tenure rights.

44  
45 8. When the needs of the employer require the service of an  
46 employee who elects to retire and receive a benefit under this act, the

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

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

17

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

21

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

27

28 11. The provisions of this act shall be applicable to employers and  
29 employees participating in a county pension fund created under Article  
30 1 or Article 6 of Chapter 10 of Title 43 of the Revised Statutes,  
31 P.L.1943, c.160 (C.43:10-18.1 et seq.), P.L.1948, c.310  
32 (C.43:10-18.50 et seq.), or Article 2 of Chapter 66 of Title 18A of the  
33 New Jersey Statutes, or in a municipal retirement system created under  
34 P.L.1954, c.218 (C.43:13-22.3 et seq.) or P.L.1964, c.275  
35 (C.43:13-22.50 et seq.), and shall become operative upon the adoption  
36 of the provisions of this act by the employer.

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

42

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

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

4  
5 14. Notwithstanding the provisions of N.J.S.40A:2-51 to the  
6 contrary, a county or municipality may incur indebtedness, borrow  
7 money, authorize and issue negotiable refunding bonds, in any amount  
8 determined to be necessary by the county or the municipality and  
9 approved by the Local Finance Board to effect the refunding for the  
10 purpose of retiring the present value of the unfunded accrued liability  
11 for early retirement incentive benefits granted pursuant to P.L.1991,  
12 c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181, P.L.1993,  
13 c.99, P.L.1999, c.59, and P.L. , c. (now pending before the  
14 Legislature as this bill), in addition to the other purposes for which it  
15 may do the same under N.J.S.40A:2-51. The system actuary shall  
16 calculate the present value of the unfunded liability due and owing by  
17 the municipality or county on a date certain upon the request of the  
18 county or municipality. For purposes of this section, "county" means  
19 any county of any class and all boards or commissions organized under  
20 such county, including but not limited to welfare boards, boards of  
21 social services, park commissions and mosquito control authorities.

22  
23 15. After the effective date of P.L. , c. (now pending before  
24 the Legislature as this bill), a former employee of a county, county  
25 college or municipality who:

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

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

37  
38 16. This act shall take effect immediately.

39  
40  
41 STATEMENT

42  
43 This bill provides for additional retirement benefits for certain  
44 employees of a county, a county college or a municipality who retire  
45 under the Public Employees' Retirement System (PERS), the Teachers'  
46 Pension and Annuity Fund (TPAF) or the Alternate Benefit Program



1 (ABP) after the effective date of this act but not later than June 30,  
2 2003, if the employer elects to provide the benefits. Employers  
3 participating in several locally-administered county, municipal and  
4 school district pension systems may also adopt the provisions of this  
5 bill.

6 Employees who are at least 50 years of age and have at least  
7 25 years of service credit as of the effective date of retirement will  
8 receive an additional five years of service credit. If a member of the  
9 PERS or TPAF is under age 55 at the time of retirement, the member's  
10 retirement allowance will not be reduced.

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

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

17 Employees who are at least 60 years of age with between 10 and  
18 20 years of service as of the effective date of retirement will receive  
19 employer-paid coverage in the New Jersey State Health Benefits  
20 Program, and the retired employees, their dependents and survivors  
21 will be eligible for coverage in the program even if the employer does  
22 not participate in the program or otherwise provide health care  
23 benefits coverage in retirement upon the normal retirement of such  
24 employees.

25 Employees who are at least 60 years of age with between 10 and  
26 20 years of service as of the effective date of retirement will receive  
27 an additional pension payment of \$500 per month for the first  
28 24 months after retirement.

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

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

43 The bill authorizes counties and municipalities to issue refunding  
44 bonds to retire the present value of the unfunded accrued pension  
45 liabilities for several early retirement incentive benefits granted since  
46 1991, including the benefits granted by this bill.

**S1892 CHARLES, TURNER**

8

1       The employees eligible for the benefits under this bill are all eligible  
2 to retire under their respective retirement systems. The purpose of  
3 these additional benefits is to induce more of them to retire and, thus,  
4 assist in reducing the workforce and costs for counties, county  
5 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  $\frac{3}{55}$  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.