

P.L. 2003, CHAPTER 129, *approved July 14, 2003*
Assembly, No. 2640 (*Second Reprint*)

1 **AN ACT** concerning early retirement incentives for certain members of
2 the Public Employees' Retirement System and the Teachers' Pension
3 and Annuity Fund who are employed by school boards, educational
4 services commission and jointure commissions, and the funding of
5 liabilities for those benefits, and amending P.L.1969, c.130.

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 school board, educational services commission
11 or jointure commission under the Teachers' Pension and Annuity Fund
12 (TPAF) or Public Employees' Retirement System (PERS) that elects
13 to provide the benefits 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 the TPAF;

16 b. files an application to retire ¹[after the effective date of this act
17 but on or before April 1, 2003] within ²[30 days] one month² after
18 the effective date of the resolution adopted by the governing body of
19 the employee's employer pursuant to section 4 of this act¹; and

20 c. retires under the retirement system ¹[after the effective date of
21 this act but not later than June 30, 2003] within ²[60 days] two
22 months² after the effective date of the resolution¹,

23 other than a veteran who retires on a special veteran's retirement, shall
24 receive an additional ²[five] three² years of service credit under PERS
25 or TPAF. If a member of the PERS or TPAF is under age 55 at the
26 time of retirement, the member's retirement allowance shall not be
27 reduced.

28 An employee who meets the age and service credit requirements
29 and retires on a special veteran's retirement under the PERS or TPAF
30 shall receive an additional pension under the retirement system in the
31 amount of ²[5/55] 3/55² of the compensation upon which the
32 retirement allowance is based.

33 The additional retirement benefit under this section is applicable
34 only to the employment with the employer that elects to provide the
35 benefits authorized under this section and from which the employee
36 retires to receive the benefit and the compensation for that
37 employment.

38 ²The school board, educational services commission or jointure
39 commission shall be responsible for the full cost of health care benefits

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.

1 in retirement provided under section 3 of P.L.1987, c.384 (C.52:14-
 2 17.32f) and section 2 of P.L.1992, c.126 (C.52:14-17.32f1) for each
 3 employee retiring under the provisions of this act for a period of three
 4 years following the employee's retirement.²

5
 6 2. ²[An] For an² employee of a school board, educational services
 7 commission or jointure commission under the TPAF or PERS that
 8 elects to provide the benefits authorized under this act who:

9 a. is at least 60 years of age and has at least 20, but less than 25,
 10 years of service credit under the PERS or TPAF;

11 b. files an application to retire ¹[after the effective date of this act
 12 but on or before April 1, 2003] within ²[30 days] one month² 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 act¹; and

15 c. retires under the retirement system ¹[after the effective date of
 16 this act but not later than June 30, 2003] within ²[60 days] two
 17 months² after the effective date of the resolution¹,

18 the retired employee and that employee's dependents, but not including
 19 survivors, shall be eligible for the benefits provided under the "New
 20 Jersey State Health Benefits Program Act," P.L.1961, c.49
 21 (C.52:14-17.25 et seq.) in the same manner provided for retired State
 22 employees under subsection c. of section 8 of P.L.1961, c.49
 23 (C.52:14-17.32). For each retired employee and for that employee's
 24 eligible dependents, the school board, educational services commission
 25 or jointure commission, as the case may be, shall pay the full premium
 26 or periodic charges for benefits provided under this section to that
 27 retired employee and the employee's dependents, but not including
 28 survivors, in the same manner as provided for payment by the State of
 29 the premium or charges with respect to active covered State employers
 30 and their dependents under section 6 of P.L.1961, c.49 (C.52:14-
 31 17.30).

32
 33 3. ²[An] For an² employee of a school board, educational services
 34 commission or jointure commission under the PERS or TPAF that
 35 elects to provide the benefits authorized under this act who:

36 a. is at least 60 years of age and has at least 10, but less than
 37 20, years of service credit under the PERS or the TPAF;

38 b. files an application to retire ¹[after the effective date of this act
 39 but on or before April 1, 2003] within ²[30 days] one month² after
 40 the effective date of the resolution adopted by the governing body of
 41 the employee's employer pursuant to section 4 of this act¹; and

42 c. retires under the retirement system ¹[after the effective date of
 43 this act but not later than June 30, 2003] within ²[60 days] two
 44 months² after the effective date of the resolution¹, the employer shall
 45 pay an additional pension of \$500 per month in each of the 24 months

1 following the date of retirement.

2

3 4. An employer may elect to provide the benefits under this act by
4 the adoption of a resolution by the governing body ¹, which is to be
5 effective on July 1, within one year of the effective date of this act,
6 P.L. , c. (now pending before the Legislature as this bill),¹ and the
7 filing of a certified copy of the resolution with the Director of the
8 Division of Pensions and Benefits ¹[after the effective date of this act
9 but before April 1, 2003] within 3 business days after its adoption¹.

10 ²The governing body may elect to provide the benefits under this act
11 one time only and the effective date of the resolution shall fall within
12 the 15 month period following the effective date of this act.² The
13 employer shall submit to the director any information necessary to
14 provide the benefits or to determine the liability for them.

15

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

21 For PERS, this liability shall be paid by the employer in level annual
22 payments over a period of 15 years as provided for the unfunded
23 accrued liability of the retirement system under section 24 of
24 P.L.1954, c.84 (C.43:15A-24).

25 For TPAF, this liability shall be paid by the employer in level annual
26 payments over a period of 15 years as provided for the unfunded
27 accrued liability of the retirement system under N.J.S.18A:66-18.

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

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

42

43 6. An employee who receives a benefit under this act shall forfeit
44 all tenure rights.

45

46 7. When the needs of a school board, educational services

1 commission or jointure commission require the services of an
2 employee who elects to retire and receive a benefit under this act, the
3 school board, educational services commission or jointure commission
4 may delay, with the consent of the employee, the effective retirement
5 date of the employee until the first day of any calendar month after
6 ¹[June 30, 2003] the ²[60th day] second month² after the effective
7 date of the resolution adopted by the governing body of the employer
8 pursuant to section 4 of this act¹ but not later than ¹[June 30, 2004]
9 one year after that ²[60th day¹] two month period². A delay in the
10 effective retirement date of an employee shall not extend the dates set
11 forth in sections 1 through 3 of this act to qualify for benefits under
12 this act.

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

21

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

25

26 9. For the purposes of this act:

27 "school board" means the board of education of any local school
28 district, consolidated school district, regional school district, county
29 special services school district, or county vocational school.

30 "educational services commission" means an agency established in
31 one or more counties for the purpose of carrying on programs of
32 educational research and development and providing to public school
33 districts such educational and administrative services as may be
34 authorized pursuant to rules of the State Board of Education.

35 "jointure commission" means a commission set up by two or more
36 boards of education to carry out jointly by agreement the duties
37 imposed upon them in regard to the education and training of
38 handicapped pupils.

39 ²"employee" shall not include any employee that was, or could have
40 been if the employer so elected, eligible for benefits pursuant to P.L.
41 2002, c.23.²

42

43 10. Prior to ¹[April 1, 2003] ²[the date on which the governing
44 body of the employer adopts a resolution pursuant to section 4 of this
45 act¹] the end of the one year period following the effective date of this
46 act², as appropriate, each employer covered by the provisions of this
47 act shall meet and consult with the representatives of the bargaining

1 unit or units representing the employees who would be eligible for
2 benefits under this act.

3

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

7

8 12. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to
9 read as follows:

10 ¹[2. Notwithstanding the provisions of any other law or any debt
11 limitation or requirement for down payment or for referendum or other
12 action by legal voters, refunding bonds may be authorized and issued
13 for the purpose of paying, funding or refunding: any refunded
14 bonds; the cost of retiring the present value of the unfunded accrued
15 liability due and owing by a board of education, as calculated by the
16 system actuary for a date certain upon the request of a board of
17 education, for early retirement incentive benefits granted by the board
18 of education pursuant to P.L.1991, c.231, P.L.1993, c.163, and
19 P.L. , c. (now pending before the Legislature as this bill); and
20 **[paying]** the cost or expense of issuing refunding bonds including
21 printing, advertising, accounting, financial, legal or other expense in
22 connection therewith. Obligations to be paid, funded or refunded with
23 respect to which an ordinance authorizing the issuance of refunding
24 bonds has been adopted pursuant to this act and not otherwise
25 deductible shall be excluded in calculating the net school debt of a
26 municipality or a district. Refunding bonds shall be authorized (a) in
27 the case of any county or municipality by refunding bond ordinance
28 enacted in the manner or mode of procedure provided for adoption of
29 a refunding bond ordinance pursuant to the Local Bond Law,
30 constituting chapter 2 of Title 40A, Municipalities and Counties, of
31 the New Jersey Statutes, and (b) in the case of a Type II school
32 district by an ordinance (herein called the "refunding bond ordinance")
33 adopted by the board of education of such school district as provided
34 in this chapter.

35 (cf: P.L.1978, c.75, s.2)]

36 2. Notwithstanding the provisions of any other law or any debt
37 limitation or requirement for down payment or for referendum or other
38 action by legal voters, refunding bonds may be authorized and issued
39 for the purpose of paying, funding or refunding: any refunded bonds;
40 the cost of retiring the present value of the unfunded accrued liability
41 due and owing by a board of education, as calculated by the system
42 actuary for a date certain upon the request of a board of education, for
43 early retirement incentive benefits granted by the board of education
44 pursuant to P.L.1991, c.231 ¹[and] ¹ P.L.1993, c.163 ¹and P.L. ,
45 c. (now pending before the Legislature as this bill)¹; and the cost or
46 expense of issuing refunding bonds including printing, advertising,

1 accounting, financial, legal or other expense in connection therewith.
2 Obligations to be paid, funded or refunded with respect to which an
3 ordinance authorizing the issuance of refunding bonds has been
4 adopted pursuant to this act and not otherwise deductible shall be
5 excluded in calculating the net school debt of a municipality or a
6 district. Refunding bonds shall be authorized (a) in the case of any
7 county or municipality by a refunding bond ordinance enacted in the
8 manner or mode of procedure provided for adoption of a refunding
9 bond ordinance pursuant to the Local Bond Law, constituting chapter
10 2 of Title 40A, Municipalities and Counties, of the New Jersey
11 Statutes, and (b) in the case of a Type II school district by an
12 ordinance (herein called the "refunding bond ordinance") adopted by
13 the board of education of such school district as provided in this
14 chapter.¹

15 (cf: P.L.2002, c.42, s.2)

16

17 13. This act shall take effect immediately.

18

19

20

21

22 Provides additional retirement benefits for certain members of PERS
23 and TPAF employed by school boards, educational services
24 commissions and jointure commissions; permits issuance of refunding
25 bonds to fund benefits.

ASSEMBLY, No. 2640

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:

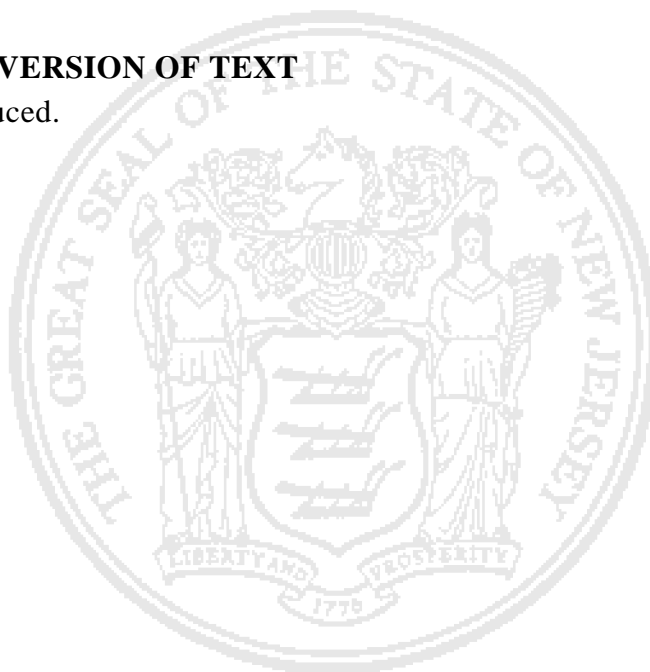
Assemblymen Moran, Impreveduto, Wisniewski and Guear

SYNOPSIS

Provides additional retirement benefits for certain members of PERS and TPAF employed by school boards, educational services commissions and jointure commissions; permits issuance of refunding bonds to fund benefits.

CURRENT VERSION OF TEXT

As introduced.



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

A2640 SIRES, DORIA

2

1 AN ACT concerning early retirement incentives for certain members of
2 the Public Employees' Retirement System and the Teachers' Pension
3 and Annuity Fund who are employed by school boards, educational
4 services commission and jointure commissions, and the funding of
5 liabilities for those benefits, and amending P.L.1969, c.130.

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 school board, educational services commission
11 or jointure commission under the Teachers' Pension and Annuity Fund
12 (TPAF) or Public Employees' Retirement System (PERS) that elects
13 to provide the benefits 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 the TPAF;

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

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

20 other than a veteran who retires on a special veteran's retirement, shall
21 receive an additional five years of service credit under PERS or TPAF.

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

24 An employee who meets the age and service credit requirements
25 and retires on a special veteran's retirement under the PERS or TPAF
26 shall receive an additional pension under the retirement system in the
27 amount of 5/55 of the compensation upon which the retirement
28 allowance is based.

29 The additional retirement benefit under this section is applicable
30 only to the employment with the employer that elects to provide the
31 benefits authorized under this section and from which the employee
32 retires to receive the benefit and the compensation for that
33 employment.

34

35 2. An employee of a school board, educational services commission
36 or jointure commission under the TPAF or PERS that elects to provide
37 the benefits authorized under this act who:

38 a. is at least 60 years of age and has at least 20, but less than 25,
39 years of service credit under the PERS or TPAF;

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

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

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.

1 the retired employee and that employee's dependents, but not including
2 survivors, shall be eligible for the benefits provided under the "New
3 Jersey State Health Benefits Program Act," P.L.1961, c.49
4 (C.52:14-17.25 et seq.) in the same manner provided for retired State
5 employees under subsection c. of section 8 of P.L.1961, c.49
6 (C.52:14-17.32). For each retired employee and for that employee's
7 eligible dependents, the school board, educational services commission
8 or jointure commission, as the case may be, shall pay the full premium
9 or periodic charges for benefits provided under this section to that
10 retired employee and the employee's dependents, but not including
11 survivors, in the same manner as provided for payment by the State of
12 the premium or charges with respect to active covered State employers
13 and their dependents under section 6 of P.L.1961, c.49 (C.52:14-
14 17.30).

15

16 3. An employee of a school board, educational services commission
17 or jointure commission under the PERS or TPAF that elects to provide
18 the benefits authorized under this act who:

19 a. is at least 60 years of age and has at least 10, but less than
20 20, years of service credit under the PERS or the TPAF;

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

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

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

27

28 4. An employer may elect to provide the benefits under this act by
29 the adoption of a resolution by the governing body and the filing of
30 a certified copy of the resolution with the Director of the Division of
31 Pensions and Benefits after the effective date of this act but before
32 April 1, 2003. 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 PERS, this liability shall be paid by the employer in level annual
42 payments over a period of 15 years as provided for the unfunded
43 accrued liability of the retirement system under section 24 of
44 P.L.1954, c.84 (C.43:15A-24).

45 For TPAF, this liability shall be paid by the employer in level annual
46 payments over a period of 15 years as provided for the unfunded

1 accrued liability of the retirement system under N.J.S.18A:66-18.

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

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

16

17 6. An employee who receives a benefit under this act shall forfeit
18 all tenure rights.

19

20 7. When the needs of a school board, educational services
21 commission or jointure commission require the services of an
22 employee who elects to retire and receive a benefit under this act, the
23 school board, educational services commission or jointure commission
24 may delay, with the consent of the employee, the effective retirement
25 date of the employee until the first day of any calendar month after
26 June 30, 2003 but not later than June 30, 2004. A delay in the
27 effective retirement date of an employee shall not extend the dates set
28 forth in sections 1 through 3 of this act to qualify for benefits under
29 this act.

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

38

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

42

43 9. For the purposes of this act:

44 "school board" means the board of education of any local school
45 district, consolidated school district, regional school district, county
46 special services school district, or county vocational school.

1 "educational services commission" means an agency established in
2 one or more counties for the purpose of carrying on programs of
3 educational research and development and providing to public school
4 districts such educational and administrative services as may be
5 authorized pursuant to rules of the State Board of Education.

6 "jointure commission" means a commission set up by two or more
7 boards of education to carry out jointly by agreement the duties
8 imposed upon them in regard to the education and training of
9 handicapped pupils.

10
11 10. Prior to April 1, 2003, as appropriate, each employer covered
12 by the provisions of this act shall meet and consult with the
13 representatives of the bargaining unit or units representing the
14 employees who would be eligible for benefits under this act.

15
16 11. The Director of the Division of Pensions and Benefits may
17 promulgate rules and regulations that the director deems necessary for
18 the effective implementation of this act.

19
20 12. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to
21 read as follows:

22 2. Notwithstanding the provisions of any other law or any debt
23 limitation or requirement for down payment or for referendum or other
24 action by legal voters, refunding bonds may be authorized and issued
25 for the purpose of paying, funding or refunding; any refunded
26 bonds; the cost of retiring the present value of the unfunded accrued
27 liability due and owing by a board of education, as calculated by the
28 system actuary for a date certain upon the request of a board of
29 education, for early retirement incentive benefits granted by the board
30 of education pursuant to P.L.1991, c.231, P.L.1993, c.163, and
31 P.L. _____, c. _____ (now pending before the Legislature as this bill); and
32 [paying] the cost or expense of issuing refunding bonds including
33 printing, advertising, accounting, financial, legal or other expense in
34 connection therewith. Obligations to be paid, funded or refunded with
35 respect to which an ordinance authorizing the issuance of refunding
36 bonds has been adopted pursuant to this act and not otherwise
37 deductible shall be excluded in calculating the net school debt of a
38 municipality or a district. Refunding bonds shall be authorized (a) in
39 the case of any county or municipality by refunding bond ordinance
40 enacted in the manner or mode of procedure provided for adoption of
41 a refunding bond ordinance pursuant to the Local Bond Law,
42 constituting chapter 2 of Title 40A, Municipalities and Counties, of
43 the New Jersey Statutes, and (b) in the case of a Type II school
44 district by an ordinance (herein called the "refunding bond ordinance")
45 adopted by the board of education of such school district as provided
46 in this chapter.

47 (cf: P.L.1978, c.75, s.2)

1 13. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill provides for additional retirement benefits for certain
7 employees of a local school board, educational services commission or
8 jointure commission who retire under the Public Employees'
9 Retirement System (PERS) or the Teachers' Pension and Annuity Fund
10 (TPAF) after the effective date of the bill but not later than June 30,
11 2003 if the school board, educational services commission or jointure
12 commission elects to provide the benefits.

13 An employee who is at least 50 years of age and has at least
14 25 years of service credit under the PERS or TPAF as of the effective
15 date of retirement will receive an additional five years of service
16 credit. If a member of the PERS or TPAF is under age 55 at the time
17 of retirement, the member's retirement allowance will not be reduced.

18 An employee veteran who meets the age and service credit
19 requirements and retires on special veteran's retirement under the
20 PERS and TPAF will receive an additional pension in the amount of
21 5/55 of the compensation on which the retirement allowance is based.

22 An employee who is at least 60 years of age and has at least 20, but
23 less than 25, years of service as of the effective date of retirement will
24 receive full payment of premiums for retired coverage under the State
25 Health Benefits Program for the retired employee and dependents, but
26 not including survivors, whether or not the employer participates in
27 SHBP with respect to its active employees.

28 An employee who is at least 60 years of age with at least 10, but
29 less than 20, years of service credit will receive an additional pension
30 of \$500 per month for the 24 months following retirement.

31 When the needs of an employer require the services of an employee
32 who elects to receive a benefit under this bill, the employer may delay,
33 with the consent of the employee, the effective retirement date of the
34 employee for up to one year, but not later than June 30, 2004, as
35 appropriate. The authorization for a delay in the effective retirement
36 date does not extend the dates for qualification for benefits set forth
37 in the bill.

38 The cost of the enhanced pension benefits will be funded through
39 employer contributions paid by school boards, educational services
40 commissions or jointure commissions to the retirement systems,
41 calculated separately for each entity over a period of 15 years. The
42 cost of the health care benefits payments for eligible retirees and their
43 dependents will be paid by the employer on a current cost basis.

44 The employer may elect to provide these benefits by the adoption
45 of a resolution and the filing of a certified copy with the Director of
46 the Division of Pensions and Benefits. Employers covered by this bill

A2640 SIRES, DORIA

7

1 must meet with the employee union representatives prior to April 1,
2 2003, as appropriate.

3 The bill authorizes boards of education to issue refunding bonds to
4 retire the present value of the unfunded accrued pension liabilities for
5 early retirement incentive benefits granted in 1991 and 1993 and by
6 this bill.

7 The employees eligible for the benefits under this bill are all eligible
8 to retire under their respective retirement systems. The purpose of
9 these additional benefits is to induce more employees to retire and,
10 thus, assist in reducing costs for school districts and education
11 commissions in this time of fiscal constraint.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2640

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 8, 2003

The Assembly State Government Committee reports favorably and with committee amendments Assembly, No. 2640.

As amended, this bill provides additional retirement benefits to certain employees of a local school board, educational services commission or jointure commission that elect to provide the benefits, 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. Once a resolution is adopted and effective, employees will have 30 days to file an application and 60 days to retire.

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 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. 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 5/55 of the compensation on which the retirement allowance is based.

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. 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 pension of \$500 per month for the 24 months following retirement.

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 school boards, educational services commissions or jointure commissions 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.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body, which is to be effective July 1, 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 bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for 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 effective July 1, electing to offer the additional retirement benefits. Once a resolution is adopted and effective, employees will have 30 days to file an application and 60 days to retire. The committee also amended the bill to update the section of law under which the employers may issue refunding bonds to retire their liability for the benefits under the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2640

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 20, 2003

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2640 with committee amendments.

Assembly Bill No. 2640 (1R), as amended, provides additional retirement benefits to certain employees of a local school board, educational services commission or jointure commission that elect to provide the benefits, 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. Once a resolution is adopted and effective, employees will have one month to file an application and two months to retire.

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. 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.

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. 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 pension of \$500 per month for the 24 months following retirement.

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 school boards, educational services commissions or jointure commissions 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.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body, which is to be effective July 1, 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 15 months 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 bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for early retirement incentive benefits granted by the bill.

FISCAL IMPACT:

This bill is permissive, whereby, the number of eligible employers which elect to participate is not known, nor is the number of employees of those 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 school board, educational services commission or jointure commission employer for the first 3 years following the employee's retirement;
- * clarify that "employee" does not include any employee that was, or could have been if the employer so elected, eligible for benefits pursuant to P.L. 2002, c.23 (the State early retirement incentive program offered in 2002);
- * 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 15 month period (rather than the one year period) following enactment in order to provide employers with sufficient time to make decisions if the bill is enacted within three months of July 1; 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.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 2640

STATE OF NEW JERSEY

DATED: JUNE 30, 2003

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2640 (2R).

This bill provides additional retirement benefits to certain employees of a local school board, educational services commission or jointure commission that elect to provide the benefits, 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. Once a resolution is adopted and effective, employees will have one month to file an application and two months to retire.

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. 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. 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.

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. 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 pension of \$500 per month for the 24 months following retirement.

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 school boards, educational services commissions or jointure commissions 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.

An employer may elect to provide these benefits by the adoption of a resolution by its governing body, which is to be effective July 1, 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 15 months 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 bill also authorizes boards of education to issue refunding bonds to retire the present value of the unfunded accrued pension liabilities for early retirement incentive benefits granted by the bill.

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 boards and commissions.