

P.L. 2003, CHAPTER 167, *approved September 3, 2003*
Senate, No. 357

1 **AN ACT** concerning any employees' retirement system established in
2 a city of the first class having a population of less than 300,000
3 inhabitants and amending P.L.1987, c.171 and P.L.1990, c.20.
4

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

7
8 1. Section 1 of P.L.1987, c.171 (C.43:13-22.67) is amended to
9 read as follows:

10 1. Any member who has at least three years of service credit for
11 which contributions have been made as a member may borrow from
12 the retirement system an amount equal to not more than 50% of the
13 amount of the member's aggregate contributions, but not less than
14 \$1,000.00; provided that the amount borrowed, together with interest,
15 can be repaid by additional deductions from salary which do not
16 exceed 25% of the member's salary at the time the loan is made. The
17 amount so borrowed, together with interest at a rate fixed by the
18 commission on any unpaid balance, shall be repaid to the retirement
19 system in equal installments by deduction from salary or in another
20 manner and in amounts which the commission shall approve; but the
21 installments shall be at least equal to the member's contribution to the
22 retirement system and at least sufficient to repay the amount borrowed
23 with interest at the conclusion of a term fixed by the commission or by
24 the time the member attains age 70. No more than two loans may be
25 made to any member in any 12-month period.

26 Interest charged for loans to members shall be fixed annually by the
27 commission to take effect January 1 of each calendar year at a rate
28 equal to the **[current rate]** average of the daily rates of interest at
29 constant maturity based on daily trades paid by 30 year United States
30 Treasury **[bills]** bonds for the period beginning on the first and ending
31 on the 30th day of the immediately preceding November plus 1%, or
32 10%, whichever is **[greater]** less. The interest earned from loans to
33 members shall be treated in the same manner as interest from
34 investments of the retirement system.
35 (cf: P.L.1987, c.171, s.1).
36

37 2. Section 11 of P.L.1990, c.20 (C.43:13-22.73) is amended to
38 read as follows:

39 11. On or before October 1, 1996 and by the same date in each
40 subsequent year, the Director of the Division of Pensions and Benefits
41 of the Department of the Treasury shall review the index and

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 determine the percentum of change in the index from the retirement
2 year index pursuant to the provisions of the "Pension Adjustment Act,"
3 P.L.1969, c.169 (C.43:3B-1 et seq.). The percentage of adjustment
4 in the retirement allowances, pensions and survivorship benefits shall
5 ~~[be 3/5 of]~~ equal the percentum of change in the index. Any
6 adjustment so calculated shall apply to all of the months of the
7 following calendar year for eligible retirants and beneficiaries, except
8 that for those qualifying for the first time, it shall apply only to those
9 months of the following calendar year in which the retirant or
10 beneficiary is eligible to receive the adjustment.

11 On the basis of information certified to the director by the
12 retirement system concerning the amounts of all retirement allowances,
13 pensions and survivorship benefits of eligible retirants and beneficiaries
14 which are subject to adjustment under sections 7 through 13 of
15 P.L.1990, c.20 (C.43:13-22.69 through 22.75), and any other relevant
16 matters as the director may require, the director shall certify to the
17 retirement system the amounts required to fund the benefits provided
18 under those sections for the applicable year. The director shall include
19 in that certification amounts sufficient to adjust the retirement
20 allowances, pensions or survivorship benefits payable to all eligible
21 retirants and beneficiaries by ~~[3/5 of]~~ the percentum of change in the
22 index as such retirement allowances or pensions may have been
23 originally granted, or increased for certain retirants and beneficiaries
24 in accordance with the provisions of the "Pension Adjustment Act."

25 In no instance shall the amount of the retirement allowance, pension
26 or survivorship benefit originally granted and payable to any retirant
27 or beneficiary be reduced as a result of this adjustment.

28 (cf: P.L.1996, c.101, s.4)

29

30 3. This act shall take effect immediately.

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35 Changes loan rate and adjustment rate for retirement system
36 established in first class city with fewer than 300,000 inhabitants.

SENATE, No. 357

STATE OF NEW JERSEY
210th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2002 SESSION

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Changes loan rate and adjustment rate for retirement system established in first class city with fewer than 300,000 inhabitants.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning any employees' retirement system established in
2 a city of the first class having a population of less than 300,000
3 inhabitants and amending P.L.1987, c.171 and P.L.1990, c.20.

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5 **BE IT ENACTED** by the Senate and General Assembly of the State
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16 exceed 25% of the member's salary at the time the loan is made. The
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18 commission on any unpaid balance, shall be repaid to the retirement
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20 manner and in amounts which the commission shall approve; but the
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22 retirement system and at least sufficient to repay the amount borrowed
23 with interest at the conclusion of a term fixed by the commission or by
24 the time the member attains age 70. No more than two loans may be
25 made to any member in any 12-month period.

26 Interest charged for loans to members shall be fixed annually by the
27 commission to take effect January 1 of each calendar year at a rate
28 equal to the **[current rate]** average of the daily rates of interest at
29 constant maturity based on daily trades paid by 30 year United States
30 Treasury **[bills]** bonds for the period beginning on the first and ending
31 on the 30th day of the immediately preceding November plus 1%, or
32 10%, whichever is **[greater]** less. The interest earned from loans to
33 members shall be treated in the same manner as interest from
34 investments of the retirement system.
35 (cf: P.L.1987, c.171, s.1).

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37 2. Section 11 of P.L.1990, c.20 (C.43:13-22.73) is amended to
38 read as follows:

39 11. On or before October 1, 1996 and by the same date in each
40 subsequent year, the Director of the Division of Pensions and Benefits
41 of the Department of the Treasury shall review the index and
42 determine the percentum of change in the index from the retirement
43 year index pursuant to the provisions of the "Pension Adjustment Act,"

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 P.L.1969, c.169 (C.43:3B-1 et seq.). The percentage of adjustment
2 in the retirement allowances, pensions and survivorship benefits shall
3 ~~[be 3/5 of]~~ equal the percentum of change in the index. Any
4 adjustment so calculated shall apply to all of the months of the
5 following calendar year for eligible retirants and beneficiaries, except
6 that for those qualifying for the first time, it shall apply only to those
7 months of the following calendar year in which the retirant or
8 beneficiary is eligible to receive the adjustment.

9 On the basis of information certified to the director by the
10 retirement system concerning the amounts of all retirement allowances,
11 pensions and survivorship benefits of eligible retirants and beneficiaries
12 which are subject to adjustment under sections 7 through 13 of
13 P.L.1990, c.20 (C.43:13-22.69 through 22.75), and any other relevant
14 matters as the director may require, the director shall certify to the
15 retirement system the amounts required to fund the benefits provided
16 under those sections for the applicable year. The director shall include
17 in that certification amounts sufficient to adjust the retirement
18 allowances, pensions or survivorship benefits payable to all eligible
19 retirants and beneficiaries by ~~[3/5 of]~~ the percentum of change in the
20 index as such retirement allowances or pensions may have been
21 originally granted, or increased for certain retirants and beneficiaries
22 in accordance with the provisions of the "Pension Adjustment Act."

23 In no instance shall the amount of the retirement allowance, pension
24 or survivorship benefit originally granted and payable to any retirant
25 or beneficiary be reduced as a result of this adjustment.

26 (cf: P.L.1996, c.101, s.4)

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28 3. This act shall take effect immediately.

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30 STATEMENT

31

32 This bill amends certain provisions of the statutes governing the
33 operation of a retirement system for employees of a city of the first
34 class with fewer than 300,000 inhabitants. Currently, the only
35 retirement system in operation under the provisions of these statutes
36 is the Employees' Retirement System of Jersey City.

37 The bill changes the interest rate to be charged for loans to
38 members of the system. Currently, the interest rate is either the
39 current rate for U.S. Treasury bills or 10 percent, whichever is greater.
40 The bill would require the rate to be fixed annually, as of January 1 of
41 each calendar year, equal to the average of the daily rates of interest
42 based on daily trades paid on 30-year U.S. Treasury bonds for the
43 preceding November plus 1 percent, or 10 percent, whichever is less.

44 The bill also increases the annual cost of living adjustment to
45 retirement allowances, pensions and survivorship benefits from 3/5 of
46 the percentum of change in the Consumer Price Index to a rate equal
47 to the percentum of change in the index.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 357

STATE OF NEW JERSEY

DATED: JUNE 5, 2003

The Assembly State Government Committee reports favorably Senate, No. 357.

This bill amends certain provisions of the statutes governing the operation of a retirement system for employees of a city of the first class with fewer than 300,000 inhabitants. The only retirement system in operation under the provisions of these statutes is the Employees' Retirement System of Jersey City.

The bill changes the interest rate to be charged for loans to members of the system. Currently, the interest rate is either the current rate for U.S. Treasury bills or 10 percent, whichever is greater. The bill requires the rate to be fixed annually, as of January 1 of each calendar year, equal to the average of the daily rates of interest based on daily trades paid on 30-year U.S. Treasury bonds for the preceding November plus 1 percent, or 10 percent, whichever is less.

The bill also increases the annual cost of living adjustment to retirement allowances, pensions and survivorship benefits from $\frac{3}{5}$ of the percent of change in the Consumer Price Index to a rate equal to the percent of change in the index.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 357

STATE OF NEW JERSEY

DATED: FEBRUARY 21, 2002

The Senate State Government Committee reports favorably Senate, No. 357.

This bill amends certain provisions of the statutes governing the operation of a retirement system for employees of a city of the first class with fewer than 300,000 inhabitants. Currently, the only retirement system in operation under the provisions of these statutes is the Employees' Retirement System of Jersey City.

The bill changes the interest rate to be charged for loans to members of the system. Currently, the interest rate is either the current rate for U.S. Treasury bills or 10 percent, whichever is greater. The bill would require the rate to be fixed annually, as of January 1 of each calendar year, equal to the average of the daily rates of interest based on daily trades paid on 30-year U.S. Treasury bonds for the preceding November plus 1 percent, or 10 percent, whichever is less.

The bill also increases the annual cost of living adjustment to retirement allowances, pensions and survivorship benefits from $\frac{3}{5}$ of the percentum of change in the Consumer Price Index to a rate equal to the percentum of change in the index.

This bill was prefiled for introduction in the 2002 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 357
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: APRIL 23, 2002

SUMMARY

Synopsis: Changes loan rate and adjustment rate for retirement system established in first class city with fewer than 300,000 inhabitants.

Type of Impact: Expenditure Increase; Employees' Retirement System of Jersey City.

Agencies Affected: Jersey City.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate	Indeterminate See Comments Below	Indeterminate

- ! Increases the Employees' Retirement System of Jersey City annual cost of living adjustment (COLA) to retirement allowances, pensions and survivorship benefits from 3/5 of the percentum of change in the Consumer Price Index to a rate equal to the percentum change in the index.
- ! Changes the interest rate to be charged for loans to members of the system.
- ! The Office of Legislative Services (OLS) cannot estimate the cost of this bill due to a lack of information, but notes that the Pension Commissioner's of the Employees' Retirement System of Jersey City does not recommend enactment of this bill.

BILL DESCRIPTION

Senate Bill No. 357 of 2002 amends the statutes governing the operation of a retirement system for employees of a city of the first class with fewer than 300,000 inhabitants. Currently, the only retirement system in operation under the provision of these statutes is the Employees' Retirement System of Jersey City.

The bill increases the annual cost of living adjustment (COLA) to retirement allowances, pensions and survivorship benefits from 3/5 of the percentum of change in the Consumer Price Index to a rate equal to the percentum of change in the index.

The bill also changes the interest rate to be charged for loans to members of the system. The new rate is to be fixed annually as of January 1st to a rate equal to the average of the daily rates of interest based on 30-year U.S. Treasury bonds for the preceding November plus one percent.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) cannot estimate the cost of this bill due to a lack of information.

Section: *State Government*

Analyst: *James F. Vari*
Associate Fiscal Analyst

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

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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