

18A:66-71

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2004 **CHAPTER:** 177

NJSA: 18A:66-71 (TPAF and PERS veterans' retirement with 35 years based on highest benefit year)

BILL NO: S839 (Substituted for A1940/2357)

SPONSOR(S): Vitale and others

DATE INTRODUCED: February 5, 2004

COMMITTEE: **ASSEMBLY:** State Government
SENATE: State Government; Budget

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** November 15, 2004

SENATE: March 22, 2004

DATE OF APPROVAL: December 22, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) 1st reprint enacted

S839

[SPONSOR'S STATEMENT:](#) (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: Yes [2-24-2004\(State Gov't\)](#)
[3-08-2004\(Budget\)](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

A1940/2357

[SPONSOR'S STATEMENT \(A1940\):](#) (Begins on page 4 of original bill) [Yes](#)

[SPONSOR'S STATEMENT \(A2357\):](#) (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE \(A1940/2357\):](#) [Yes](#)

[LEGISLATIVE FISCAL ESTIMATE \(A2357\)](#) [Yes](#)

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. 2004, CHAPTER 177, *approved December 22, 2004*
Senate, No. 839 (*First Reprint*)

1 **AN ACT** concerning the retirement benefits of certain veteran members
2 of the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System and amending N.J.S.18A:66-71 and
4 P.L.1954, c.84.

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

8

9 1. N.J.S.18A:66-71 is amended to read as follows:

10 18A:66-71. a. Any public employee veteran member in office,
11 position or employment of this State or of a county, municipality, or
12 school district, board of education or other employer who (1) has or
13 shall have attained the age of 60 years and has or shall have been for
14 20 years continuously or in the aggregate in office, position or
15 employment of this State or of a county, municipality or school
16 district, board of education or other employer, or (2) has or shall have
17 attained the age of 55 years and has or shall have been for 25 years
18 continuously or in the aggregate in that office, position or
19 employment, shall have the privilege of retiring for service and of
20 receiving, instead of the retirement allowance provided under
21 N.J.S.18A:66-44, a retirement allowance of 54.5% of the
22 compensation for which contributions are made during the 12-month
23 period of membership providing the largest possible benefit to the
24 member or the member's beneficiary.

25 b. (Deleted by amendment, P.L.1984, c.69.)

26 c. Any public employee veteran member who has been for 20 years
27 in the aggregate in office, position or employment of this State or of
28 a county, municipality or school district, board of education or other
29 employer as of January 1, 1955, shall have the privilege of retiring for
30 ordinary disability and of receiving, instead of the retirement allowance
31 provided under N.J.S.18A:66-41, a retirement allowance of one-half
32 of the compensation received during the last year of employment upon
33 which contributions to the annuity savings fund or contingent reserve
34 fund are made. Such retirement shall be subject to the provisions
35 governing ordinary disability retirement in N.J.S.18A:66-39 and
36 N.J.S.18A:66-40.

37 d. Any public employee veteran member who shall be in office,
38 position or employment of this State or of a county, municipality,
39 school district, board of education or other employer and who shall
40 have attained 55 years of age and who has at least 35 years of

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 Senate SSG committee amendments adopted February 24, 2004.

1 aggregate service credit in such office, position or employment, shall
2 have the privilege of retiring for service and receiving a retirement
3 allowance of 1/55 of the compensation ¹[he] the member¹ received
4 during the[last year of employment upon which contributions to the
5 annuity savings fund or contingent reserve fund are made] 12-month
6 period of membership providing the largest possible benefit to the
7 member or the member's beneficiary for each year of creditable
8 service.

9 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
10 case of any member retiring under the provisions of subsections a. and
11 d. of this section and in the case of any member who has previously
12 retired under the provisions of subsection b. of this section before said
13 subsection was amended by P.L.1984, c.69. The death benefit
14 provided in N.J.S.18A:66-41 shall apply in the case of any member
15 retired under the provisions of subsection c. of this section.

16 f. A member who purchases service credit pursuant to any
17 provision of the "Teachers' Pension and Annuity Fund Law"
18 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
19 of satisfying any of the service requirements of that act.
20 (cf: P.L.2001, c.353, s.6)

21
22 2. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read
23 as follows:

24 61. a. (Deleted by amendment, P.L.1995, c.332.)

25 b. Any public employee veteran member in office, position or
26 employment of this State or of a county, municipality, public agency,
27 school district or board of education and who (1) shall have attained
28 60 years of age and who has 20 years of aggregate service credit in
29 such office, position or employment, or (2) shall have attained 55
30 years of age and who has 25 years of aggregate service credit in such
31 office, position or employment, shall have the privilege of retiring for
32 service and receiving, instead of the retirement allowance provided
33 under section 48 of this act, a retirement allowance of 54.5% of the
34 compensation for which contributions are made during the 12-month
35 period of membership providing the largest possible benefit to the
36 member or the member's beneficiary.

37 c. Any public employee veteran member who has been for 20 years
38 in the aggregate in office, position or employment of this State or of
39 a county, municipality, public agency, school district or board of
40 education as of January 2, 1955, shall have the privilege of retiring for
41 ordinary disability and of receiving, instead of the retirement allowance
42 provided under section 45 of this act, a retirement allowance of
43 one-half of the compensation received during the last year of
44 employment upon which contributions to the annuity savings fund or
45 contingent reserve fund are made. Such retirement shall be subject to
46 the provisions governing ordinary disability retirement in sections 42

1 and 44 of this act.

2 d. Any public employee veteran member who shall be in office,
3 position or employment of this State or of a county, municipality,
4 public agency, school district or board of education and who shall have
5 attained 55 years of age and who has at least 35 years of aggregate
6 service credit in such office, position or employment, shall have the
7 privilege of retiring for service and receiving a retirement allowance
8 of 1/55 of the compensation ¹[he] the member¹ received during the
9 [last year of employment upon which contributions to the annuity
10 savings fund or contingent reserve fund are made] 12-month period
11 of membership providing the largest possible benefit to the member
12 or the member's beneficiary for each year of creditable service.

13 e. The death benefit provided in section 48 shall apply in the case
14 of any member retiring under the provisions of subsections a., b. and
15 d. of this section. The death benefit provided in section 45 shall apply
16 in the case of any member retired under the provisions of subsection
17 c. of this section.

18 f. The State shall be liable for any increased cost to local
19 government employers participating in the retirement system as a
20 result of the amendment of this section by P.L.2001, c.353, except as
21 provided in section 16 of P.L.2001, c.353.
22 (cf: P.L.2001, c.353, s.14)

23

24 3. This act shall take effect immediately.

25

26

27

28

29 Provides that TPAF and PERS veterans' retirement with 35 years of
30 service shall be based on highest benefit year rather than last year of
31 service.

SENATE, No. 839

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 5, 2004

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Provides that TPAF and PERS veterans' retirement with 35 years of service shall be based on highest benefit year rather than last year of service.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/6/2004)

1 AN ACT concerning the retirement benefits of certain veteran members
2 of the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System and amending N.J.S.18A:66-71 and
4 P.L.1954, c.84.

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15 employment of this State or of a county, municipality or school
16 district, board of education or other employer, or (2) has or shall have
17 attained the age of 55 years and has or shall have been for 25 years
18 continuously or in the aggregate in that office, position or
19 employment, shall have the privilege of retiring for service and of
20 receiving, instead of the retirement allowance provided under
21 N.J.S.18A:66-44, a retirement allowance of 54.5% of the
22 compensation for which contributions are made during the 12-month
23 period of membership providing the largest possible benefit to the
24 member or the member's beneficiary.

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30 ordinary disability and of receiving, instead of the retirement allowance
31 provided under N.J.S.18A:66-41, a retirement allowance of one-half
32 of the compensation received during the last year of employment upon
33 which contributions to the annuity savings fund or contingent reserve
34 fund are made. Such retirement shall be subject to the provisions
35 governing ordinary disability retirement in N.J.S.18A:66-39 and
36 N.J.S.18A:66-40.

37 d. Any public employee veteran member who shall be in office,
38 position or employment of this State or of a county, municipality,
39 school district, board of education or other employer and who shall
40 have attained 55 years of age and who has at least 35 years of
41 aggregate service credit in such office, position or employment, shall
42 have the privilege of retiring for service and receiving a retirement
43 allowance of 1/55 of the compensation he received during the [last

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2 fund or contingent reserve fund are made] 12-month period of
3 membership providing the largest possible benefit to the member or the
4 member's beneficiary for each year of creditable service.

5 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
6 case of any member retiring under the provisions of subsections a. and
7 d. of this section and in the case of any member who has previously
8 retired under the provisions of subsection b. of this section before said
9 subsection was amended by P.L.1984, c.69. The death benefit
10 provided in N.J.S.18A:66-41 shall apply in the case of any member
11 retired under the provisions of subsection c. of this section.

12 f. A member who purchases service credit pursuant to any
13 provision of the "Teachers' Pension and Annuity Fund Law"
14 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
15 of satisfying any of the service requirements of that act.
16 (cf: P.L.2001, c.353, s.6)

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18 2. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read
19 as follows:

20 61. a. (Deleted by amendment, P.L.1995, c.332.)

21 b. Any public employee veteran member in office, position or
22 employment of this State or of a county, municipality, public agency,
23 school district or board of education and who (1) shall have attained
24 60 years of age and who has 20 years of aggregate service credit in
25 such office, position or employment, or (2) shall have attained 55
26 years of age and who has 25 years of aggregate service credit in such
27 office, position or employment, shall have the privilege of retiring for
28 service and receiving, instead of the retirement allowance provided
29 under section 48 of this act, a retirement allowance of 54.5% of the
30 compensation for which contributions are made during the 12-month
31 period of membership providing the largest possible benefit to the
32 member or the member's beneficiary.

33 c. Any public employee veteran member who has been for 20 years
34 in the aggregate in office, position or employment of this State or of
35 a county, municipality, public agency, school district or board of
36 education as of January 2, 1955, shall have the privilege of retiring for
37 ordinary disability and of receiving, instead of the retirement allowance
38 provided under section 45 of this act, a retirement allowance of
39 one-half of the compensation received during the last year of
40 employment upon which contributions to the annuity savings fund or
41 contingent reserve fund are made. Such retirement shall be subject to
42 the provisions governing ordinary disability retirement in sections 42
43 and 44 of this act.

44 d. Any public employee veteran member who shall be in office,
45 position or employment of this State or of a county, municipality,
46 public agency, school district or board of education and who shall have

1 attained 55 years of age and who has at least 35 years of aggregate
2 service credit in such office, position or employment, shall have the
3 privilege of retiring for service and receiving a retirement allowance
4 of 1/55 of the compensation he received during the [last year of
5 employment upon which contributions to the annuity savings fund or
6 contingent reserve fund are made] 12-month period of membership
7 providing the largest possible benefit to the member or the member's
8 beneficiary for each year of creditable service.

9 e. The death benefit provided in section 48 shall apply in the case
10 of any member retiring under the provisions of subsections a., b. and
11 d. of this section. The death benefit provided in section 45 shall apply
12 in the case of any member retired under the provisions of subsection
13 c. of this section.

14 f. The State shall be liable for any increased cost to local
15 government employers participating in the retirement system as a
16 result of the amendment of this section by P.L.2001, c.353, except as
17 provided in section 16 of P.L.2001, c.353.

18 (cf: P.L.2001, c.353, s.14)

19
20 3. This act shall take effect immediately.

21
22
23 STATEMENT

24
25 This bill concerns the retirement allowance of Teachers' Pension
26 and Annuity Fund (TPAF) and Public Employees' Retirement System
27 (PERS) veteran members who retire after having attained age 55 and
28 who have at least 35 years of service credit. It provides that the
29 retirement allowance shall be based on the 12-month period of
30 membership providing the largest possible benefit to the member or the
31 member's beneficiary instead of the last year of employment upon
32 which contributions to the annuity savings fund or contingent reserve
33 fund are made.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 839

STATE OF NEW JERSEY

DATED: NOVEMBER 8, 2004

The Assembly State Government Committee reports favorably Senate, No.839 (1R).

This bill concerns the retirement allowance of Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS) veteran members who retire after having attained age 55 years of age and who have at least 35 years of service credit. It provides that the retirement allowance will be based on the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary instead of the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made.

This bill is the same as the Assembly Committee Substitute for Assembly, Nos.1940 and 2357 of 2004.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 839

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 24, 2004

The Senate State Government Committee reports favorably and with committee amendments Senate, No. 839.

As amended this bill concerns the retirement allowance of Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS) veteran members who retire after having attained age 55 years of age and who have at least 35 years of service credit. It provides that the retirement allowance shall be based on the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary instead of the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made.

The committee amended the bill to remove gender references in the current law that are being amended by the bill.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 839

STATE OF NEW JERSEY

DATED: MARCH 8, 2004

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 839 (1R).

This bill concerns the retirement allowance of Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS) veteran members who retire after having attained age 55, and who have at least 35 years of service credit. It provides that the retirement allowance shall be based on the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary instead of the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made.

FISCAL IMPACT

The Office of Legislative Services (OLS) believes that the cost of implementing the provisions of this bill will be minimal. Although the legislation will have the tendency to increase employer pension costs by providing a higher retirement allowance than would have been payable in cases where a veteran member's final salary was lower than the member's salary at some other point in the member's career, such cases are rare. The norm is for salaries to increase as an employee's career progresses. Thus, the number of veteran members of the TPAF and PERS whose pensions would be enhanced under the bill, will be small, and the bill will accordingly have a minimal fiscal impact on pension costs.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 839

STATE OF NEW JERSEY

211th LEGISLATURE

DATED: MARCH 4, 2004

SUMMARY

- Synopsis:** Provides that TPAF and PERS veterans' retirement with 35 years of service shall be based on highest benefit year rather than last year of service.
- Type of Impact:** Expenditure increase: State General Fund and local government funds.
- Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits; local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State Cost	Minimal - See Comments Below		
Local Cost	Minimal - See Comments Below		

- * Provides retirement allowance based on highest 12-month period of compensation for veteran members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who retire with at least 35 or more years of service.
- * The Office of Legislative Services (OLS) believes the potential additional cost to the State and local government entities will be minimal given the presumed small number of veteran members who would be eligible for this benefit enhancement.

BILL DESCRIPTION

Senate Bill No. 839 (1R) of 2004 would provide that the retirement allowance of veteran members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who retire after having attained age 55 and who have at least 35 years of service credit will be based on the compensation in the last year of employment or on any other 12-month period that provides the greatest possible benefit to the member or the member's beneficiary. Currently, those retirement allowances are based on the veteran member's compensation in the last year of employment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) estimates the cost of the provisions of this bill to be minimal. Although the legislation will have the tendency to increase employer pension costs by providing a higher retirement allowance than would have been payable in cases where a veteran member's final salary was lower than at some other point in the member's career, such cases are rare. The norm is for salaries to increase as an employee's career progresses. Thus, the number of veteran members of the TPAF and PERS who would be eligible for this benefit is believed to be small, and, therefore, the bill will have a minimal fiscal impact on pension costs.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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

ASSEMBLY, No. 1940

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JANUARY 26, 2004

Sponsored by:

Assemblyman JACK CONNERS

District 7 (Burlington and Camden)

Assemblyman HERBERT CONAWAY, JR.

District 7 (Burlington and Camden)

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Co-Sponsored by:

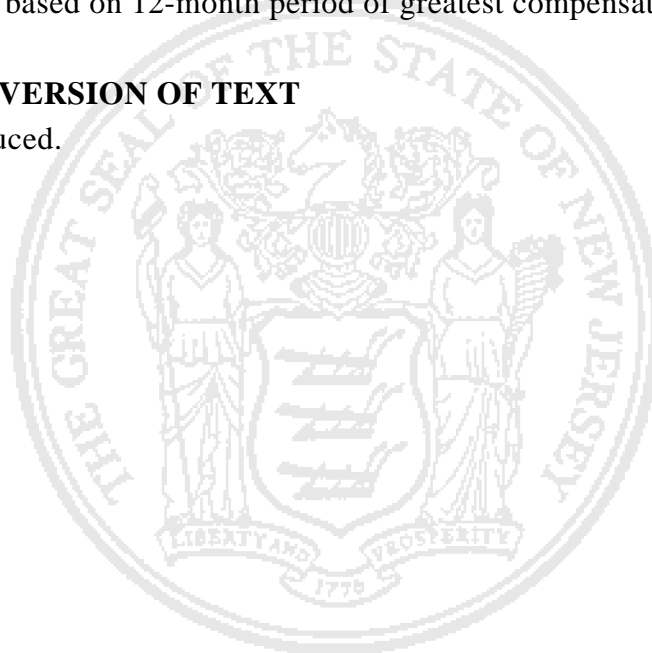
Assemblymen Barnes and Stack

SYNOPSIS

Allows PERS and TPAF pensions for veterans with 35 or more years of service to be based on 12-month period of greatest compensation.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/8/2004)

A1940 CONNERS, CONAWAY

2

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2 of the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey and amending
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15 employment of this State or of a county, municipality or school
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A1940 CONNERS, CONAWAY

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2 annuity savings fund or contingent reserve fund are made, or during
3 any other 12-month period of employment upon which contributions
4 were made that will provide the greatest possible benefit to the
5 member or the member's beneficiary, for each year of creditable
6 service.

7 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
8 case of any member retiring under the provisions of subsections a. and
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25

26

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STATEMENT

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29 This bill provides that the retirement allowance of veteran members
30 of the Teachers' Pension and Annuity Fund (TPAF) and the Public
31 Employees' Retirement System (PERS) who retire after having
32 attained age 55 and who have at least 35 years of service credit will be
33 based on the compensation in the last year of employment or on any
34 other 12-month period that provides the greatest possible benefit to
35 the member or the member's beneficiary. Currently, those retirement
36 allowances are based on the veteran member's compensation in the last
37 year of employment.

ASSEMBLY, No. 2357

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 23, 2004

Sponsored by:

Assemblyman JACK CONNERS

District 7 (Burlington and Camden)

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Co-Sponsored by:

Assemblymen Barnes, Stack, S.Kean and Assemblywoman Weinberg

SYNOPSIS

Provides that TPAF and PERS veterans' retirement with 35 years of service shall be based on highest benefit year rather than last year of service.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/14/2004)

A2357 CONNERS, VAN DREW

2

1 AN ACT concerning the retirement benefits of certain veteran members
2 of the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System and amending N.J.S.18A:66-71 and
4 P.L.1954, c.84.

5

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

8

9 1. N.J.S.18A:66-71 is amended to read as follows:

10 18A:66-71. a. Any public employee veteran member in office,
11 position or employment of this State or of a county, municipality, or
12 school district, board of education or other employer who (1) has or
13 shall have attained the age of 60 years and has or shall have been for
14 20 years continuously or in the aggregate in office, position or
15 employment of this State or of a county, municipality or school
16 district, board of education or other employer, or (2) has or shall have
17 attained the age of 55 years and has or shall have been for 25 years
18 continuously or in the aggregate in that office, position or
19 employment, shall have the privilege of retiring for service and of
20 receiving, instead of the retirement allowance provided under
21 N.J.S.18A:66-44, a retirement allowance of 54.5% of the
22 compensation for which contributions are made during the 12-month
23 period of membership providing the largest possible benefit to the
24 member or the member's beneficiary.

25 b. (Deleted by amendment, P.L.1984, c.69.)

26 c. Any public employee veteran member who has been for 20 years
27 in the aggregate in office, position or employment of this State or of
28 a county, municipality or school district, board of education or other
29 employer as of January 1, 1955, shall have the privilege of retiring for
30 ordinary disability and of receiving, instead of the retirement allowance
31 provided under N.J.S.18A:66-41, a retirement allowance of one-half
32 of the compensation received during the last year of employment upon
33 which contributions to the annuity savings fund or contingent reserve
34 fund are made. Such retirement shall be subject to the provisions
35 governing ordinary disability retirement in N.J.S.18A:66-39 and
36 N.J.S.18A:66-40.

37 d. Any public employee veteran member who shall be in office,
38 position or employment of this State or of a county, municipality,
39 school district, board of education or other employer and who shall
40 have attained 55 years of age and who has at least 35 years of
41 aggregate service credit in such office, position or employment, shall
42 have the privilege of retiring for service and receiving a retirement
43 allowance of 1/55 of the compensation he received during the [last

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 year of employment upon which contributions to the annuity savings
2 fund or contingent reserve fund are made] 12-month period of
3 membership providing the largest possible benefit to the member or the
4 member's beneficiary for each year of creditable service.

5 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
6 case of any member retiring under the provisions of subsections a. and
7 d. of this section and in the case of any member who has previously
8 retired under the provisions of subsection b. of this section before said
9 subsection was amended by P.L.1984, c.69. The death benefit
10 provided in N.J.S.18A:66-41 shall apply in the case of any member
11 retired under the provisions of subsection c. of this section.

12 f. A member who purchases service credit pursuant to any
13 provision of the "Teachers' Pension and Annuity Fund Law"
14 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
15 of satisfying any of the service requirements of that act.
16 (cf: P.L.2001, c.353, s.6)

17
18 2. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read
19 as follows:

20 61. a. (Deleted by amendment, P.L.1995, c.332.)

21 b. Any public employee veteran member in office, position or
22 employment of this State or of a county, municipality, public agency,
23 school district or board of education and who (1) shall have attained
24 60 years of age and who has 20 years of aggregate service credit in
25 such office, position or employment, or (2) shall have attained 55
26 years of age and who has 25 years of aggregate service credit in such
27 office, position or employment, shall have the privilege of retiring for
28 service and receiving, instead of the retirement allowance provided
29 under section 48 of this act, a retirement allowance of 54.5% of the
30 compensation for which contributions are made during the 12-month
31 period of membership providing the largest possible benefit to the
32 member or the member's beneficiary.

33 c. Any public employee veteran member who has been for 20 years
34 in the aggregate in office, position or employment of this State or of
35 a county, municipality, public agency, school district or board of
36 education as of January 2, 1955, shall have the privilege of retiring for
37 ordinary disability and of receiving, instead of the retirement allowance
38 provided under section 45 of this act, a retirement allowance of
39 one-half of the compensation received during the last year of
40 employment upon which contributions to the annuity savings fund or
41 contingent reserve fund are made. Such retirement shall be subject to
42 the provisions governing ordinary disability retirement in sections 42
43 and 44 of this act.

44 d. Any public employee veteran member who shall be in office,
45 position or employment of this State or of a county, municipality,
46 public agency, school district or board of education and who shall have

1 attained 55 years of age and who has at least 35 years of aggregate
2 service credit in such office, position or employment, shall have the
3 privilege of retiring for service and receiving a retirement allowance
4 of 1/55 of the compensation he received during the [last year of
5 employment upon which contributions to the annuity savings fund or
6 contingent reserve fund are made] 12-month period of membership
7 providing the largest possible benefit to the member or the member's
8 beneficiary for each year of creditable service.

9 e. The death benefit provided in section 48 shall apply in the case
10 of any member retiring under the provisions of subsections a., b. and
11 d. of this section. The death benefit provided in section 45 shall apply
12 in the case of any member retired under the provisions of subsection
13 c. of this section.

14 f. The State shall be liable for any increased cost to local
15 government employers participating in the retirement system as a
16 result of the amendment of this section by P.L.2001, c.353, except as
17 provided in section 16 of P.L.2001, c.353.

18 (cf: P.L.2001, c.353, s.14)

19
20 3. This act shall take effect immediately.

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23 STATEMENT

24
25 This bill concerns the retirement allowance of Teachers' Pension
26 and Annuity Fund (TPAF) and Public Employees' Retirement System
27 (PERS) veteran members who retire after having attained age 55 and
28 who have at least 35 years of service credit. It provides that the
29 retirement allowance shall be based on the 12-month period of
30 membership providing the largest possible benefit to the member or the
31 member's beneficiary instead of the last year of employment upon
32 which contributions to the annuity savings fund or contingent reserve
33 fund are made.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 1940 and 2357

STATE OF NEW JERSEY

DATED: NOVEMBER 8, 2004

The Assembly State Government Committee reports favorably an Assembly Committee Substitute for Assembly, Nos. 1940 and 2357.

This committee substitute concerns the retirement allowance of Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS) veteran members who retire after having attained age 55 years of age and who have at least 35 years of service credit. It provides that the retirement allowance will be based on the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary instead of the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made.

This committee substitute is the same as the Senate, No. 839 (1R) of 2004.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 1940 and 2357
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: December 1, 2004

SUMMARY

- Synopsis:** Provides that TPAF and PERS veterans' retirement with 35 years of service shall be based on highest benefit year rather than last year of service.
- Type of Impact:** Expenditure increase: State General Fund and local government funds.
- Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits; local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State Cost	Minimal - See Comments Below		
Local Cost	Minimal - See Comments Below		

- ! The Office of Legislative Services believes the potential additional pension cost to the State and local government entities will be minimal given the presumed small number of veteran members who would be eligible for this benefit enhancement.
- ! Provides retirement allowance based on highest 12-month period of compensation for members eligible for veterans status in the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who retire with at least 35 or more years of service.

BILL DESCRIPTION

Assembly Committee Substitute for Assembly Bill Nos. 1940 and 2357 of 2004 would provide that the retirement allowance of members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who qualify for a veterans retirement and who retire after having attained age 55 and who have at least 35 years of service credit will be based on the compensation in the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. Currently, those retirement allowances are based on the veteran member's compensation in the last year of employment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services estimates the cost of the provisions of this bill to be minimal. Although the legislation will have the tendency to increase employer pension costs by providing a higher retirement allowance than would have been payable in cases where a veteran members' final salary was lower than at some other point in the member's career, such cases are rare. The norm is for salaries to increase as an employee's career progresses. Thus, the number of veteran members of the TPAF and PERS for whom a retirement allowance will be greater as a result of this benefit is believed to be small and, therefore, the bill will have a minimal fiscal impact on pension costs.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2357
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: MARCH 22, 2004

SUMMARY

Synopsis: Provides that TPAF and PERS veterans' retirement with 35 years of service shall be based on highest benefit year rather than last year of service.

Type of Impact: Expenditure increase: State General Fund and local government funds.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits; local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State Cost	Minimal - See Comments Below		
Local Cost	Minimal - See Comments Below		

- * Provides retirement allowance based on highest 12-month period of compensation for veteran members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who retire with at least 35 or more years of service.
- * The Office of Legislative Services (OLS) believes the potential additional cost to the State and local government entities will be minimal given the presumed small number of veteran members who would be eligible for this benefit enhancement.

BILL DESCRIPTION

Assembly Bill No. 2357 of 2004 would provide that the retirement allowance of veteran members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who retire after having attained age 55 and who have at least 35 years of service credit will be based on the compensation in the last year of employment or on any other 12-month period that provides the greatest possible benefit to the member or the member's beneficiary. Currently, those retirement allowances are based on the veteran member's compensation in the last year of employment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) estimates the cost of the provisions of this bill to be minimal. Although the legislation will have the tendency to increase employer pension costs by providing a higher retirement allowance than would have been payable in cases where a veteran member's final salary was lower than at some other point in the member's career, such cases are rare. The norm is for salaries to increase as an employee's career progresses. Thus, the number of veteran members of the TPAF and PERS who would be eligible for this benefit is believed to be small, and, therefore, the bill will have a minimal fiscal impact on pension costs.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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