

43: 3B-1 et al

LEGISLATIVE HISTORY CHECKLIST

(Amends "Pension Increase Act;" changes title to "Pension Adjustment Act")

NJSA 43:3B-1 et al.

LAWS OF 1977

CHAPTER 306

Bill No. A3515

Sponsor(s) Pellecchia & Foran

Date Introduced October 3, 1977

Committee: Assembly -----

Senate -----

Amended during passage

~~XXX~~

No

Substituted for S3453 (not enclosed--identical to A3515)

Date of Passage: Assembly Oct. 3, 1977

Senate Nov. 21, 1977

Date of approval December 27, 1977

Following statements are attached if available:

| | | |
|----------------------|----------------|----------------|
| Sponsor statement | Yes | XX |
| Committee Statement: | Assembly | XXX |
| | Senate | XXX |
| Fiscal Note | Yes | XX |
| Veto Message | XXX | No |
| Message on signing | Yes | X |

Following were printed:

| | | |
|----------|-----|--------------|
| Reports | Yes | X |
| Hearings | Yes | X |

974.90 N.J. Legislature. Special
P418 Committee to Study Public
1976a Pension Programs.
Public hearing. Held 11-12-76.
(Several proposals of this bill
discussed at pp. 7, 29, 38-39,
1A-23A, 17x-26x.)

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9/1/78

974.90 N.J. Legislature, Special Committee
P418 to Study Public Pension Programs.
1977c The State-Administered Retirement
Systems of New Jersey: Report of the
Special Committee to Study Public Pension
Programs (pursuant to Assembly Concurrent
Resolution No. 3022 of 1975 and
Assembly Concurrent Resolution No. 51 of
1976), June 2, 1977.
(See especially recommendations at pp. 49, 56-57)

CHAPTER 306 LAWS OF N. J. 19 77
APPROVED 12-27-77

ASSEMBLY, No. 3515

STATE OF NEW JERSEY

INTRODUCED OCTOBER 3, 1977

By Assemblymen PELLECCCHIA and FORAN

(Without Reference)

AN ACT to amend the short title of the "Pension Increase Act," approved November 24, 1958 (P. L. 1958, c. 143), so that the same shall read the "Pension Adjustment Act," revising said act, and amending and supplementing P. L. 1969, c. 169.

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

1 1. Section 1 of P. L. 1958, c. 143 (C. 43:3B-1) is amended to read
2 as follows:

3 1. As used in this act:

4 a. "Retirant" means any person who was employed by the State
5 of New Jersey, any of its instrumentalities, any of its political
6 subdivisions or any of the instrumentalities of its political sub-
7 divisions, retired from such employment and, as a result of such
8 employment, is receiving a retirement allowance or pension from
9 a retirement system or under any law administered by the Division
10 of Pensions of the State of New Jersey, other than one providing
11 for individual annuity contracts purchased from private insurers.

12 b. "Survivorship benefit" means a monthly annuity to the
13 designee of a retirant who, at retirement, elected Option II, III or
14 IV pursuant to the provisions of N. J. S. 18A:66-47 or P. L. 1954,
15 c. 84, s. 50 (C. 43:15A-50) or P. L. 1944, c. 255, s. 12 (C. 43:16A-12),
16 but it shall not mean (1) an annuity based on settlement of a self-
17 insured or insured lump sum death benefit or in lieu of a lump sum
18 death benefit, (2) an annuity based on the return of the member's
19 contributions or (3) any life annuity settlement payable under
20 Option I as provided by the aforesaid sections of the statutory law.

21 c. "Beneficiary" means any person who is receiving a pension
22 as the result of the death of an active or retired member of a State
23 administered retirement system or who is receiving a survivorship
24 benefit.

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

- 25 d. "Benefit year" means:
- 26 (1) the calendar year 1966 for:
- 27 (a) all retirants who retired before the calendar year 1955;
- 28 and
- 29 (b) all beneficiaries of members who retired or died before
- 30 the calendar year 1955 except those beneficiaries covered by
- 31 (4) of this subsection;
- 32 (2) the actual calendar year of retirement for:
- 33 (a) all members who retired after 1954; and
- 34 (b) all beneficiaries of retirants who retired after 1954
- 35 except those beneficiaries covered by (4) of this subsection;
- 36 (3) the actual calendar year of death for all beneficiaries of
- 37 members who died after 1954 except those beneficiaries covered
- 38 by (4) of this subsection;
- 39 (4) the calendar year:
- 40 (a) 1967 for all beneficiaries of active or retired members
- 41 entitled to receive increased pensions in 1967 in accordance
- 42 with R. S. 43:16-3(c);
- 43 (b) 1968 for all beneficiaries of members entitled to receive
- 44 increased pensions in 1968 in accordance with R. S. 43:16-4(b);
- 45 (c) 1968 for all beneficiaries of active or retired members
- 46 entitled to receive increased pensions in 1968 in accordance with
- 47 P. L. 1967, c. 250, s. 26 (C. 43:16A-12.1);
- 47A (d) 1969 for all beneficiaries of active or retired members
- 48 entitled to receive increased pensions in 1969 in accordance
- 49 with P. L. 1941, c. 220, s. 3 (C. 43:7-9) as amended.
- 50 e. "Calendar year" means the 12-month period beginning Janu-
- 51 ary 1 and ending December 31.
- 52 f. "Index" shall mean the annual average over a 12-month
- 53 period, beginning September 1 and ending August 31, of the Con-
- 54 sumer Price Index for Urban Wage Earners and Clerical Workers,
- 55 All Items Series A, of the United States Department of Labor
- 56 (1957-1959 = 100). Should the reference base of said index be
- 57 changed, the index used to determine the Consumer Price Index
- 58 as defined herein will be the index converted to the new base by
- 59 standard statistical methods. The annual average index so calcu-
- 60 lated shall be the index for the calendar year in which the 12-month
- 61 period ends.
- 62 g. "Benefit year index" shall be the index of the benefit year.
- 63 h. "Fiscal year" means the 12-month period beginning July 1
- 64 and ending June 30, unless otherwise stipulated.
- 65 This act shall be known and may be cited as the "Pension [In-
- 66 crease] Adjustment Act."

1 2. Section 3 of P. L. 1958, c. 143 (C. 43:3B-3) is amended to
2 read as follows:

3 3. For *retirants and beneficiaries*, the **["ratio of increase"]**
4 *percentage of adjustment* which shall apply to the retirement allow-
5 *ance, survivorship benefit* or pension originally granted to a re-
6 *tirant or beneficiary* shall be calculated in accordance with the
7 following percentages as determined by the calendar year in which
8 the retirement became effective; provided that, in no instance shall
9 the amount of the retirement allowance or pension paid to any
10 retirant under this act including payments under future revisions
11 be less than the retirement allowance or pension paid under chapter
12 143, public laws of 1958 as amended by chapter 144, public laws of
13 1961 and chapter 198, public laws of 1964; *and, provided further,*
14 *that in no instance shall the amount of the retirement allowance,*
15 *survivorship benefit or pension originally granted and payable to*
16 *any retirant or beneficiary be reduced as a result of the provisions*
17 *of this amendatory and supplementary act.* **["For beneficiaries, the**
18 **"ratio of increase"** which shall apply to the pension or survivorship
19 benefit originally granted to a beneficiary shall be calculated in
20 accordance with the following percentages as determined by the
21 calendar year in which the member died or retired.**"]** In no event
22 shall a beneficiary whose benefit year is established by subsection d.
23 (4) of section 1 of this act (C. 43:3B-1) be eligible for an increase
24 under this section.

| | Year of Retirement or Death | ["Ratio of Increase"] <i>Percentage of Adjustment</i> | Year of Retirement or Death | ["Ratio of Increase"] <i>Percentage of Adjustment</i> |
|----|-----------------------------------|---|-----------------------------------|---|
| 25 | 1915 | 219% | 1935 | 137% |
| 26 | 1916 | 198% | 1936 | 134% |
| 27 | 1917 | 153% | 1937 | 126% |
| 28 | 1918 | 116% | 1938 | 130% |
| 29 | 1919 | 88% | 1939 | 134% |
| 30 | 1920 | 62% | 1940 | 132% |
| 31 | 1921 | 82% | 1941 | 120% |
| 32 | 1922 | 94% | 1942 | 99% |
| 33 | 1923 | 90% | 1943 | 88% |
| 34 | 1924 | 90% | 1944 | 85% |
| 35 | 1925 | 85% | 1945 | 80% |
| 36 | 1926 | 84% | 1946 | 66% |
| 37 | 1927 | 87% | 1947 | 45% |
| 38 | 1928 | 89% | 1948 | 35% |

| | Year of Retirement or Death | 【Ratio of Increase】 <i>Percentage of Adjustment</i> | Year of Retirement or Death | 【Ratio of Increase】 <i>Percentage of Adjustment</i> |
|----|-----------------------------|--|-----------------------------|--|
| 39 | 1929 | 89% | 1949 | 36% |
| 40 | 1930 | 94% | 1950 | 35% |
| 41 | 1931 | 113% | 1951 | 25% |
| 42 | 1932 | 138% | 1952 | 22% |
| 43 | 1933 | 151% | 1953 | 21% |
| 44 | 1934 | 143% | 1954 | 21% |

1 3. Section 5 of P. L. 1958, c. 143 (C. 43:3B-5) is amended to
2 read as follows:

3 5. The adjustment in retirement allowances, pensions and sur-
4 vivorship benefits provided for under this act *and under section 6*
5 *of P. L. 1969, c. 169 (C. 43:3B-6)* shall commence with retirement
6 allowance, pension and survivorship benefit payments for the
7 month of January 【1976】 1978, *except as hereinafter specified,*
8 provided, that there is appropriated the amount certified by the
9 Director of the Division of Pensions to the Director of the Division
10 of Budget and Accounting as set forth in section 4 hereof. *In the*
11 *case of any retirant or beneficiary first becoming eligible to receive*
12 *an adjustment under the provisions of section 6 of P. L. 1969,*
13 *c. 169 (C. 43:3B-7), such adjustment shall be paid beginning in the*
14 *25th month in which he is entitled to receive his retirement allow-*
15 *ance pension or survivorship benefit.* The adjustment in retirement
16 allowances, pensions and survivorship benefits shall continue to be
17 paid as long as there shall be appropriated the amounts so certified.
18 In the event that the necessary funds are not so appropriated, the
19 adjustment in retirement allowances, pensions and survivorship
20 benefits shall cease; no further payments shall be made by other
21 employers; refunds shall be made by the Director of the Division
22 of Pensions to all employers of any balances unexpended on their
23 account; and charges shall be certified by the Director of the
24 Division of Pensions to all employers of any amounts which have
25 been paid on behalf of the retirants and beneficiaries of former
26 employees of such employer for which funds have not been paid
27 to the Division of Pensions by the employer. In the event that
28 any such charges are certified, provision for payment shall be made
29 by the employer in the budget for the ensuing fiscal year.

1 4. Section 6 of P. L. 1969, c. 169 (C. 43:3B-7) is amended to
2 read as follows:

3 6. a. On or before October 1, [1975] 1977 and by the same date
4 in each subsequent year, the Director of the Division of Pensions
5 shall review the index and determine the percentum of change in
6 the index from the benefit year index. In determining the per-
7 centum of change the director shall use the index for the year
8 ending the August 31 prior to the date of review, dividing such
9 index by the benefit year index and then subtracting 100%
10 from the resulting quotient expressed to the nearest 1/100 of 1%.
11 The percentage of adjustment shall be [1/2] 3/5 of the percentum
12 of change. Any adjustment so calculated shall apply to all of the
13 months of the following calendar year for eligible retirants and
14 beneficiaries, [including] *except for those qualifying for the first*
15 *time, it shall apply only to those months of the following calendar*
16 *year in which the retirant or beneficiary is eligible to receive the*
17 *adjustment.*

18 The director shall include (a) in his corpus appropriation request
19 for the administration of the act on behalf of those retirants and
20 beneficiaries for whom the State assumes the costs attributable to
21 this act, and, (b) in his certification of amounts due from each em-
22 ployer in accordance with section 4 of the Pension [Increase] *Ad-*
23 *justment Act*, amounts sufficient to adjust the retirement allowances,
24 survivorship benefits or pensions payable to all eligible retirants
25 and beneficiaries by [1/2] 3/5 of the percentum of change in the
26 index as such retirement allowances, survivorship benefits or
27 pensions may have been originally granted, or increased for certain
28 retirants or beneficiaries in accordance with section 3 of the Pension
29 [Increase] *Adjustment Act*. In no instance shall the amount of the
30 retirement allowance or pension originally granted and payable
31 to any retirant be reduced as a result of the adjustment made pur-
32 suant to the provisions of P. L. 1969, c. 169.

33 b. For purposes of this act a "retirant" shall [include all
34 retirants except those whose retirement allowance or pension
35 commenced within the 3 calendar years prior to the first of the
36 month in which the adjustment is to become effective in any calen-
37 dar year] *mean any retirant who has or shall have received a re-*
38 *tirement allowance or pension for no less than 24 months and a*
39 "beneficiary" shall [include all beneficiaries except those whose]
40 *mean any beneficiary who has or shall have received for no less*
41 *than 24 months a pension, or survivorship benefit, or whose in-*
42 *creased pension pursuant to the provisions of the statutes stipulated*
43 *in subsection d(4) of section 1 of the act to which this act is an*
44 *amendment (C. 43:3B-1)[, commenced within the 3 calendar years*
45 *prior to the first of the month in which the adjustment is to become*

46 effective in any calendar year]. In the case of beneficiaries, all or
47 any part of the [3 calendar year] 24 month period shall include the
48 period in which the retirant was entitled to receive his retirement
49 allowance or pension.

1 5. (New section) Notwithstanding the provisions of P. L. 1976,
2 c. 68 (C. 40A:4-45.1 et seq.) or rules and regulations promulgated
3 pursuant thereto, any increase in expenditure required as a result
4 of this act shall be deemed mandated costs and shall not be subject
5 to the expenditure limitations imposed pursuant to P. L. 1976, c. 68.

1 6. This act shall take effect immediately but the adjustment
2 provided for in this amendatory and supplementary act and the
3 reduction in the waiting period necessary to become eligible to
4 receive the adjustment pursuant to section 6 of P. L. 1969, c. 169
5 (C. 43:3B-7), shall not begin until January 1, 1978, provided that
6 funds are appropriated in accordance with section 4 of P. L. 1958,
7 c. 143 (C. 43:3B-4).

STATEMENT

This bill amends the Pension Increase Act to provide the following:

(a.) It increases the annual cost-of-living adjustment of retirement allowances, pensions and survivorship benefits from $\frac{1}{2}$ to $\frac{3}{5}$ of the change in the Consumer Price Index between the year of retirement and the current index year; and,

(b.) It reduces from 3 calendar years to 24 months the amount of time which must elapse since retirement or the receipt of a survivorship benefit before a person becomes eligible to receive the adjustment.

(c.) It provides that the increased expenditures required by this bill shall be considered mandated costs and not subject to the expenditure limitations placed upon counties and municipalities pursuant to P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

FISCAL NOTE TO
ASSEMBLY, No. 3515

STATE OF NEW JERSEY

DATED: NOVEMBER 18, 1977

Assembly Bill No. 3515 amends the act governing the Pension Increase Program so that it is now to be known as the Pension Adjustment Act and does the following: (1) decreases the waiting period from three full calendar years to 24 months; (2) increases the percentage of adjustment from one-half to three-fifths (50% to 60%); and (3) places the cost outside of the spending cap legislation appropriate to counties and municipalities. The bill is to take effect immediately but no adjustment is to take place until January 1978 provided there are funds appropriated for the purpose.

The Division of Pensions comments:

“Since the effective date is January 1978 and this falls in the middle of a fiscal year, a supplemental appropriation will be required of the State for the year ending June 30, 1978, and such would total \$3,765,000.00. In the first full fiscal year, fiscal 1979, the cost to the State would be \$8.1 million, rising from \$36.6 million to \$44.7 million. In the second full year, fiscal 1980, the increase would be \$9.9 million.

“With respect to local employers, the cost for 1978 would increase by \$3,856,000.00. In 1979 the increased cost would be \$4.4 million, increasing from the current level of expenditure of \$18 million to \$22.4 million. In calendar 1980 the cost would increase an additional \$5.4 million.”

The fiscal note is based on actual cost information.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

FROM THE OFFICE OF THE GOVERNOR

DECEMBER 28, 1977

FOR FURTHER INFORMATION

FOR IMMEDIATE RELEASE

ANNE BURNS

Governor Brendan Byrne has signed into law the following bills:

S-1630 - sponsored by Senator Frank Dodd, D-Essex, which allows any physically disabled voter requiring assistance in a polling booth to choose his own assistant rather than be compelled to accept the help of district election board members.

Prior to this legislation, the law only allowed this assistance to the blind.

S-3319 - sponsored by Senator Bernard Dwyer, D-Middlesex, which exempts the sale of gold or silver by a dealer from the state sales and use tax. The bill requires that the dealer be a member of a national securities association registered with the Securities and Exchange Commission.

The exemption will apply only if the trading takes place in New Jersey and the gold or silver is held in storage and not subsequently converted to use by the purchaser. The purchasers of the metals would never actually take possession of the gold or silver but would own certificates of ownership showing they bought metals which are being stored in New Jersey.

A-3515 - sponsored by Assemblyman Vincent Pellechia, D-Passaic, which amends the Pension Increase Act by increasing the annual cost-of-living adjustment of retirement allowances, pensions and survivorship benefits. The adjustments will be increased from 50 per cent to 60 per cent of the change in the Consumer Price Index ~~between the year of retirement and the current index year.~~

The bill also reduces the waiting period for eligibility for this adjustment from three years to two.

A-3515 will take effect immediately, but no adjustment will take place until January, 1978. The FY 1978 contains an appropriation of \$6.1 million for the adjustment.

(more)

In FY 1979 this legislation will cost the state an estimated \$8.1 million. This \$8.1 million will raise the total now spent for pension, retirement and survivorship benefits from \$36.6 million to \$44.7 million.

A-3515 will also cause spending increases among local employers. In 1978 the cost would increase by an estimated \$3,856,000.

The bill states that these increased expenditures will be considered as mandated costs and not be subject to the "caps law."

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