

43:15A-7

LEGISLATIVE HISTORY CHECKLIST
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(PERS -- benefits)

NJSA: 43:15A-7

LAWS OF: 1997 CHAPTER: 23

BILL NO: S1152

SPONSOR(S): Kosco

DATE INTRODUCED: May 16, 1996

COMMITTEE: ASSEMBLY: ---
SENATE: State Management

AMENDED DURING PASSAGE: No Substitute for S1152/A1604 enacted

DATE OF PASSAGE: ASSEMBLY: January 29, 1996
SENATE: December 19, 1996

DATE OF APPROVAL: February 27, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes *

COMMITTEE STATEMENT: ASSEMBLY: No
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

* Also statement
attached to senate
substitute

KBP:pp

SENATE SUBSTITUTE FOR
Senate, No. 1152 and Assembly, No. 1604

STATE OF NEW JERSEY

ADOPTED DECEMBER 16, 1996

Sponsored by Senators KOSCO, BUBBA, LaROSSA,
Assemblyman Kelly and Assemblywoman Turner

1 AN ACT concerning certain retired members of the Public Employees'
2 Retirement System of New Jersey and amending P.L.1954, c.84
3 and P.L.1966, c.217.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
9 as follows:

10 7. There is hereby established the Public Employees' Retirement
11 System of New Jersey in the Division of Pensions and Benefits of the
12 Department of the Treasury. The membership of the retirement system
13 shall include:

14 a. The members of the former "State Employees' Retirement
15 System of New Jersey" enrolled as such as of December 30, 1954,
16 who shall not have claimed for refund their accumulated deductions in
17 said system as provided in this section;

18 b. Any person becoming an employee of the State or other
19 employer after January 2, 1955 and every veteran, other than a retired
20 member who returns to service pursuant to subsection b. of section 27
21 of P.L.1966, c.217 (C.43:15A-57.2) and other than those whose
22 appointments are seasonal, becoming an employee of the State or
23 other employer after such date, including a temporary employee with
24 at least one year's continuous service; and

25 c. Every employee veteran in the employ of the State or other
26 employer on January 2, 1955, who is not a member of any retirement
27 system supported wholly or partly by the State.

28 d. Membership in the retirement system shall be optional for
29 elected officials other than veterans, and for school crossing guards,
30 who having become eligible for benefits under other pension systems
31 are so employed on a part-time basis. Any such part-time school

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

Matter underlined thus is new matter.

1 crossing guard who is eligible for benefits under any other pension
2 system and who was hired as a part-time school crossing guard prior
3 to March 4, 1976, may at any time terminate his membership in the
4 retirement system by making an application in writing to the board of
5 trustees of the retirement system. Upon receiving such application,
6 the board of trustees shall terminate his enrollment in the system and
7 direct the employer to cease accepting contributions from the member
8 or deducting from the compensation paid to the member. State
9 employees who become members of any other retirement system
10 supported wholly or partly by the State as a condition of employment
11 shall not be eligible for membership in this retirement system.
12 Notwithstanding any other law to the contrary, all other persons
13 accepting employment in the service of the State shall be required to
14 enroll in the retirement system as a condition of their employment,
15 regardless of age. No person in employment, office or position, for
16 which the annual salary or remuneration is fixed at less than
17 \$1,500.00, shall be eligible to become a member of the retirement
18 system.

19 e. Membership of any person in the retirement system shall cease
20 if he shall discontinue his service for more than two consecutive years.

21 f. The accumulated deductions of the members of the former
22 "State Employees' Retirement System" which have been set aside in a
23 trust fund designated as Fund A as provided in section 5 of this act
24 and which have not been claimed for refund prior to February 1, 1955
25 shall be transferred from said Fund A to the Annuity Savings Fund of
26 the Retirement System, provided for in section 25 of this act. Each
27 member whose accumulated deductions are so transferred shall receive
28 the same prior service credit, pension credit, and membership credit in
29 the retirement system as he previously had in the former "State
30 Employees' Retirement System" and shall have such accumulated
31 deductions credited to his individual account in the Annuity Savings
32 Fund. Any outstanding obligations of such member shall be continued.

33 g. Any school crossing guard electing to terminate his membership
34 in the retirement system pursuant to subsection d. of this section shall,
35 upon his request, receive a refund of his accumulated deductions as of
36 the date of his appointment to the position of school crossing guard.
37 Such refund of contributions shall serve as a waiver of all benefits
38 payable to the employee, to his dependent or dependents, or to any of
39 his beneficiaries under the retirement system.

40 h. A temporary employee who is employed under the federal Job
41 Training Partnership Act, Pub.L.97-300 (29 U.S.C. {1501) shall not be
42 eligible for membership in the system. Membership for temporary
43 employees employed under the federal Job Training Partnership Act,
44 Pub.L.97-300 (29 U.S.C. {1501) who are in the system on **the**
45 effective date of this 1986 amendatory act **September 19, 1986** shall
46 be terminated, and affected employees shall receive a refund of their

1 accumulated deductions as of the date of commencement of
2 employment in a federal Job Training Partnership Act program. Such
3 refund of contributions shall serve as a waiver of all benefits payable
4 to the employee, to his dependent or dependents, or to any of his
5 beneficiaries under the retirement system.

6 (cf: P.L.1986, c.139, s.1)

7 .

8 2. Section 27 of P.L.1966, 217 (C.43:15A-57.2) is amended to
9 read as follows:

10 27. **[If]** a. Except as provided in subsection b. of this section, if
11 a former member of the State Employees' Retirement System or the
12 retirement system, who has been granted a retirement allowance for
13 any cause other than disability, becomes employed again in a position
14 which makes him eligible to be a member of the retirement system, his
15 retirement allowance and the right to any death benefit as a result of
16 his former membership, shall be canceled until he again retires.

17 Such person shall be re-enrolled in the retirement system and shall
18 contribute thereto at a rate based on his age at the time of
19 re-enrollment. Such person shall be treated as an active member for
20 determining disability or death benefits while in service and no benefits
21 pursuant to an optional selection with respect to his former
22 membership shall be paid if his death shall occur during the period of
23 such re-enrollment.

24 Upon subsequent retirement of such member, his former retirement
25 allowance shall be reinstated together with any optional selection,
26 based on his former membership. In addition, he shall receive an
27 additional retirement allowance based on his subsequent service as a
28 member computed in accordance with applicable provisions of chapter
29 84 of the laws of 1954; provided, however, that his total retirement
30 allowance upon such subsequent retirement shall not be a greater
31 proportion of his final compensation than the proportion to which he
32 would have been entitled had he remained in service during the period
33 of his prior retirement. Any death benefit to which such member shall
34 be eligible shall be based on his latest retirement, but shall not be less
35 than the death benefit that was applicable to his former retirement.

36 b. The cancellation, re-enrollment, and additional retirement
37 allowance provisions of subsection a. of this section shall not apply to
38 a former member of the retirement system who, after having been
39 granted a retirement allowance, becomes employed again by an
40 employer in a position for which the compensation does not exceed
41 \$10,000 per year. The Director of the Division of Pensions and
42 Benefits may from time to time adjust this amount. This adjustment
43 shall be 3/5 of the percentage of change in the index, as defined in
44 section 1 of P.L.1958, c.143 (C.43:3B-1), over a period of time as
45 determined by the director.

46 (cf: P.L.1971, c.213, s.45)

1 3. This act shall take effect immediately.

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STATEMENT

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6 This bill would allow a retired member of the Public Employees'
7 Retirement System (PERS) to accept employment in a position
8 covered by the retirement system without being subject to cancellation
9 of retirement benefits and reenrollment in the system, provided the
10 person's annual compensation from the position does not exceed
11 \$10,000. The Director of the Division of Pensions and Benefits may
12 from time to time adjust this amount. This adjustment shall be 3/5 of
13 the percentage of change in the Consumer Price Index over a period
14 of time as determined by the director. Neither the individual nor the
15 employer would be required to contribute to the retirement system
16 with respect to the new employment.

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22 Allows PERS retiree to resume employment covered by former
23 retirement system without suspension of benefits if annual
compensation does not exceed \$10,000 or an adjusted amount.

1 to the employee, to his dependent or dependents, or to any of his
2 beneficiaries under the retirement system.

3 (cf: P.L.1986, c.139, s.1)

4

5 2. Section 27 of P.L.1966, 217 (C.43:15A-57.2) is amended to
6 read as follows:

7 27. **【If】 a. Except as provided in subsection b. of this section, if**
8 a former member of the State Employees' Retirement System or the
9 retirement system, who has been granted a retirement allowance for
10 any cause other than disability, becomes employed again in a position
11 which makes him eligible to be a member of the retirement system, his
12 retirement allowance and the right to any death benefit as a result of
13 his former membership, shall be canceled until he again retires.

14 Such person shall be re-enrolled in the retirement system and shall
15 contribute thereto at a rate based on his age at the time of
16 re-enrollment. Such person shall be treated as an active member for
17 determining disability or death benefits while in service and no benefits
18 pursuant to an optional selection with respect to his former
19 membership shall be paid if his death shall occur during the period of
20 such re-enrollment.

21 Upon subsequent retirement of such member, his former retirement
22 allowance shall be reinstated together with any optional selection,
23 based on his former membership. In addition, he shall receive an
24 additional retirement allowance based on his subsequent service as a
25 member computed in accordance with applicable provisions of chapter
26 84 of the laws of 1954; provided, however, that his total retirement
27 allowance upon such subsequent retirement shall not be a greater
28 proportion of his final compensation than the proportion to which he
29 would have been entitled had he remained in service during the period
30 of his prior retirement. Any death benefit to which such member shall
31 be eligible shall be based on his latest retirement, but shall not be less
32 than the death benefit that was applicable to his former retirement.

33 **b. The cancellation, re-enrollment, and additional retirement**
34 **allowance provisions of subsection a. of this section shall not apply to**
35 **a former member of the retirement system who, after having been**
36 **granted a retirement allowance, becomes employed again by an**
37 **employer in a position for which the compensation does not exceed**
38 **\$10,000 per year.**

39 (cf: P.L.1971, c.213, s.45)

40

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STATEMENT

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46 This bill would allow a retired member of the Public Employees'

1 Retirement System (PERS) to accept employment in a position
2 covered by the retirement system without being subject to cancellation
3 of retirement benefits and reenrollment in the system, provided the
4 person's annual compensation from the position does not exceed
5 \$10,000. Neither the individual nor the employer would be required
6 to contribute to the retirement system with respect to the new
7 employment.

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12 Allows PERS retiree to resume employment covered by former
13 retirement system without suspension of benefits if annual
14 compensation does not exceed \$10,000.

SENATE STATE MANAGEMENT, INVESTMENT AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 1152

STATE OF NEW JERSEY

DATED: OCTOBER 7, 1996

The Senate State Management, Investment and Financial Institutions Committee reports favorably Senate, No. 1152.

This bill would allow a retired member of the Public Employees' Retirement System (PERS) to accept employment in a position covered by the retirement system without being subject to cancellation of retirement benefits and reenrollment in the system, provided the person's annual compensation from the position does not exceed \$10,000. Neither the individual nor the employer would be required to contribute to the retirement system with respect to the new employment.

According to the fiscal estimate to an identical bill, A-1604 (1R), "although the retirement system will lose future employer and employee contributions for these employees, there will be no additional cost to the retirement system or to the State and local government employers because these employees will not be eligible to receive a retirement benefit based on their service during reemployment."

At its May 17, 1996 meeting, the Pension and Health Benefits Review Commission recommended that the Legislature enact an identical bill, A-1604 (1R), "because it provides retirees an opportunity to undertake part-time employment while retaining their retirement benefits."