

LEGISLATIVE HISTORY CHECKLIST

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(Disability retirement)

NJSA: 43:16A-7.3

LAWS OF: 1997 CHAPTER: 281

BILL NO: S1140

SPONSOR(S): Codey

DATE INTRODUCED: May 16, 1996

COMMITTEE: ASSEMBLY: State Government

SENATE: State Management; Budget

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: December 18, 1997

SENATE: May 22, 1997

DATE OF APPROVAL: January 6, 1998

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes 10-7-96 & 1-27-97

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:
REPORTS: No

HEARINGS: No

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1140

STATE OF NEW JERSEY

DATED: NOVEMBER 17, 1997

The Assembly State Government Committee reports favorably Senate Bill No. 1140.

This bill amends the law governing the Police and Firemen's Retirement System (PFRS) to provide an alternative basis for the computation of an accidental disability retirement allowance under that system.

A PFRS member who retires for accidental disability receives a retirement allowance of $\frac{2}{3}$ of the actual annual compensation upon which contributions were made. Present law specifies that the annual compensation rate to be used in computing this benefit is the rate applicable at the time of the accident. Under the bill, the member would be entitled to have the benefit computed instead on the basis of the annual compensation rate applicable at the time of the member's retirement, if that rate would provide a greater benefit to the member.

Any benefit increase under the legislation is to apply to accidental disability beneficiaries who retired on or after April 1, 1991, but only to payments made on or after the date on which the bill takes effect as law. The bill provides that a retiree whose basic retirement benefit is increased under its provisions would be exempt from any offsetting reduction in the amount of the pension adjustment (cost of living) allowance for which the retiree is presently eligible.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1140

STATE OF NEW JERSEY

DATED: JANUARY 27, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1140 of 1996.

Under current law, a member of the Police and Firemen's Retirement System (PFRS) who retires on accidental disability receives a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the occurrence of the accident. This bill provides that the member may instead receive a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the member's retirement, whichever provides the largest possible benefit to the member.

Any increased pension benefits payable under this bill will apply to any member who retired on an accidental disability retirement on or after April 1, 1991, but will apply only to pension benefits payable on or after the date of enactment of this bill. The bill also provides that retirees will maintain their pension adjustment benefits.

The Pension and Health Benefits Review Commission recommended enactment of this bill on July 12, 1996.

FISCAL IMPACT

In a legislative fiscal estimate prepared by the Office of legislative Services (OLS) on this bill, the OLS notes that there is no information available to indicate the number of individuals who might be affected by this legislation, but expects the number to be small. Based on information from the most recent actuarial valuation of the retirement system, there are probably about 75 members who retired since April 1, 1991 on accidental disability benefits who might be eligible. However, no information is available to indicate the number of members whose retirement benefits would be enhanced by using their annual compensation at the time of retirement instead of their annual compensation at the time of the accident.

SENATE STATE MANAGEMENT, INVESTMENT AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 1140

STATE OF NEW JERSEY

DATED: OCTOBER 7, 1996

The Senate State Management, Investment and Financial Institutions Committee reports favorably Senate, No. 1140.

At present, a member of the Police and Firemen's Retirement System (PFRS) who retires on accidental disability receives a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the occurrence of the accident. This bill provides that the member may instead receive a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the member's retirement, whichever provides the largest possible benefit to the member.

Any increased pension benefits payable under this act shall apply to the benefits received by any member who retired on an accidental disability retirement on or after April 1, 1991 and shall apply only to pension benefits payable on or after the effective date of this act. The bill also provides that retirees will maintain their pension adjustment benefits.

At its July 12, 1996 meeting, the Pension and Health Benefits Review Commission recommended enactment of this bill.

LEGISLATIVE FISCAL ESTIMATE TO
SENATE, No. 1140
STATE OF NEW JERSEY

DATED: NOVEMBER 21, 1996

Senate Bill No. 1140 of 1996 would establish an alternate basis for the calculation of an accidental disability retirement allowance payable to members of the Police and Firemen's Retirement System (PFRS). At present, a member of the PFRS who retires on an accidental disability receives a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the accident. This bill provides that the member may instead receive a retirement allowance of 2/3 of the member's actual annual compensation for which contributions were being made at the time of the member's retirement, whichever provides the largest possible benefit to the member.

Any increased pension benefits payable under this act shall apply to the benefits received on or after April 1, 1991 and shall apply only to pension benefits payable on or after the effective date of this act. The bill also provides that retirees will maintain their pension adjustment benefits.

The Office of Legislative Services (OLS) notes that there is no information available to indicate the number of individuals who might be affected by this legislation, but expects the number to be small. According to the most recent actuarial valuation of the retirement system, dated July 1, 1994, there are 2,126 members of the PFRS retired on disability benefits. Of this number, 71 retired during 1994, 78 during 1993 and 93 during 1992, for an average of 81 annually. These numbers include those members who retire as a result of a job-related accident, accidental disability, and those members who retire on ordinary disability. The actuary estimates 30.3 percent (25 members annually) of the members who retire on disability benefits retire on accidental disability benefits.

Based on this information, there are probably about 75 members who retired since April 1, 1991 on accidental disability benefits who might be eligible. However, no information is available to indicate the number of members whose retirement benefits would be enhanced by using their annual compensation at the time of retirement instead of their annual compensation at the time of the accident.

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.

1 annuity, will provide a total retirement allowance of 2/3 of the
2 member's actual annual compensation for which contributions were
3 being made at the time of the occurrence of the accident or at the time
4 of the member's retirement, whichever provides the largest possible
5 benefit to the member.

6 (3) Upon receipt of proper proofs of the death of a member who
7 has retired on accidental disability retirement allowance, there shall be
8 paid to such member's beneficiary, an amount equal to 3 1/2 times the
9 compensation upon which contributions by the member to the annuity
10 savings fund were based in the last year of creditable service;
11 provided, however, that if such death shall occur after the member
12 shall have attained 55 years of age the amount payable shall equal 1/2
13 of such compensation instead of 3 1/2 times such compensation.

14 (4) Permanent and total disability resulting from a cardiovascular,
15 pulmonary or musculo-skeletal condition which was not a direct result
16 of a traumatic event occurring in the performance of duty shall be
17 deemed an ordinary disability.

18 (cf: P.L.1989, c.204, s.3)

19

20 2. (New section) Any increased pension benefits payable under
21 this act, P.L. , c. (C.) (now pending before the Legislature as
22 this bill), shall apply to the benefits received by any member who
23 retired on an accidental disability retirement on or after April 1, 1991
24 and shall apply only to pension benefits payable on or after the
25 effective date of this act.

26

27 3. (New section) The provisions of section 7 of P.L.1969, c.169
28 (C.43:3B-8) shall not apply to section 7 of P.L.1944, c.255
29 (C.43:16A-7), as amended by this act, P.L. , c. (C.) (now
30 pending before the Legislature as this bill), and the annual cost of
31 living adjustment received by surviving spouses under P.L.1958, c.143
32 (C.43:3B-1 et seq.), as amended and supplemented by P.L.1969,
33 c.169, shall be calculated as of the date of retirement of the member
34 of the retirement system.

35

36 4. This act shall take effect immediately.

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STATEMENT

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41 At present, a member of the Police and Firemen's Retirement
42 System (PFRS) who retires on accidental disability receives a
43 retirement allowance of 2/3 of the member's actual annual
44 compensation for which contributions were being made at the time of
45 the occurrence of the accident. This bill provides that the member may
46 instead receive a retirement allowance of 2/3 of the member's actual

1 annual compensation for which contributions were being made at the
2 time of the member's retirement, whichever provides the largest
3 possible benefit to the member.

4 Any increased pension benefits payable under this act shall apply to
5 the benefits received by any member who retired on an accidental
6 disability retirement on or after April 1, 1991 and shall apply only to
7 pension benefits payable on or after the effective date of this act. The
8 bill also provides that retirees will maintain their pension adjustment
9 benefits.

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14 Establishes alternate basis for calculation of accidental disability
15 retirement allowance.

§2
C. 43:16A-7.3
§3
C. 43:3B-8.5

P.L. 1997, CHAPTER 281, *approved January 6, 1998*
Senate, No. 1140

1 **AN ACT** concerning accidental disability retirement in the Police and
2 Firemen's Retirement System, amending and supplementing
3 P.L.1944, c.255, and supplementing P.L.1958, c.143 (C.43:3B-1 et
4 seq.).

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

8
9 1. Section 7 of P.L.1944, c.255 (C.43:16A-7) is amended to read
10 as follows:

11 7. (1) Upon the written application by a member in service, by one
12 acting in his behalf or by his employer any member may be retired on
13 an accidental disability retirement allowance; provided, that the
14 medical board, after a medical examination of such member, shall
15 certify that the member is permanently and totally disabled as a direct
16 result of a traumatic event occurring during and as a result of the
17 performance of his regular or assigned duties and that such disability
18 was not the result of the member's willful negligence and that such
19 member is mentally or physically incapacitated for the performance of
20 his usual duty and of any other available duty in the department which
21 his employer is willing to assign to him. The application to accomplish
22 such retirement must be filed within five years of the original traumatic
23 event, but the board of trustees may consider an application filed after
24 the five-year period if it can be factually demonstrated to the
25 satisfaction of the board of trustees that the disability is due to the
26 accident and the filing was not accomplished within the five-year
27 period due to a delayed manifestation of the disability or to other
28 circumstances beyond the control of the member.

29 (2) Upon retirement for accidental disability, a member shall
30 receive an accidental disability retirement allowance which shall
31 consist of:

32 (a) An annuity which shall be the actuarial equivalent of his
33 aggregate contributions and

34 (b) A pension in the amount which, when added to the member's

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 annuity, will provide a total retirement allowance of 2/3 of the
2 member's actual annual compensation for which contributions were
3 being made at the time of the occurrence of the accident or at the time
4 of the member's retirement, whichever provides the largest possible
5 benefit to the member.

6 (3) Upon receipt of proper proofs of the death of a member who
7 has retired on accidental disability retirement allowance, there shall be
8 paid to such member's beneficiary, an amount equal to 3 1/2 times the
9 compensation upon which contributions by the member to the annuity
10 savings fund were based in the last year of creditable service;
11 provided, however, that if such death shall occur after the member
12 shall have attained 55 years of age the amount payable shall equal 1/2
13 of such compensation instead of 3 1/2 times such compensation.

14 (4) Permanent and total disability resulting from a cardiovascular,
15 pulmonary or musculo-skeletal condition which was not a direct result
16 of a traumatic event occurring in the performance of duty shall be
17 deemed an ordinary disability.

18 (cf: P.L.1989, c.204, s.3)

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20 2. (New section) Any increased pension benefits payable under
21 this act, P.L. , c. (C.) (now pending before the Legislature as
22 this bill), shall apply to the benefits received by any member who
23 retired on an accidental disability retirement on or after April 1, 1991
24 and shall apply only to pension benefits payable on or after the
25 effective date of this act.

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27 3. (New section) The provisions of section 7 of P.L.1969, c.169
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29 (C.43:16A-7), as amended by this act, P.L. , c. (C.) (now
30 pending before the Legislature as this bill), and the annual cost of
31 living adjustment received by surviving spouses under P.L.1958, c.143
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