

18A: 66-32.1

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(Public employees-  
disability)

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LAWS OF: 1995 CHAPTER: 369

BILL NO: A1977

SPONSOR(S): Russo

DATE INTRODUCED: June 29, 1994

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First reprint enacted denoted by superscript numbers

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[FIRST REPRINT]  
ASSEMBLY, No. 1977

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1994

By Assemblyman RUSSO

1 AN ACT concerning the receipt of disability retirement  
2 allowances and workers' compensation benefits and amending  
3 <sup>1</sup>[N.J.S.18A:66-32.1, P.L.1966, c.217, and P.L.1967, c.250]  
4 various parts of the statutory law<sup>1</sup>.

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

8 1. N.J.S.18A:66-32.1 is amended to read as follows:

9 18A:66-32.1. a. If any member of the retirement system  
10 receives periodic benefits payable under the [workmen's]  
11 workers' compensation law during the course of his active  
12 service, in lieu of his normal compensation, his regular salary  
13 deductions shall be paid to the retirement system by his  
14 employer. Such payments shall be computed, in accordance with  
15 [section] N.J.S.18A:66-29, at the rate of contribution on the base  
16 salary subject to the retirement system, just prior to the receipt  
17 of the [workmen's] workers' compensation benefits. The moneys  
18 paid by the employer shall be credited to the member's account  
19 in the annuity savings fund and shall be treated as employee  
20 contributions for all purposes. The employer will terminate the  
21 payment of these moneys when the periodic benefits payable  
22 under the [workmen's] workers' compensation law are  
23 terminated or when the member retires.

24 The member for whom the employer is making such payments,  
25 will be considered as if he were in the active service.

26 b. An application for retirement benefits may be approved by  
27 the board of trustees while the member, applying for such  
28 benefits, is in receipt of periodic benefits under the [workmen's]  
29 workers' compensation law. [In this event the actuarial  
30 equivalent of such periodic benefits remaining to be paid shall be  
31 computed and will serve to reduce] if <sup>1</sup>[the application is for  
32 accidental disability or ordinary disability retirement, or if]<sup>1</sup> a  
33 retirant receiving an accidental disability <sup>1</sup>[or ordinary  
34 disability]<sup>1</sup> retirement allowance becomes a recipient of periodic  
35 benefits under the workers' compensation law <sup>1</sup>after the date of  
36 retirement<sup>1</sup>, the pension portion of the retirement allowance  
37 payable to the retirant <sup>1</sup>[each month]<sup>1</sup> shall be reduced, during  
38 the period of the payment of the periodic benefits,  
39 dollar-for-dollar in the amount of the periodic benefits <sup>1</sup>[to the  
40 extent that the pension portion covers that amount] received  
41 after the date of retirement<sup>1</sup>, subject to the provisions of  
42 <sup>1</sup>[section] N.J.S.<sup>1</sup> 18A:66-69. The reduction provided for herein

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.

Matter enclosed in superscript numerals has been adopted as follows:  
<sup>1</sup> Assembly ASG committee amendments adopted September 29, 1994.

1 <sup>1</sup>[shall be applicable only if the basis for the receipt of the  
2 workers' compensation benefits is the same as for the receipt of  
3 the disability retirement allowance and]<sup>1</sup> shall not affect the  
4 retirant's pension adjustment benefits or survivor benefits that  
5 may be payable upon the death of the retirant.

6 If an accidental disability <sup>1</sup>[or ordinary disability]<sup>1</sup> retirant  
7 receives a retirement allowance without reduction and periodic  
8 benefits under the workers' compensation law for any period of  
9 time after the date of retirement, the retirant shall repay to the  
10 retirement system the amount of the pension portion of the  
11 retirement allowance which should have been subject to reduction  
12 under this subsection. The repayment may be in the form of a  
13 lump sum payment or scheduled as deductions from the retirant's  
14 retirement allowance and pension adjustment benefits. If the  
15 retirant dies before full repayment of the amount required, the  
16 remaining balance shall be deducted from any death benefits  
17 payable on behalf of the retirant.

18 (cf: P.L.1971, c.121, s.16)

19 2. Section 28 of P.L.1966, c.217 (C.43:15A-25.1) is amended to  
20 read as follows:

21 28. a. If any member of the retirement system receives  
22 periodic benefits payable under the [Workmen's] Workers'  
23 Compensation Law during the course of his active service, in lieu  
24 of his normal compensation, his regular salary deductions shall be  
25 paid to the retirement system by his employer. Such payments  
26 shall be computed, in accordance with section 25 of [chapter 84  
27 of the laws of 1954] P.L.1954, c.84 (C.43:15A-25), at the rate of  
28 contribution on the base salary subject to the retirement system,  
29 just prior to the receipt of the [workmen's] workers'  
30 compensation benefits. The moneys paid by the employer shall be  
31 credited to the member's account in the annuity savings fund and  
32 shall be treated as employee contributions for all purposes. The  
33 employer will terminate the payment of these moneys when the  
34 periodic benefits payable under the [Workmen's] Workers'  
35 Compensation Law are terminated or when the member retires.

36 The member for whom the employer is making such payments,  
37 will be considered as if he were in the active service and shall be  
38 permitted to continue to make contributions to purchase the  
39 additional death benefit coverage provided by section 57 of  
40 [chapter 84 of the laws of 1954] P.L.1954, c.84 (C.43:15A-57).

41 b. An application for retirement benefits may be approved by  
42 the board of trustees while the member, applying for such  
43 benefits, is in receipt of periodic benefits under the [Workmen's]  
44 Workers' Compensation Law. [In this event the actuarial  
45 equivalent of such periodic benefits remaining to be paid shall be  
46 computed and will serve to reduce] If <sup>1</sup>[the application is for  
47 accidental disability or ordinary disability retirement, or if]<sup>1</sup> a  
48 retirant receiving an accidental disability <sup>1</sup>[or ordinary  
49 disability]<sup>1</sup> retirement allowance becomes a recipient of periodic  
50 benefits under the workers' compensation law <sup>1</sup>after the date of  
51 retirement<sup>1</sup>, the pension portion of the retirement allowance  
52 payable to the retirant <sup>1</sup>[each month]<sup>1</sup> shall be reduced, during  
53 the period of the payment of the periodic benefits,  
54 dollar-for-dollar in the amount of the periodic benefits <sup>1</sup>[to the

1 extent that the pension portion covers that amount] received  
2 after the date of retirement<sup>1</sup>, subject to the provisions of section  
3 64 of [chapter 84 of the laws of 1954] P.L.1954, c.84  
4 (C.43:15A-64). The reduction provided for herein <sup>1</sup>[shall be  
5 applicable only if the basis for the receipt of the workers'  
6 compensation benefits is the same as for the receipt of the  
7 disability retirement allowance and]<sup>1</sup> shall not affect the  
8 retirant's pension adjustment benefits or survivor benefits that  
9 may be payable upon the death of the retirant.

10 If an accidental disability <sup>1</sup>[or ordinary disability]<sup>1</sup> retirant  
11 receives a retirement allowance without reduction and periodic  
12 benefits under the workers' compensation law for any period of  
13 time after the date of retirement, the retirant shall repay to the  
14 retirement system the amount of the pension portion of the  
15 retirement allowance which should have been subject to reduction  
16 under this subsection. The repayment may be in the form of a  
17 lump sum payment or scheduled as deductions from the retirant's  
18 retirement allowance and pension adjustment benefits. If the  
19 retirant dies before full repayment of the amount required, the  
20 remaining balance shall be deducted from any death benefits  
21 payable on behalf of the retirant.

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

23 3. Section 30 of P.L.1967, c.250 (C.43:16A-15.2) is amended to  
24 read as follows:

25 30. a. If any member of the retirement system receives  
26 periodic benefits payable under the [Workmen's] Workers'  
27 Compensation Law during the course of his active service, in lieu  
28 of his normal compensation, his regular salary deductions shall be  
29 paid to the retirement system by his employer. Such payments  
30 shall be computed, in accordance with section 15 of [chapter 255  
31 of the laws of 1944] P.L.1944, c.255 (C.43:16A-15), at the rate of  
32 contribution on the base salary subject to the retirement system,  
33 just prior to the receipt of the [workmen's] workers'  
34 compensation benefits. The moneys paid by the employer shall be  
35 credited to the member's account in the annuity savings fund and  
36 shall be treated as employee contributions for all purposes. The  
37 employer will terminate the payment of these moneys when the  
38 periodic benefits payable under the [Workmen's] Workers'  
39 Compensation Law are terminated or when the member retires.

40 The member for whom the employer is making such payments,  
41 will be considered as if he were in the active service.

42 b. An application for retirement benefits may be approved by  
43 the board of trustees while the member, applying for such  
44 benefits, is in receipt of periodic benefits under the [Workmen's]  
45 Workers' Compensation Law. [In this event the actuarial  
46 equivalent of such periodic benefits remaining to be paid shall be  
47 computed and will serve to reduce] If <sup>1</sup>[the application is for  
48 accidental disability or ordinary disability retirement, or if]<sup>1</sup> a  
49 retirant receiving an accidental disability <sup>1</sup>[or ordinary  
50 disability]<sup>1</sup> retirement allowance becomes a recipient of periodic  
51 benefits under the workers' compensation law <sup>1</sup>after the date of  
52 retirement<sup>1</sup>, the pension portion of the retirement allowance  
53 payable to the retirant <sup>1</sup>[each month]<sup>1</sup> shall be reduced, during  
54 the period of the payment of the periodic benefits,

1 dollar-for-dollar in the amount of the periodic benefits <sup>1</sup>[to the  
2 extent that the pension portion covers that amount] received  
3 after the date of retirement<sup>1</sup>, subject to the provisions of section  
4 19 of [this amendatory and supplementary act] P.L.1971, c.175  
5 (C.43:16A-12.4). The reduction provided for herein <sup>1</sup>[shall be  
6 applicable only if the basis for the receipt of the workers'  
7 compensation benefits is the same as for the receipt of the  
8 disability retirement allowance and]<sup>1</sup> shall not affect the  
9 retirant's pension adjustment benefits or survivor benefits that  
10 may be payable upon the death of the retirant.

11 If an accidental disability <sup>1</sup>[or ordinary disability]<sup>1</sup> retirant  
12 receives a retirement allowance without reduction and periodic  
13 benefits under the workers' compensation law for any period of  
14 time after the date of retirement, the retirant shall repay to the  
15 retirement system the amount of the pension portion of the  
16 retirement allowance which should have been subject to reduction  
17 under this subsection. The repayment may be in the form of a  
18 lump sum payment or scheduled as deductions from the retirant's  
19 retirement allowance and pension adjustment benefits. If the  
20 retirant dies before full repayment of the amount required, the  
21 remaining balance shall be deducted from any death benefits  
22 payable on behalf of the retirant.

23 (cf: P.L.1971, c.175, s.18)

24 <sup>1</sup>4. (New section) a. The monthly retirement allowance of a  
25 retirant who, on the effective date of this amendatory act,  
26 P.L. , c. (now pending before the Legislature as this bill), is  
27 receiving an accidental disability or an ordinary disability  
28 retirement allowance and periodic benefits under the workers'  
29 compensation law shall be adjusted, effective the first day of the  
30 month following the effective date of this act, so that the  
31 pension portion reflects a dollar-for-dollar reduction equal to the  
32 amount of the periodic benefits under the workers' compensation  
33 law being received on a monthly basis to the extent that the  
34 pension portion covers that amount. Upon the termination of the  
35 payment of the periodic benefits, the retirant's pension portion  
36 shall be readjusted to the amount received prior to the  
37 commencement of the payment of the workers' compensation  
38 benefits.

39 b. The monthly retirement allowance of a retirant or  
40 beneficiary who, on the effective date of this amendatory act, is  
41 receiving a reduced retirement allowance because of the previous  
42 receipt of periodic workers' compensation benefits shall be  
43 adjusted, effective the first day of the month following the  
44 effective date of this act, to receive the full retirement  
45 allowance to which the retirant or beneficiary was entitled prior  
46 to the reduction.

47 c. Any retirant or beneficiary who, on the effective date of  
48 this amendatory act, is receiving pension adjustment benefits  
49 based upon a retirement allowance reduced due to receipt of  
50 periodic workers' compensation benefits shall receive, effective  
51 the first day of the month following the effective date of this  
52 act, pension adjustment benefits based upon the amount of the  
53 full retirement allowance to which the retiree or beneficiary was  
54 entitled prior to the reduction.]<sup>1</sup>

1       14. Section 30 of P.L.1971, c.181 (C.53:5A-38.1) is amended to  
2 read as follows:

3       30. a. If any member of the retirement system receives  
4 periodic benefits payable under the [Workmen's] Workers'  
5 Compensation Law during the course of his active service, in lieu  
6 of his normal compensation, his regular salary deductions shall be  
7 paid to the retirement system by his employer. Such payments  
8 shall be computed, in accordance with section 38 of [chapter 89  
9 of the laws of 1965] P.L.1965, c.89 (C.53:5A-38), at the rate of  
10 contribution on the base salary subject to the retirement system,  
11 just prior to the receipt of the [workmen's] workers'  
12 compensation benefits. The moneys paid by the employer shall be  
13 credited to the member's account in the annuity savings fund and  
14 shall be treated as employee contributions for all purposes. The  
15 employer will terminate the payment of these moneys when the  
16 periodic benefits payable under the [Workmen's] Workers'  
17 Compensation Law are terminated or when the member retires.

18       The member for whom the employer is making such payments,  
19 will be considered as if he were in the active service.

20       b. An application for retirement benefits may be approved by  
21 the board of trustees while the member, applying for such  
22 benefits, is in receipt of periodic benefits under the [Workmen's]  
23 Workers' Compensation Law. [In this event the actuarial  
24 equivalent of such periodic benefits remaining to be paid shall be  
25 computed and will serve to reduce] If a retirant receiving an  
26 accidental disability retirement allowance becomes a recipient of  
27 periodic benefits under the workers' compensation law after the  
28 date of retirement, the pension portion of the retirement  
29 allowance payable to the retirant shall be reduced, during the  
30 period of the payment of the periodic benefits, dollar-for-dollar  
31 in the amount of the periodic benefits received after the date of  
32 retirement, subject to the provisions of section 31 of [this  
33 amendatory and supplementary act] P.L.1971, c.181  
34 (C.53:5A-15.3). The reduction provided for herein shall not  
35 affect the retirant's pension adjustment benefits or survivor  
36 benefits that may be payable upon the death of the retirant.

37       If an accidental disability retirant receives a retirement  
38 allowance without reduction and periodic benefits under the  
39 workers' compensation law for any period of time after the date  
40 of retirement, the retirant shall repay to the retirement system  
41 the amount of the pension portion of the retirement allowance  
42 which should have been subject to reduction under this  
43 subsection. The repayment may be in the form of a lump sum  
44 payment or scheduled as deductions from the retirant's  
45 retirement allowance and pension adjustment benefits. If the  
46 retirant dies before full repayment of the amount required, the  
47 remaining balance shall be deducted from any death benefits  
48 payable on behalf of the retirant.<sup>1</sup>

49 (cf: P.L.1971, c.181, s.30)

50       15. R.S.34:15-43 is amended to read as follows:

51       34:15-43. Every officer, appointed or elected, and every  
52 employee of the State, county, municipality or any board or  
53 commission, or any other governing body, including boards of  
54 education, and governing bodies of service districts, individuals

1 who are under the general supervision of the Palisades Interstate  
2 Park Commission and who work in that part of the Palisades  
3 Interstate Park which is located in this State, and also each and  
4 every member of a volunteer fire company doing public fire duty  
5 and also each and every active volunteer, first aid or rescue  
6 squad worker, including each and every authorized worker who is  
7 not a member of the volunteer fire company within which the  
8 first aid or rescue squad may have been created, doing public  
9 first aid or rescue duty under the control or supervision of any  
10 commission, council, or any other governing body of any  
11 municipality, any board of fire commissioners of such  
12 municipality or of any fire district within the State, or of the  
13 board of managers of any State institution, every county fire  
14 marshal and assistant county fire marshal and every special,  
15 reserve or auxiliary policeman doing volunteer public police duty  
16 under the control or supervision of any commission, council or  
17 any other governing body of any municipality, who may be injured  
18 in line of duty shall be compensated under and by virtue of the  
19 provisions of this article and article 2 of this chapter ( R.S.  
20 34:15-7 et seq.). [No former employee who has been retired on  
21 pension by reason of injury or disability shall be entitled under  
22 this section to compensation for such injury or disability;  
23 provided, however, that such employee, despite retirement, shall,  
24 nevertheless, be entitled to the medical, surgical and other  
25 treatment and hospital services as set forth in R.S. 34:15-15.]

26 As used in this section, the terms "doing public fire duty" and  
27 "who may be injured in line of duty," as applied to members of  
28 volunteer fire companies, county fire marshals or assistant  
29 county fire marshals, and the term "doing public first aid or  
30 rescue duty," as applied to active volunteer first aid or rescue  
31 squad workers, shall be deemed to include participation in any  
32 authorized construction; installation, alteration, maintenance or  
33 repair work upon the premises, apparatus or other equipment  
34 owned or used by the fire company or the first aid or rescue  
35 squad, participation in any authorized public drill, showing,  
36 exhibition, fund raising activity or parade, and to include also the  
37 rendering of assistance in case of fire and, when authorized, in  
38 connection with other events affecting the public health or  
39 safety, in any political subdivision or territory of another State of  
40 the United States or on property ceded to the federal government  
41 while such assistance is being rendered and while going to and  
42 returning from the place in which it is rendered.

43 Also, as used in this section, "doing public police duty" and  
44 "who may be injured in line of duty" as applied to special, reserve  
45 or auxiliary policemen, shall be deemed to include participation  
46 in any authorized public drill, showing, exhibition or parade, and  
47 to include also the rendering of assistance in connection with  
48 other events affecting the public health or safety in the  
49 municipality, and also, when authorized, in connection with any  
50 such events in any political subdivision or territory of this or any  
51 other State of the United States or on property ceded to the  
52 federal government while such assistance is being rendered and  
53 while going to and returning from the place in which it is  
54 rendered.

1 Every member of a volunteer fire company shall be deemed to  
2 be doing public fire duty under the control or supervision of any  
3 such commission, council, governing body, board of fire  
4 commissioners or fire district or board of managers of any State  
5 institution within the meaning of this section, if such control or  
6 supervision is provided for by statute or by rule or regulation of  
7 the board of managers or the superintendent of such State  
8 institution, or if the fire company of which he is a member  
9 receives contributions from, or a substantial part of its expenses  
10 or equipment are paid for by, the municipality, or board of fire  
11 commissioners of the fire district or if such fire company has  
12 been or hereafter shall be designated by ordinance as the fire  
13 department of the municipality.

14 Every active volunteer, first aid or rescue squad worker,  
15 including every authorized worker who is not a member of the  
16 volunteer fire company within which the first aid or rescue squad  
17 may have been created, shall be deemed to be doing public first  
18 aid or rescue duty under the control or supervision of any such  
19 commission, council, governing body, board of fire commissioners  
20 or fire district within the meaning of this section if such control  
21 or supervision is provided for by statute, or if the first aid or  
22 rescue squad of which he is a member or authorized worker  
23 receives or is eligible to receive contributions from, or a  
24 substantial part of its expenses or equipment are paid for by, the  
25 municipality, or board of fire commissioners of the fire district,  
26 or if such first aid or rescue squad has been or hereafter shall be  
27 designated by ordinance as the first aid or rescue squad of the  
28 municipality.

29 As used in this section and in section 34:15-74 of this chapter,  
30 the term "authorized worker" shall mean and include, in addition  
31 to an active volunteer fireman and an active volunteer first aid  
32 or rescue squad worker, any person performing any public fire  
33 duty or public first aid or rescue squad duty, as the same are  
34 defined in this section, at the request of the chief or acting chief  
35 of a fire company or the president or person in charge of a first  
36 aid or rescue squad for the time being.

37 Nothing herein contained shall be construed as affecting or  
38 changing in any way the provisions of any statute providing for  
39 sick, disability, vacation or other leave for public employees or  
40 any provision of any retirement or pension fund provided by law.<sup>1</sup>  
41 (cf: P.L.1987, c.259, s.3)

42 <sup>1</sup>[5.] 6.<sup>1</sup> This act shall take effect immediately.

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47 Provides for dollar-for-dollar reduction in disability retirement  
48 allowance for retirants of TPAF, PERS, PFRS and SPRS who  
49 receive workers' compensation benefits.



1 as for the receipt of the disability retirement allowance and shall  
2 not affect the retirant's pension adjustment benefits or survivor  
3 benefits that may be payable upon the death of the retirant.

4 If an accidental disability or ordinary disability retirant  
5 receives a retirement allowance without reduction and periodic  
6 benefits under the workers' compensation law for any period of  
7 time after the date of retirement, the retirant shall repay to the  
8 retirement system the amount of the pension portion of the  
9 retirement allowance which should have been subject to reduction  
10 under this subsection. The repayment may be in the form of a  
11 lump sum payment or scheduled as deductions from the retirant's  
12 retirement allowance and pension adjustment benefits. If the  
13 retirant dies before full repayment of the amount required, the  
14 remaining balance shall be deducted from any death benefits  
15 payable on behalf of the retirant.

16 (cf: P.L.1971, c.175, s.18)

17 4. (New section) a. The monthly retirement allowance of a  
18 retirant who, on the effective date of this amendatory act,  
19 P.L. , c. (now pending before the Legislature as this bill), is  
20 receiving an accidental disability or an ordinary disability  
21 retirement allowance and periodic benefits under the workers'  
22 compensation law shall be adjusted, effective the first day of the  
23 month following the effective date of this act, so that the  
24 pension portion reflects a dollar-for-dollar reduction equal to the  
25 amount of the periodic benefits under the workers' compensation  
26 law being received on a monthly basis to the extent that the  
27 pension portion covers that amount. Upon the termination of the  
28 payment of the periodic benefits, the retirant's pension portion  
29 shall be readjusted to the amount received prior to the  
30 commencement of the payment of the workers' compensation  
31 benefits.

32 b. The monthly retirement allowance of a retirant or  
33 beneficiary who, on the effective date of this amendatory act, is  
34 receiving a reduced retirement allowance because of the previous  
35 receipt of periodic workers' compensation benefits shall be  
36 adjusted, effective the first day of the month following the  
37 effective date of this act, to receive the full retirement  
38 allowance to which the retirant or beneficiary was entitled prior  
39 to the reduction.

40 c. Any retirant or beneficiary who, on the effective date of  
41 this amendatory act, is receiving pension adjustment benefits  
42 based upon a retirement allowance reduced due to receipt of  
43 periodic workers' compensation benefits shall receive, effective  
44 the first day of the month following the effective date of this  
45 act, pension adjustment benefits based upon the amount of the  
46 full retirement allowance to which the retiree or beneficiary was  
47 entitled prior to the reduction.

48 5. This act shall take effect immediately.

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51 STATEMENT

52  
53 At the present time, a member of the Teachers' Pension and  
54 Annuity Fund, the Public Employees' Retirement System, or the

1 Police and Firemen's Retirement System who is receiving  
2 periodic workers' compensation benefits and retires on an  
3 accidental disability or an ordinary disability retirement  
4 allowance, or a retirant from those systems who is receiving an  
5 accidental or ordinary disability retirement allowance and  
6 subsequent to retirement receives workers' compensation  
7 benefits, has the pension portion of the person's retirement  
8 allowance (the portion from employer contributions) reduced by  
9 the actuarial equivalent of the periodic workers' compensation  
10 benefits. Such a reduction is for the remainder of the person's  
11 retirement. The effect of this can be, and at times has been,  
12 that the amount of the permanent reduction in the retirement  
13 allowance exceeds the amount of the workers' compensation  
14 benefits received.

15 This bill addresses that inequity by providing that the pension  
16 portion of a retirant's retirement allowance shall be reduced  
17 dollar-for-dollar each month for the workers' compensation  
18 benefits calculated on a monthly basis for so long as the periodic  
19 benefits are paid. The amount of the reduction will be only to  
20 the extent that the pension portion covers that reduction. At the  
21 end of the period of payments, the retirant's retirement  
22 allowance will be restored to the amount prior to the reduction.

23 The bill also provides that (1) the reduction shall be applicable  
24 only if the basis for the receipt of the compensation benefits is  
25 the same as for the receipt of the disability retirement  
26 allowance; (2) the reduction shall not affect the retirant's  
27 pension adjustment (COLA) benefits or survivor benefits that may  
28 be payable on the death of the retirant; (3) retirants who, on the  
29 effective date of this act, are receiving a reduction in their  
30 retirement allowance because of the receipt of compensation  
31 benefits, will have their retirement allowances adjusted on the  
32 basis of a dollar-for-dollar reduction and at the end of the period  
33 of payment of benefits, will have them readjusted to the full  
34 amount to which they were entitled prior to the reduction; (4)  
35 retirants and beneficiaries who, on the effective date of this act,  
36 are receiving reduced retirement allowances because of previous  
37 receipt of periodic workers' compensation benefits will have  
38 their retirement allowances readjusted to the full amount to  
39 which they were entitled before the reduction; and (5) retirants  
40 and beneficiaries who, on the effective date of this act, are  
41 receiving pension adjustment benefits based upon retirement  
42 allowances reduced due to receipt of periodic workers'  
43 compensation benefits shall receive pension adjustment benefits  
44 based upon the amount of the full retirement allowances to which  
45 they were entitled prior to the reduction.

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50 Provides for dollar-for-dollar reduction in disability retirement  
51 allowance for retirants of TPAF, PERS, and PFRS who receive  
52 workers' compensation benefits.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1977

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 1994

The Assembly State Government Committee reports favorably and with committee amendments Assembly, No. 1977.

This bill revises the offset against pension benefits payable to an accidental disability retiree under the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), or the State Police Retirement System (SPRS) of any workers' compensation benefits payable to the retiree.

Under current provisions of the pension laws, when an active member of TPAF, PERS, PFRS or SPRS who is receiving periodic workers' compensation benefits retires on an accidental or ordinary disability retirement allowance, the individual's monthly pension payments are reduced to reflect the receipt of the workers' compensation award. The amount of the reduction is not, however, equal to the amount of the compensation benefits actually received during the month. Instead, the amount of the reduction is computed on the basis of the "actuarial equivalent" of the workers' compensation award as though the latter were to be paid as an annuity; accordingly, the reduction is continued for the duration of the retiree's lifetime, even though installment payments of the workers' compensation award may have been completed prior to the retiree's death. (A similar system of actuarially-based reduction governs the offset applicable to a person who qualifies for a workers' compensation award after taking disability retirement.) The effect of this actuarial method of assessing the workers' compensation offset can be that the amount of the permanent reduction in the retirement allowance exceeds the amount of the workers' compensation benefits received.

Under this bill, the accidental disability retiree's pension is to be reduced dollar-for-dollar by the full amount of the retiree's workers' compensation benefits received, but only for so long as the periodic benefits are paid. After the last installment payment of the workers' compensation has been made, the retiree's retirement benefit is to be restored to the amount to which the retiree was entitled prior to the reduction.

The bill also provides that the reduction shall not affect the retiree's pension adjustment (COLA) benefits or survivor benefits that may be payable on the death of the retiree.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1977

STATE OF NEW JERSEY

DATED: DECEMBER 8, 1994

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1977(1R).

Assembly Bill No. 1977 (1R) revises the offset against pension benefits payable to an accidental disability retirant under the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), or the State Police Retirement System (SPRS) of any workers' compensation benefits payable to the retirant.

Under current provisions, when an active member is receiving periodic workers' compensation benefits retires on an accidental or ordinary disability retirement allowance, the member's monthly pension payments are reduced to reflect the receipt of the workers' compensation award. The amount of the reduction is not, however, equal to the amount of the compensation benefits received. Instead, the reduction is computed on the basis of the "actuarial equivalent" of the workers' compensation award as though the latter were to be paid as an annuity; accordingly, the reduction is continued for the duration of the retirant's lifetime, even though installment payments of the workers' compensation award may have been completed prior to the retirant's death. (A similar system of actuarially-based reduction governs the offset applicable to a person who qualifies for a workers' compensation award after taking disability retirement.) The effect of this actuarial method of offset can be that the amount of the permanent reduction in the retirement allowance exceeds the amount of the workers' compensation benefits received.

Under this bill, the member's pension is to be reduced dollar-for-dollar by the full amount of the retirant's workers' compensation benefits received, but only for so long as the periodic benefits are paid. After the last installment payment of the workers' compensation, the retirant's retirement benefit is to be restored to the amount to which the retirant was entitled prior to the reduction.

The bill also provides that the reduction shall not affect the retirant's pension adjustment (COLA) benefits or survivor benefits that may be payable on the death of the retirant.

FISCAL IMPACT:

The Division of Pensions and Benefits adopted new regulations, N.J.A.C.17:1-4.32, effective August 15, 1994, implementing the changes contained in this bill. Further, there should be no financial impact on the various pension systems. The provisions of the bill and the administrative code do not affect the present value of a retiree's lifetime pension benefit.

SENATE STATE MANAGEMENT, INVESTMENTS AND  
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1977

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1995

The Senate State Management, Investments and Financial Institutions Committee reports favorably Assembly Bill No. 1977 (1R).

This bill revises the offset of any workers' compensation benefits payable to an accidental disability retiree against pension benefits payable to that retiree under the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), or the State Police Retirement System (SPRS).

Under current provisions of the pension laws, when an active member of TPAF, PERS, PFRS or SPRS who is receiving periodic workers' compensation benefits retires on an accidental disability retirement allowance, the individual's monthly pension payments are reduced to reflect the receipt of the workers' compensation award. The amount of the reduction is not, however, equal to the amount of the compensation benefits actually received during the month. Instead, the amount of the reduction is computed on the basis of the "actuarial equivalent" of the workers' compensation award as though the latter were to be paid as an annuity; accordingly, the reduction is continued for the duration of the retiree's lifetime, even though installment payments of the workers' compensation award may have been completed prior to the retiree's death. The effect of this actuarial method of assessing the workers' compensation offset can be that the amount of the permanent reduction in the retirement allowance exceeds the amount of the workers' compensation benefits received.

Under this bill, the accidental disability retiree's pension is to be reduced dollar-for-dollar by the full amount of the retiree's workers' compensation benefits received, but only for so long as the periodic benefits are paid. After the last installment payment of the workers' compensation has been made, the retiree's retirement benefit is to be restored to the amount to which the retiree was entitled prior to the reduction.

The bill also provides that the reduction shall not affect the retiree's pension adjustment (COLA) benefits or survivor benefits that may be payable on the death of the retiree.

COMMITTEE AMENDMENTS

The committee amended the legislation to extend its coverage to the State Police Retirement System and to exclude the offset of workers' compensation periodic benefits from an ordinary disability retirement allowance. In addition, the amendments deleted from the legislation language providing that (1) the reduction shall be applicable only if the basis for the receipt of the workers' compensation benefits is the same as that for the receipt of the disability retirement allowance; (2) retirants who, on the date on which the bill takes effect as law, are receiving a reduction in their retirement allowances because of the receipt of benefits will have them readjusted to reflect the dollar-for-dollar reduction and, upon termination of the benefits, will have their retirement allowances readjusted to the full amount to which they were entitled prior to the reduction; (3) retirants and beneficiaries who, on that effective date, are receiving reduced retirement allowances because of previous receipt of periodic workers' compensation benefits will have their retirement allowances readjusted to the full amount to which they were entitled before the reduction; and (4) retirants and beneficiaries who, on the effective date, are receiving pension adjustment benefits based upon retirement allowances reduced due to receipt of periodic workers' compensation benefits shall receive pension adjustment benefits based upon the amount of the full retirement allowances to which they were entitled prior to the reduction.

For consistency with court decisions and the pension systems' offset provisions, the amendments delete from the workers' compensation law a sentence which prohibits altogether the receipt of workers' compensation benefits by a retirant receiving a disability retirement allowance.

LEGISLATIVE FISCAL ESTIMATE TO

[FIRST REPRINT]

ASSEMBLY, No. 1977

STATE OF NEW JERSEY

DATED: December 28, 1994

Assembly Bill No. 1977 (1R) of 1994 revises the offset against pension benefits payable to an accidental disability retiree under the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) and the State Police Retirement System (SPRS) of any workers' compensation benefits payable to the retiree.

Under current law, when an active member of TPAF, PERS, PFRS or SPRS who is receiving periodic workers' compensation benefits retires on an accidental or ordinary disability retirement allowance, the individual's monthly pension payments are reduced to reflect the receipt of the workers' compensation award. The amount of the reduction is not, however, equal to the amount of the workers' compensation benefits actually received during the month. Instead, the amount of the reduction is computed on the basis of the "actuarial equivalent" of the workers' compensation award as though the latter were paid as an annuity; accordingly, the reduction is continued for the duration of the retiree's lifetime, even though installment payments of the workers' compensation award may have been completed prior to the retiree's death. (A similar system of actuarial-based reduction governs the offset applicable to a person who qualifies for a workers' compensation award after taking disability retirement.) The effect of this actuarial method of assessing the workers' compensation offset can be that the amount of the permanent reduction in the retirement allowance exceeds the amount of the workers' compensation benefits received.

Under this bill, the accidental disability retiree's pension is to be reduced dollar-for-dollar by the full amount of the retiree's workers' compensation benefits received, but only for so long as the periodic benefits are paid. After the last installment payment of the workers' compensation has been made, the retiree's retirement benefit is to be restored to the amount to which the retiree was entitled prior to the reduction.

The bill also provides that the reduction shall not affect the retiree's pension adjustment (COLA) benefits or survivor benefits that may be payable on the death of the retiree.

The Office of Legislative Services (OLS) notes that the Division of Pensions and Benefits recently adopted N.J.A.C. 17:1-4.32, effective August 15, 1994, implementing the changes contained in this bill. Therefore enactment of this bill would have no impact except to make the changes statutory.

The OLS further notes that there should be no financial impact on the various retirement systems. The provisions of this bill (and the administrative code) do not affect the present value of a retiree's lifetime pension benefit. The only impact is on the

retiree's benefit schedule. Previously, the retiree received a slightly reduced pension for life. Retirees now receive a larger reduction but only while collecting workers' compensation benefits.

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.