

43:16A-3.8 to 3.13  
LEGISLATIVE HISTORY CHECKLIST  
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(PFRS--transfers from PERS)

NSA: 43:16A-3.8 to 43:16A-3.13

LAWS OF: 1993 CHAPTER: 247

BILL NO: S1049

SPONSOR(S) Littell and others

DATE INTRODUCED: June 30, 1992

COMMITTEE: ASSEMBLY: Appropriations  
SENATE: Budget

AMENDED DURING PASSAGE: Yes Amendments during passage  
Fourth reprint denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: June 10, 1993  
SENATE: March 22, 1993

DATE OF APPROVAL: August 9, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes  
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

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*Also attached: Statements to  
Senate amendments dated Aug 3, 1992,  
March 15, 1993 and June 17, 1993*

KBG:pp

[FOURTH REPRINT]

SENATE, No. 1049

STATE OF NEW JERSEY

INTRODUCED JUNE 30, 1992

By Senators LITTELL, INVERSO, LaRossa,  
Ciesla, Ewing and Palaia

1 AN ACT concerning membership in the Police and Firemen's  
2 Retirement System of New Jersey <sup>3</sup>and the payment of certain  
3 employer contributions<sup>3</sup> and supplementing P.L.1944, c.255  
4 <sup>3</sup>(C.43:16A-1 et seq.)<sup>3</sup>.

5

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

8 1. <sup>3</sup>[A policeman or fireman employed on the effective date of  
9 this supplementary act by a municipality, which was not required  
10 to participate in the Police and Firemen's Retirement System of  
11 New Jersey (PFRS) under section 3 of P.L.1944, c.255 (P.L.1944,  
12 c.255) and has not adopted that act, who meets the requirements  
13 for membership in PFRS as set forth in the definitions of  
14 "Policeman" and "Fireman" in section 1 of that act, as amended  
15 and supplemented, <sup>2</sup>and any sheriff's officer, sergeant sheriff's  
16 officer, lieutenant sheriff's officer, captain sheriff's officer,  
17 chief sheriff's officer, or sheriff's investigator enrolled in the  
18 Public Employees' Retirement System of New Jersey on the  
19 effective date of this supplementary act,<sup>2</sup> is eligible<sup>2</sup>, regardless  
20 of age,<sup>2</sup> to become a member of the retirement system as  
21 provided in this supplementary act. Any eligible policeman or  
22 fireman who is enrolled in the Public Employees' Retirement  
23 System (PERS) <sup>2</sup>, and any sheriff's officer, sergeant sheriff's  
24 officer, lieutenant sheriff's officer, captain sheriff's officer,  
25 chief sheriff's officer, or sheriff's investigator who is enrolled in  
26 the Public Employees' Retirement System of New Jersey on the  
27 effective date of this supplementary act,<sup>2</sup>]

28 a. The following are eligible, regardless of age, to become  
29 members of the Police and Firemen's Retirement System of New  
30 Jersey (PFRS) as provided in this supplementary act:

31 (1) any policeman or fireman employed on the effective date  
32 of this supplementary act by a municipality, which was not  
33 required to participate in PFRS under section 3 of P.L.1944,  
34 c.255 (C.43:16A-3) and has not adopted that act, who meets the  
35 requirements for membership in PFRS as set forth in the  
36 definitions of "Policeman" and "Fireman" in section 1 of that  
37 act, as amended and supplemented, and who is enrolled in the  
38 Public Employees' Retirement System of New Jersey (PERS) on  
39 that date;

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> Senate floor amendments adopted August 3, 1992.

<sup>2</sup> Senate floor amendments adopted March 15, 1993.

<sup>3</sup> Assembly AAP committee amendments adopted May 20, 1993.

<sup>4</sup> Senate floor amendments adopted June 17, 1993.

1     (2) any policeman employed on the effective date of this  
2 supplementary act by a county who is enrolled in PERS on that  
3 date;

4     (3) any sheriff's officer, sergeant sheriff's officer, lieutenant  
5 sheriff's officer, captain sheriff's officer, chief sheriff's  
6 officer, or sheriff's investigator employed on the effective date  
7 of this supplementary act in the offices of the county sheriffs  
8 who is enrolled in PERS on that date;

9     (4) any correction officer, senior correction officer, correction  
10 officer sergeant, correction officer lieutenant, correction officer  
11 captain, investigator, senior investigator, principal investigator,  
12 assistant chief investigator, chief investigator, <sup>4</sup>[and] <sup>4</sup>or<sup>4</sup>  
13 director of custody operations I, II, III employed on the effective  
14 date of this supplementary act in the Department of Corrections  
15 who is enrolled in PERS on that date; <sup>4</sup>[and]<sup>4</sup>

16     (5) any county correction officer, county correction sergeant,  
17 county correction lieutenant, county correction captain, <sup>4</sup>[and]  
18 or<sup>4</sup> county deputy warden employed on the effective date of this  
19 supplementary act in the several county jails who is enrolled in  
20 PERS on that date<sup>4</sup>;

21     (6) any principal inspector employed on the effective date of  
22 this supplementary act in the Alcoholic Beverage Control  
23 Enforcement Bureau, Department of Law and Public Safety who  
24 is enrolled in PERS on that date;

25     (7) any police officer, police sergeant, or police lieutenant  
26 employed on the effective date of this supplementary act in the  
27 Department of Human Services who is enrolled in PERS on that  
28 date; and

29     (8) any fireman employed on the effective date of this  
30 supplementary act by a fire district in which the provisions of  
31 P.L.1944, c.255 (C.43:16A-1 et seq.) are not operative who meets  
32 the requirements for membership in PFRS as set forth in the  
33 definition of "Fireman" in section 1 of that act, as amended and  
34 supplemented, and who is enrolled in PERS on that date<sup>4</sup>.

35     b. Any person eligible pursuant to subsection a. of this section  
36 to become a member of PFRS<sup>3</sup> may<sup>2</sup>, regardless of age,<sup>2</sup> transfer  
37 membership from PERS to PFRS in accordance with the  
38 provisions of the law and regulations governing the retirement  
39 system relative to interfund transfers <sup>3</sup>by waiving, within 90 days  
40 of the effective date of this supplementary act, all rights and  
41 benefits which would otherwise be provided by PERS. If an  
42 eligible person does not file a timely waiver of PERS benefits,  
43 the person's pension status shall remain unchanged and the  
44 person's membership shall not be transferred to PFRS. Transfers  
45 under this section shall take effect on the first day of the first  
46 full calendar month following the effective date of this  
47 supplementary act by at least 180 days. PERS shall transmit to  
48 PFRS an amount equal to the present value of the benefit under  
49 PERS accrued to the date of transfer by each person transferring  
50 to PFRS<sup>3</sup>. The service credit accrued in PERS to the date of  
51 transfer shall be transferred to PFRS and may be used to meet  
52 any service credit requirement for benefits under PFRS. Any  
53 benefit of a member who transfers membership from PERS to  
54 PFRS under this supplementary act based upon service credit

1 shall be the amount of benefit determined as provided under  
2 PFRS based upon the total amount of service credit multiplied by  
3 the ratio of the service credit under PFRS from the date of  
4 <sup>3</sup>[enrollment] transfer<sup>3</sup> to the total amount of service credit, plus  
5 a benefit comparable to a PERS deferred, early or regular service  
6 retirement benefit, as appropriate, based upon the age of the  
7 member at the time of retirement and the amount of PERS  
8 service credit transferred to PFRS, determined as provided under  
9 the law and regulations governing PERS for the benefit. The  
10 total amount of service credit in PFRS, including the transferred  
11 PERS service credit, may be used to meet the service credit  
12 requirement for the benefit comparable to a PERS deferred or  
13 early retirement benefit, but the benefit shall be calculated only  
14 on the transferred PERS service credit.

15 <sup>3</sup>Active and retired death benefits, accidental death benefits,  
16 and ordinary and accidental disability retirement benefits for  
17 members transferring to PFRS under this supplementary act shall  
18 be the benefits provided under PFRS.

19 For members transferring to PFRS under this supplementary  
20 act, the widows' or widowers' pensions provided under section 26  
21 of P.L.1967, c.250 (C.43:16A-12.1) shall be the amount of the  
22 benefit determined as provided in section 26 multiplied by the  
23 ratio of the service credit under PFRS from the date of transfer  
24 to the total amount of service credit. Transferring members  
25 shall be entitled to elect optional retirement allowances for the  
26 portions of their retirement benefits based upon their PERS  
27 service credit as provided under the laws and regulations  
28 governing selection of optional retirement allowances under  
29 PERS.<sup>3</sup>

30 2. A policeman or fireman employed after the effective date  
31 of this supplementary act by a municipality, which was not  
32 required to participate in PFRS under section 3 of P.L.1944,  
33 c.255 (<sup>3</sup>[P.L.1944, c.255] C.43:16A-3<sup>3</sup>) and has not adopted that  
34 act, <sup>4</sup>and a fireman employed after the effective date of this  
35 supplementary by a fire district in which the provisions of  
36 P.L.1944, c.255 are not operative on that effective date,<sup>4</sup> who  
37 meets the requirements for membership in the PFRS shall be  
38 required to enroll in the retirement system as a condition of  
39 employment.

40 3. <sup>2</sup>a.<sup>2</sup> Notwithstanding the provisions of section 1 of this  
41 supplementary act, a policeman or fireman <sup>3</sup>who is eligible  
42 pursuant to paragraph (1) <sup>4</sup>or paragraph (8)<sup>4</sup> of subsection a. of  
43 that section to become a member of PFRS and<sup>3</sup> who transfers  
44 membership from PERS to PFRS may receive full credit toward  
45 benefits under PFRS for the transferred PERS service credit if:

46 <sup>2</sup>[a.] (1)<sup>2</sup> the act of which this act is a supplement is adopted  
47 by the legal voters of the municipality <sup>4</sup>or the fire district<sup>4</sup> as  
48 provided in section 10 of P.L.1945, c.148 (C.43:16A-26);

49 <sup>2</sup>[b. the governing body of the municipality consents, by  
50 resolution, to be liable for the accrued liability for all PERS  
51 service credit of all policemen and firemen employed on the  
52 effective date of this supplementary act by the municipality who  
53 are eligible for membership in the retirement system in the same  
54 manner provided for a municipality for which P.L.1944, c.255 is

1 adopted;]<sup>2</sup> or

2 <sup>2</sup>[c.] (2)<sup>2</sup> the member agrees to pay the full cost of the accrued  
3 liability for the transferred PERS service credit in the same  
4 manner and subject to the same terms and conditions provided for  
5 the purchase of credit for military service under P.L.1991, c.153.

6 <sup>2</sup>b. Notwithstanding the provisions of section 1 of this  
7 supplementary act, any <sup>3</sup>[sheriff's officer, sergeant sheriff's  
8 officer, lieutenant sheriff's officer, captain sheriff's officer,  
9 chief sheriff's officer, or sheriff's investigator] person who is  
10 eligible pursuant to paragraph (2), (3), (4), <sup>4</sup>[or]<sup>4</sup> (5)<sup>4</sup>, (6) or (7)<sup>4</sup>  
11 of subsection a. of that section to become a member of PFRS  
12 and<sup>3</sup> who transfers membership from PERS to PFRS may receive  
13 full credit toward benefits under PFRS for the transferred PERS  
14 service credit if the member agrees to pay the full cost of the  
15 accrued liability for the transferred PERS service credit in the  
16 same manner and subject to the same terms and conditions  
17 provided for the purchase of credit for military service under  
18 P.L.1991, c.153.<sup>2</sup>

19 4. <sup>2</sup>[<sup>1</sup>a.<sup>1</sup> For municipalities affected by this supplementary  
20 act, the State shall pay 100% of the difference between normal  
21 contribution under PFRS and what the contribution would have  
22 been under PERS in the first year of participation, 75% in the  
23 second year, 50% in the third year, and 25% in the fourth year.

24 <sup>1</sup>b. Beginning with the first local fiscal year of participation in  
25 PFRS in which a municipality assumes part of the payment of the  
26 difference between the normal contribution under PFRS and what  
27 the contribution would have been under PERS and continuing  
28 through the local fiscal year in which the municipality assumes  
29 100% of the payment of that difference, the amount of the  
30 difference shall be exempt from the limit imposed pursuant to  
31 P.L.1976, c.68 (C.40A:4-45.1 et seq.) on the increase in that  
32 municipality's final appropriations over the previous year's final  
33 appropriations, but in the year that the municipality assumes  
34 100% of that difference, that amount shall be included in the  
35 municipality's final appropriations for the purpose of calculating  
36 the increase permitted in the municipality's budget and final  
37 appropriations for the next local fiscal year.<sup>1</sup>

38 <sup>3</sup>a.<sup>3</sup> The State shall be liable, during their membership  
39 following transfer from PERS to PFRS, for the difference  
40 between what the employer would pay under PERS and what the  
41 employer would pay under PFRS for the <sup>3</sup>[policemen and firemen  
42 and the specified officers in the offices of the county sheriffs]  
43 members of PERS<sup>3</sup> who transfer membership from PERS to PFRS  
44 pursuant to this supplementary act.

45 <sup>3</sup>b.<sup>3</sup> The municipality <sup>4</sup>or the fire district, as the case may  
46 be,<sup>4</sup> shall be liable for employer contributions for any policeman  
47 or fireman employed after the effective date of this  
48 supplementary act who is enrolled in PFRS as provided by section  
49 2 of this act.<sup>2</sup>

50 <sup>3</sup>5. A person transferring to PFRS under this supplementary  
51 act shall not be eligible to receive any benefit provided under  
52 P.L.1993, c.99 unless the person receives full credit toward  
53 benefits under PFRS for the transferred PERS service credit as  
54 provided in section 3 of this supplementary act.<sup>3</sup>

1       <sup>3</sup>6. For municipalities in which the provisions of P.L.1944,  
2 c.255 (C.43:16A-1 et seq.) took effect on or after January 1, 1992  
3 and prior to the effective date of this supplementary act as a  
4 result of a referendum in the municipality or the adoption of an  
5 ordinance or resolution by the governing body of the municipality  
6 as provided by law, the State shall be liable, beginning with the  
7 effective date of this act and continuing during their membership  
8 in PFRS, for the difference in the normal contribution between  
9 what the employer would pay under PERS and what the employer  
10 would pay under PFRS for the policemen and firemen in service  
11 prior to the date the provisions of P.L.1944, c.255 took effect in  
12 each such municipality who elected to become members of PFRS  
13 pursuant to section 13 of P.L.1945, c.148 (C.43:16A-29). The  
14 municipality, however, shall be liable for employer contributions  
15 to PFRS for any policeman or fireman whose service began or  
16 begins on or after the date those provisions took effect.<sup>3</sup>

17       <sup>3</sup>[5] 7.<sup>3</sup> This act shall take effect <sup>2</sup>[on the first day of sixth  
18 full calendar month after the date of enactment] July 1, 1993<sup>2</sup>.

19

20

21

22

23 Provides for enrollment in PFRS of police and firemen not  
24 presently covered by PFRS, for transfer to PFRS of certain PERS  
25 members, and for State payment of additional employer  
26 contributions in certain cases.

- 1 membership from PERS to PFRS may receive full credit toward  
2 benefits under PFRS for the transferred PERS service credit if:
- 3 a. the act of which this act is a supplement is adopted by the  
4 legal voters of the municipality as provided in section 10 of  
5 P.L.1945, c.148 (C.43:16A-26);
  - 6 b. the governing body of the municipality consents, by  
7 resolution, to be liable for the accrued liability for all PERS  
8 service credit of all policemen and firemen employed on the  
9 effective date of this supplementary act by the municipality who  
10 are eligible for membership in the retirement system in the same  
11 manner provided for a municipality for which P.L.1944, c.255 is  
12 adopted; or
  - 13 c. the member agrees to pay the full cost of the accrued  
14 liability for the transferred PERS service credit in the same  
15 manner and subject to the same terms and conditions provided for  
16 the purchase of credit for military service under P.L.1991, c.153.
- 17 4. For municipalities affected by this supplementary act, the  
18 State shall pay 100% of the difference between normal  
19 contribution under PFRS and what the contribution would have  
20 been under PERS in the first year of participation, 75% in the  
21 second year, 50% in the third year, and 25% in the fourth year.
- 22 5. This act shall take effect on the first day of sixth full  
23 calendar month after the date of enactment.

24  
25 *SPONSORS* STATEMENT  
26

27 The purpose of this bill is to bring all municipal policemen and  
28 firemen into the Police and Firemen's Retirement System.  
29 There are a number of municipal policemen and firemen who are  
30 not eligible to participate in the retirement system because a  
31 referendum has not been adopted in their municipalities making  
32 the system applicable in the municipalities. These policemen and  
33 firemen have to meet the same requirements as their colleagues  
34 in municipalities where the system has been adopted and perform  
35 all the same duties, but they are not eligible for the same  
36 retirement benefits.

37 This bill corrects this inequity by requiring that all municipal  
38 police and firemen who meet the requirements for membership in  
39 PFRS participate in the retirement system prospectively. It  
40 provides for pro-rated PFRS/PERS benefits for policemen and  
41 firemen employed on the effective date of the act. It also  
42 provides three options for obtaining full credit toward PFRS  
43 benefits for prior PERS service: 1) a local referendum adopting  
44 the PFRS for a municipality, 2) a resolution of the municipal  
45 governing body consenting to be liable for the accrued liability  
46 for the PERS service credit, or 3) the payment by the policeman  
47 or fireman of the full cost of the accrued liability for the PERS  
48 service credit in the same manner provided for the purchase of  
49 credit for military service. Finally, the bill provides that the  
50 State shall assist affected municipalities in phasing in the higher  
51 pension costs which will result from the bill. It provides that the  
52 State shall pay decreasing percentages of the difference in the  
53 normal contributions between PERS and PFRS, starting at 100%  
54 in the first year and decreasing by 25% over the next three years.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[SECOND REPRINT]

SENATE, No. 1049

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 20, 1993

The Assembly Appropriations Committee reports without recommendation Senate Bill No. 1049 (2R) with committee amendments.

Senate Bill No. 1049 (2R), as amended, permits the transfer from the Public Employees' Retirement System (PERS) to the Police and Firemen's Retirement System (PFRS) of the following persons:

(1) any person who, on the effective date of the act, is employed by a municipality in a position meeting the definition of "policeman" or "fireman" under the statute establishing the PFRS, but is not presently eligible to be enrolled in that system because the municipal employer was not originally required to participate in the PFRS when the system was established in 1944 and has not since adopted the system voluntarily;

(2) any policeman who is employed on the effective date of the act by a county;

(3) any person who is employed on the effective date of the act in certain specified positions in the office of the county sheriff, such as sheriff's officer; and

(4) any person who is employed on the effective date of the act in certain specified positions in the Department of Corrections or in the county jails, such as corrections officer.

The transfers are contingent on the person meeting the requirements, other than age, for membership in PFRS.

The service credit which a transferring officer has accrued in PERS is to be established in PFRS. The bill provides that service credit accrued in PERS may be used to meet any service credit requirement for a PFRS benefit, and conversely, that the "total amount of service credit in PFRS, including the transferred PERS service credit, may be used to meet the service credit requirement for the benefit comparable to a PERS deferred or early retirement benefit, but the benefit shall be calculated only on the transferred PERS service credit."

In determining the retirement benefit of a transferring officer, the appropriate PFRS benefit formula shall be applied to the service that the officer renders as a PFRS member after the transfer, and the appropriate PERS benefit formula shall be applied to the service which the officer had rendered as a PERS member prior to the transfer. Thus the benefit is to consist of (1) "the amount of benefit determined as provided under PFRS based upon the total amount of service credit multiplied by the ratio of the service credit under PFRS from the date of enrollment to the total amount of service credit," plus (2) "a benefit comparable to a PERS deferred, early or regular service retirement benefit, as appropriate, based upon the age of the member at the time of



retirement and the amount of PERS service credit transferred to PFRS."

The bill permits a transferring municipal policeman or fireman to receive full PFRS credit for transferred PERS service if either the municipality adopts the PFRS statute by referendum or the member agrees to pay the full cost of the liability which would be created. The latter option for obtaining full PFRS credit for transferred service would also be available to transferring county sheriff's officers, State and county corrections officers, and county police.

The bill provides that, for the duration of the transferred officers' membership in the PFRS, the State is to be liable for paying the difference between the contribution that would have been required from the employer if the officers had continued as members of PERS and the employer contribution required with respect to those officers as members of PFRS.

A policeman or fireman employed after the effective date of the act by a theretofore non-PFRS municipality shall be required to enroll in PFRS if the individual meets the regular requirements of membership.

The bill also specifies (1) that anyone eligible to transfer must file a waiver of PERS rights and benefits within 90 days of the effective date and that transfers will take effect on the first day of the first full calendar month following the effective date by at least 180 days (i.e., January 1, 1994, if the bill is enacted prior to July 1, 1993, the effective date) and (2) that death benefits for transferees will be those provided under PFRS; widows' and widowers' pensions under PFRS will be prorated on the basis of PFRS service credit; and transferees will not be eligible for the early retirement program for PFRS members provided by P.L.1993, c.99 unless they have sufficient credit in PFRS to qualify (i.e., either the member or the municipality has purchased PFRS credit for the years of PERS service).

Finally, the bill provides that, for any municipality that adopted the provisions of PFRS and began participation on or after January 1, 1992, the State will be liable, beginning with the effective date of the act and continuing during their membership in PFRS, for the additional employer normal contribution cost for PFRS enrollment of the police and firemen in those municipalities who transferred from PERS to PFRS at the time the municipalities joined PFRS. (Six municipalities began participation on January 1, 1992: Beach Haven Borough--Ocean County, Colts Neck--Monmouth County, Delran Township--Burlington County, Edgewater Park Township--Burlington County, Green Brook--Somerset County, and Westampton Township--Burlington County; and two municipalities on January 1, 1993: Monroe Township--Middlesex County and Pemberton Township--Burlington County).

The municipal policemen and firemen to whom this legislation applies meet the same qualifications and perform the same duties as officers holding similar positions in jurisdictions which already participate in the PFRS. By providing for the extension of PFRS coverage on a comprehensive basis to all public safety personnel, this bill eliminates the inequity of denying to some of those personnel the same retirement and survivor benefits extended to

others. In addition, the bill addresses the persistent disadvantage that local law enforcement agencies not participating in the PFRS have had in recruiting and retaining policemen and firemen. At the same time, by limiting the fiscal impact of the legislation to the coverage of new employees hired after its enactment, the bill ensures that municipal budgets will not, as a result of that enactment, be unduly burdened by a sudden increase in pension costs.

This bill as amended is identical to the Assembly Committee Substitute for A-125(Acs) also reported without recommendation by this committee.

#### COMMITTEE AMENDMENTS

The committee amended the bill to:

(1) add the following persons to those eligible to transfer from PERS to PFRS:

(a) policemen employed on the effective date of this act by a county;

(b) various corrections officers employed on the effective date of the act in the Department of Corrections;

(c) various corrections officers employed on the effective date of the act in the county jails;

(2) provide that:

(a) as in the case of the sheriff's officers eligible for transfer, any of the additional officers eligible for transfer may receive PFRS credit for their PERS service only if they purchase the full cost of the accrued liability for the transferred PERS service; and

(b) as in the case of the policemen, firemen, and sheriff's officers who transfer, the State will be liable, during their membership in PFRS, for the employer's additional cost for PFRS enrollment of those officers who transfer;

(3) specify that anyone eligible to transfer must file a waiver of PERS rights and benefits within 90 days of the effective date and that transfers will take effect on the first day of the first full calendar month following the effective date by at least 180 days;

(4) specify that death benefits for transferees will be those provided under PFRS; that widows' and widowers' pensions under PFRS will be prorated on the basis of PFRS service credit; that transferees will not be eligible for the early retirement program for PFRS members provided by P.L.1993, c.99 unless they have sufficient credit in PFRS to qualify (i.e., either the member or the municipality has purchased PFRS credit for the years of PERS service); and

(5) provide that, for any municipality that adopted the provisions of PFRS and began participation on or after January 1, 1992, the State will be liable, beginning with the effective date of the act and continuing during their membership in PFRS, for the additional employer normal contribution cost for PFRS enrollment of the police and firemen in those municipalities who transferred from PERS to PFRS at the time the municipalities joined PFRS.

#### FISCAL IMPACT:

There is no fiscal note or fiscal estimate prepared for this version of the bill. On a similar bill last session, the Office of

Legislative Services based an estimate on information from the Division of Pensions. The additional cost to the State will be the difference of what the employer currently contributes to PERS and the cost of PFRS employer contribution. The OLS estimated approximately \$3,080 per transferred employee. Future pension contributions will increase for all new employees. The additional cost is estimated at approximately \$2,400 per year. The variable of how many employees, both transferred and new, is not known.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1049

STATE OF NEW JERSEY

DATED: JULY 20, 1992

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1049.

Senate Bill No. 1049 brings all municipal policemen and firemen into the Police and Firemen's Retirement System (PFRS) in municipalities where policemen and firemen are not eligible to participate in the retirement system because a municipal referendum making the system applicable has not been adopted. These policemen and firemen have to meet the same requirements as their colleagues in municipalities where the system has been adopted and perform all the same duties, but they are not eligible for the same retirement benefits as their counterparts in PFRS.

This bill corrects this inequity by requiring that all municipal police and firemen who meet the requirements for membership in PFRS participate in the retirement system prospectively. It provides for pro-rated PFRS/PERS benefits for policemen and firemen employed on the effective date of the act. It also provides three options for obtaining full credit toward PFRS benefits for prior PERS service: 1) a local referendum adopting the PFRS for a municipality, 2) a resolution of the municipal governing body consenting to be liable for the accrued liability for the PERS service credit, or 3) the payment by the policeman or fireman of the full cost of the accrued liability for the PERS service credit in the same manner provided for the purchase of credit for military service. Finally, the bill provides that the State shall assist affected municipalities in phasing in the higher pension costs which will result from the bill.

FISCAL IMPACT:

The State assisted phase-in provides for the State to pay to affected municipalities 100% of the difference between their normal contribution under PFRS and what the contribution would have been under PERS in the first year of participation, 75% in the second year, 50% in the third year, and 25% in the fourth year. The Division of Pensions has not provided information on the cost of the phase in of the higher pension costs.

0006  
AUG 3 1992

SENATE Amendments  
(Proposed by Senators LITTELL and INVERSO)

to

**SENATE, No. 1049**

(Sponsored by Senators LITTELL and INVERSO)

Sugg. allre. -

40A: 4-45.2 c

- or -

Now to 40A: 4-45.2

REPLACE SECTION 4 TO READ:

4. <sup>1a.</sup> For municipalities affected by this supplementary act, the State shall pay 100% of the difference between normal contribution under PFRS and what the contribution would have been under PERS in the first year of participation, 75% in the second year, 50% in the third year, and 25% in the fourth year.

<sup>1b.</sup> Beginning with the first tax year of participation in PFRS in which a municipality assumes part of the payment of the difference between the normal contribution under PFRS and what the contribution would have been under PERS and continuing through the tax year in which the municipality assumes 100% of the payment of that difference, the amount of the difference shall be exempt from the limit imposed pursuant to P.L.1976, c.68 (C.40A:4-45.1 et seq.) on the increase in that municipality's final appropriations over the previous year's final appropriations, but in the year that the municipality assumes 100% of that difference, that amount shall be included in the municipality's final appropriations for the purpose of calculating the increase permitted in the municipality's budget and final appropriations for the next tax year.<sup>1</sup>

*local fiscal year*

*local fiscal year*

*local fiscal year*

STATEMENT

S-1049 provides that the State shall pay decreasing percentages of the difference in the normal contributions between PERS and PFRS, starting at 100% in the first year and decreasing by 25% over each of the next three years. These amendments provide that during the period of transition to the municipalities' assuming 100% payment of the difference, the portion of the difference that the municipality pays, including the first year at 100%, will be exempt from the cap law, but beginning with that first year at 100%, the payment will be included in the cap base for determining the amount of the budget increase a municipality is permitted in the next year and subsequent years.

SENATE Amendments  
(Proposed by Senators LITTELL and INVERSO)

to

**SENATE, No. 1049 (1R)**

(Sponsored by Senators LITTELL and INVERSO)

ADOPTED  
MAR 15 1993

**REPLACE SECTION 1 TO READ:**

1. A policeman or fireman employed on the effective date of this supplementary act by a municipality, which was not required to participate in the Police and Firemen's Retirement System of New Jersey (PFRS) under section 3 of P.L.1944, c.255 (P.L.1944, c.255) and has not adopted that act, who meets the requirements for membership in PFRS as set forth in the definitions of "Policeman" and "Fireman" in section 1 of that act, as amended and supplemented, <sup>2</sup>and any sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator enrolled in the Public Employees' Retirement System of New Jersey on the effective date of this supplementary act, <sup>2</sup> is eligible<sup>2</sup>, regardless of age,<sup>2</sup> to become a member of the retirement system as provided in this supplementary act. Any eligible policeman or fireman who is enrolled in the Public Employees' Retirement System (PERS) <sup>2</sup>, and any sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator who is enrolled in the Public Employees' Retirement System of New Jersey on the effective date of this supplementary act, <sup>2</sup> may<sup>2</sup>, regardless of age,<sup>2</sup> transfer membership from PERS to PFRS in accordance with the provisions of the law and regulations governing the retirement system relative to interfund transfers. The service credit accrued in PERS to the date of transfer shall be transferred to PFRS and may be used to meet any service credit requirement for benefits under PFRS. Any benefit of a member who transfers membership from PERS to PFRS under this supplementary act based upon service credit shall be the amount of benefit determined as provided under PFRS based upon the total amount of service credit multiplied by the ratio of the service credit under PFRS from the date of enrollment to the total amount of service credit, plus a benefit comparable to a PERS deferred, early or regular service retirement benefit, as appropriate, based upon the age of the member at the time of retirement and the amount of PERS service credit transferred to PFRS, determined as provided under the law and regulations governing PERS for the benefit. The total amount of service credit in PFRS, including the transferred PERS service credit, may be used to meet the service credit requirement for the benefit comparable to a PERS deferred or early retirement benefit, but the benefit shall be calculated only on the transferred PERS service credit.

**REPLACE SECTION 3 TO READ:**

3. <sup>2</sup>a.<sup>2</sup> Notwithstanding the provisions of section 1 of this supplementary act, a policeman or fireman who transfers membership from PERS to PFRS may receive full credit toward benefits under PFRS for the transferred PERS service credit if:

<sup>2</sup>[a.] (1)<sup>2</sup> the act of which this act is a supplement is adopted by the legal voters of the municipality as provided in section 10 of P.L.1945, c.148 (C.43:16A-26);

<sup>2</sup>[b. the governing body of the municipality consents, by resolution, to be liable for the accrued liability for all PERS service credit of all policemen and firemen employed on the effective date of this supplementary act by the municipality who are eligible for membership in the retirement system in the same manner provided for a municipality for which P.L.1944, c.255 is adopted;]<sup>2</sup> or

<sup>2</sup>[c.] (2)<sup>2</sup> the member agrees to pay the full cost of the accrued liability for the transferred PERS service credit in the same manner and subject to the same terms and conditions provided for the purchase of credit for military service under P.L.1991, c.153.

<sup>2</sup>b. Notwithstanding the provisions of section 1 of this supplementary act, any sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator who transfers membership from PERS to PFRS may receive full credit toward benefits under PFRS for the transferred PERS service credit if the member agrees to pay the full cost of the accrued liability for the transferred PERS service credit in the same manner and subject to the same terms and conditions provided for the purchase of credit for military service under P.L.1991, c.153.<sup>2</sup>

**REPLACE SECTION 4 TO READ:**

4. <sup>2</sup>[<sup>1</sup>a.<sup>1</sup> For municipalities affected by this supplementary act, the State shall pay 100% of the difference between normal contribution under PFRS and what the contribution would have been under PERS in the first year of participation, 75% in the second year, 50% in the third year, and 25% in the fourth year.

<sup>1</sup>b. Beginning with the first local fiscal year of participation in PFRS in which a municipality assumes part of the payment of the difference between the normal contribution under PFRS and what the contribution would have been under PERS and continuing through the local fiscal year in which the municipality assumes 100% of the payment of that difference, the amount of the difference shall be exempt from the limit imposed pursuant to P.L.1976, c.68 (C.40A:4-45.1 et seq.) on the increase in that municipality's final appropriations over the previous year's final appropriations, but in the year that the municipality assumes 100% of that difference, that amount shall be included in the municipality's final appropriations for the purpose of calculating the increase permitted in the municipality's budget and final

appropriations for the next local fiscal year.<sup>1</sup>

The State shall be liable, during their membership following transfer from PERS to PFRS, for the difference between what the employer would pay under PERS and what the employer would pay under PFRS for the policemen and firemen and the specified officers in the office<sup>5</sup> of the county sheriffs who transfer membership from PERS to PFRS pursuant to this supplementary act. The municipality shall be liable for employer contributions for any policeman or fireman employed after the effective date of this supplementary act who is enrolled in PFRS as provided by section 2 of this act.<sup>2</sup>

**REPLACE SECTION 5 TO READ:**

5. This act shall take effect <sup>2</sup>[on the first day of sixth full calendar month after the date of enactment] July 1, 1993<sup>2</sup>.

**REPLACE SYNOPSIS TO READ:**

Provides for enrollment in PFRS of all municipal police and firemen and of officers in sheriff's offices who are in PERS.

**STATEMENT**

These amendments (1) enable certain officers in the offices of county sheriffs who are presently in PERS to transfer to PFRS; (2) make clear that those officers and the policemen and firemen affected by the bill are eligible to enroll in PFRS regardless of their age; (3) eliminate the ability of the governing body of a municipality, by resolution, to assume liability for PERS service credit transferred to PFRS for a policeman or fireman (such assumption of liability would have enabled a policeman or fireman to receive PFRS credit for that PERS service); (4) enable the officers in the offices of county sheriffs who transfer to PFRS to purchase PFRS credit for their PERS service; (5) eliminate the phase-in of a municipality's assumption of the cost of PFRS coverage for the transferred policemen and firemen and provide that the State shall pay the difference in the employer's cost between participation in PERS and participation in PFRS for those policemen and firemen and for the transferred officers in the office of the county sheriff; and (6) change the effective date from the first day of the sixth full calendar month after the date of enactment to July 1, 1993.



**ADOPTED**  
JUN 17 1993

SENATE Amendments  
(Proposed by Senator) *Littell*

to

**SENATE, No. 1049 (3R)**

(Sponsored by Senators LITTELL and INVERSO)

**REPLACE SECTION 1 TO READ:**

1. <sup>3</sup>[A policeman or fireman employed on the effective date of this supplementary act by a municipality, which was not required to participate in the Police and Firemen's Retirement System of New Jersey (PFRS) under section 3 of P.L.1944, c.255 (P.L.1944, c.255) and has not adopted that act, who meets the requirements for membership in PFRS as set forth in the definitions of "Policeman" and "Fireman" in section 1 of that act, as amended and supplemented, <sup>2</sup>and any sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator enrolled in the Public Employees' Retirement System of New Jersey on the effective date of this supplementary act.<sup>2</sup> is eligible<sup>2</sup>, regardless of age,<sup>2</sup> to become a member of the retirement system as provided in this supplementary act. Any eligible policeman or fireman who is enrolled in the Public Employees' Retirement System (PERS)<sup>2</sup>, and any sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator who is enrolled in the Public Employees' Retirement System of New Jersey on the effective date of this supplementary act.<sup>2</sup>]

a. The following are eligible, regardless of age, to become members of the Police and Firemen's Retirement System of New Jersey (PFRS) as provided in this supplementary act:

(1) any policeman or fireman employed on the effective date of this supplementary act by a municipality, which was not required to participate in PFRS under section 3 of P.L.1944, c.255 (C.43:16A-3) and has not adopted that act, who meets the requirements for membership in PFRS as set forth in the definitions of "Policeman" and "Fireman" in section 1 of that act, as amended and supplemented, and who is enrolled in the Public Employees' Retirement System of New Jersey (PERS) on that date;

(2) any policeman employed on the effective date of this supplementary act by a county who is enrolled in PERS on that date;

(3) any sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator employed on the effective date of this supplementary act in the offices of the county sheriffs who is enrolled in PERS on that date;

(4) any correction officer, senior correction officer, correction officer sergeant, correction officer

lieutenant, correction officer captain, investigator, senior investigator, principal investigator, assistant chief investigator, chief investigator, <sup>4</sup>[and] or<sup>4</sup> director of custody operations I, II, III employed on the effective date of this supplementary act in the Department of Corrections who is enrolled in PERS on that date; <sup>4</sup>[and]<sup>4</sup> '

(5) any county correction officer, county correction sergeant, county correction lieutenant, county correction captain, <sup>4</sup>[and] or<sup>4</sup> county deputy warden employed on the effective date of this supplementary act in the several county jails who is enrolled in PERS on that date<sup>4</sup>;

(6) any principal inspector employed on the effective date of this supplementary act in the Alcoholic Beverage Control Enforcement Bureau, Department of Law and Public Safety who is enrolled in PERS on that date;

(7) any police officer, police sergeant, or police lieutenant employed on the effective date of this supplementary act in the Department of Human Services who is enrolled in PERS on that date; and

(8) any fireman employed on the effective date of this supplementary act by a fire district in which the provisions of P.L.1944, c.255 (C.43:16A-1 et seq.) are not operative who meets the requirements for membership in PERS as set forth in the definition of "Fireman" in section J of that act, as amended and supplemented, and who is enrolled in PERS on that date<sup>4</sup>.

b. Any person eligible pursuant to subsection a. of this section to become a member of PFRS<sup>3</sup> may<sup>2</sup>, regardless of age,<sup>2</sup> transfer membership from PERS to PFRS in accordance with the provisions of the law and regulations governing the retirement system relative to interfund transfers<sup>3</sup> by waiving, within 90 days of the effective date of this supplementary act, all rights and benefits which would otherwise be provided by PERS. If an eligible person does not file a timely waiver of PERS benefits, the person's pension status shall remain unchanged and the person's membership shall not be transferred to PFRS. Transfers under this section shall take effect on the first day of the first full calendar month following the effective date of this supplementary act by at least 180 days. PERS shall transmit to PFRS an amount equal to the present value of the benefit under PERS accrued to the date of transfer by each person transferring to PFRS<sup>3</sup>. The service credit accrued in PERS to the date of transfer shall be transferred to PFRS and may be used to meet any service credit requirement for benefits under PFRS. Any benefit of a member who transfers membership from PERS to PFRS under this supplementary act based upon service credit shall be the amount of benefit determined as provided under PFRS based upon the total amount of service credit multiplied by the ratio of the service credit under PFRS from the date of <sup>3</sup>[enrollment] transfer<sup>3</sup> to the total amount of service credit, plus a benefit comparable to a PERS deferred, early or regular service retirement benefit, as appropriate, based upon the age of the member at the time of retirement and the amount of PERS service credit

transferred to PFRS, determined as provided under the law and regulations governing PERS for the benefit. The total amount of service credit in PFRS, including the transferred PERS service credit, may be used to meet the service credit requirement for the benefit comparable to a PERS deferred or early retirement benefit, but the benefit shall be calculated only on the transferred PERS service credit.

<sup>3</sup>Active and retired death benefits, accidental death benefits, and ordinary and accidental disability retirement benefits for members transferring to PFRS under this supplementary act shall be the benefits provided under PFRS.

For members transferring to PFRS under this supplementary act, the widows' or widowers' pensions provided under section 26 of P.L.1967, c.250 (C.43:16A-12.1) shall be the amount of the benefit determined as provided in section 26 multiplied by the ratio of the service credit under PFRS from the date of transfer to the total amount of service credit. Transferring members shall be entitled to elect optional retirement allowances for the portions of their retirement benefits based upon their PERS service credit as provided under the laws and regulations governing selection of optional retirement allowances under PERS.<sup>3</sup>

REPLACE SECTION 2 TO READ:

2. A policeman or fireman employed after the effective date of this supplementary act by a municipality, which was not required to participate in PFRS under section 3 of P.L.1944, c.255 (<sup>3</sup>[P.L.1944, c.255] C.43:16A-3<sup>3</sup>) and has not adopted that act, <sup>4</sup>and a fireman employed after the effective date of this supplementary by a fire district in which the provisions of P.L.1944, c.255 are not operative on that effective date,<sup>4</sup> who meets the requirements for membership in the PFRS shall be required to enroll in the retirement system as a condition of employment.

REPLACE SECTION 3 TO READ:

3. <sup>2a,2</sup> Notwithstanding the provisions of section 1 of this supplementary act, a policeman or fireman <sup>3</sup>who is eligible pursuant to paragraph (1) <sup>4</sup>or paragraph (8)<sup>4</sup> of subsection a. of that section to become a member of PFRS and<sup>3</sup> who transfers membership from PERS to PFRS may receive full credit toward benefits under PFRS for the transferred PERS service credit if:

<sup>2</sup>[a.] (1)<sup>2</sup> the act of which this act is a supplement is adopted by the legal voters of the municipality <sup>4</sup>or the fire district<sup>4</sup> as provided in section 10 of P.L.1945, c.148 (C.43:16A-26);

<sup>2</sup>[b. the governing body of the municipality consents, by resolution, to be liable for the accrued liability for all PERS service credit of all policemen and firemen employed on the effective date of this supplementary act by the municipality who are eligible for membership in the retirement system in the same manner provided for a municipality for which P.L.1944, c.255 is adopted:]<sup>2</sup> or

<sup>2</sup>[c.] <sup>(2)</sup><sup>2</sup> the member agrees to pay the full cost of the accrued liability for the transferred PERS service credit in the same manner and subject to the same terms and conditions provided for the purchase of credit for military service under P.L. 1991, c. 153.

<sup>2</sup>b. Notwithstanding the provisions of section 1 of this supplementary act, any <sup>3</sup>[sheriff's officer, sergeant sheriff's officer, lieutenant sheriff's officer, captain sheriff's officer, chief sheriff's officer, or sheriff's investigator] person who is eligible pursuant to paragraph (2), (3), (4), <sup>4</sup>[or] <sup>(5)</sup><sup>4</sup>, (6) or (7)<sup>4</sup> of subsection a. of that section to become a member of PFRS and <sup>3</sup> who transfers membership from PERS to PFRS may receive full credit toward benefits under PFRS for the transferred PERS service credit if the member agrees to pay the full cost of the accrued liability for the transferred PERS service credit in the same manner and subject to the same terms and conditions provided for the purchase of credit for military service under P.L. 1991, c. 153.<sup>2</sup>

REPLACE SECTION 4 TO READ:

4. <sup>2</sup><sup>1</sup><sup>a.</sup><sup>1</sup> For municipalities affected by this supplementary act, the State shall pay 100% of the difference between normal contribution under PFRS and what the contribution would have been under PERS in the first year of participation, 75% in the second year, 50% in the third year, and 25% in the fourth year.

<sup>1</sup>b. Beginning with the first local fiscal year of participation in PFRS in which a municipality assumes part of the payment of the difference between the normal contribution under PFRS and what the contribution would have been under PERS and continuing through the local fiscal year in which the municipality assumes 100% of the payment of that difference, the amount of the difference shall be exempt from the limit imposed pursuant to P.L. 1976, c. 68 (C.40A:4-45.1 et seq.) on the increase in that municipality's final appropriations over the previous year's final appropriations, but in the year that the municipality assumes 100% of that difference, that amount shall be included in the municipality's final appropriations for the purpose of calculating the increase permitted in the municipality's budget and final appropriations for the next local fiscal year.<sup>1</sup>

<sup>3</sup><sup>a.</sup><sup>3</sup> The State shall be liable, during their membership following transfer from PERS to PFRS, for the difference between what the employer would pay under PERS and what the employer would pay under PFRS for the <sup>3</sup>[policemen and firemen and the specified officers in the offices of the county sheriffs] members of PERS<sup>3</sup> who transfer membership from PERS to PFRS pursuant to this supplementary act.

<sup>3</sup><sup>b.</sup><sup>3</sup> The municipality <sup>4</sup>or the fire district, as the case may be, <sup>4</sup> shall be liable for employer contributions for any policeman or fireman employed after the effective date of this supplementary act who is enrolled in PFRS as provided by section 2 of this act.<sup>2</sup>

**REPLACE SYNOPSIS TO READ:**

Provides for enrollment in PFRS of police and firemen not presently covered by PFRS, for transfer to PFRS of certain PERS members, and for State payment of additional employer contributions in certain cases.

**STATEMENT**

These amendments provide for (1) the transfer from the Public Employees' Retirement System to the Police and Firemen's Retirement System of all permanent, full-time firemen employed by fire districts in which PFRS is not presently operative, and the enrollment in PFRS of firemen employed by such fire districts after the effective date of this act; and (2) the transfer from PERS to PFRS of any principal inspector employed in the Alcoholic Beverage Control Enforcement Bureau, Department of Law and Public Safety and of any police officer, police sergeant, or police lieutenant employed in the Department of Human Services who is enrolled in PERS. The State will pay the additional employer cost for the transferred members during their membership in the system.

The firemen in the fire districts who transfer would receive PFRS credit for their PERS service only if they pay the additional cost for PFRS credit themselves or if the voters in the fire district approve in a referendum the question of whether the fire district will pay the cost, and the officers in the Department of Law and Public Safety and the Department of Human Services who transfer would receive PFRS credit for their PERS service only if they pay the additional cost for PFRS service themselves.