

53: 5A-27

LEGISLATIVE HISTORY CHECKLIST
Compiled by the NJ State Law Library

(Police Retirement--
"special")

NJSA: 53:5A-27

LAWS OF: 1991 CHAPTER: 379

BILL NO: S2068

SPONSOR(S): Jackman

DATE INTRODUCED: Pre-filed

COMMITTEE: ASSEMBLY:
SENATE: Revenue; Finance &
Appropriations; State
Government

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: January 13, 1992
SENATE: January 9, 1992

DATE OF APPROVAL: January 15, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: No
SENATE: Yes 1-25-90 & 1-2-5-91

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG/pp

[SECOND REPRINT]

SENATE, No. 2068

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Senator JACKMAN

1 AN ACT concerning "special" retirement benefits under the
2 State Police Retirement System of New Jersey and amending
3 P.L.1965, c.89.
4

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

7 1. Section 27 of P.L.1965, c.89 (C.53:5A-27) is amended to
8 read as follows:

9 27. a. Should a member resign after having established 25
10 years of creditable service as a full-time commissioned officer,
11 noncommissioned officer or trooper of the Division of State
12 Police or a member appointed to the State Police under section 3
13 of P.L.1983, c.403 (C.39:2-9.3), he may elect "special"
14 retirement; provided that such election is communicated by such
15 member to the retirement system by filing a written application,
16 duly attested, stating at what time subsequent to the execution
17 and filing thereof he desires to be retired. He shall receive, in
18 lieu of the payment provided in section 26, a retirement
19 allowance which shall consist of:

20 (1) An annuity which shall be the actuarial equivalent of his
21 aggregate contributions; and

22 (2) A pension in the amount which, when added to the
23 member's annuity, will provide a total retirement allowance of
24 [60%] 65% of his final compensation, plus 1% of his final
25 compensation multiplied by the number of years of creditable
26 service over 25, but not over ¹[35] 30¹.

27 The board of trustees shall retire him at the time specified or
28 at such other time within one month after the date so specified,
29 as the board finds advisable.

30 b. Upon the receipt of proper proofs of the death of such a
31 retired member, there shall be paid to the member's beneficiary
32 an amount equal to one-half of the final compensation received
33 by the member.

34 (cf: P.L.1983, c.403, s.41)

35 ²2. (New section) The actuary for the State Police
36 Retirement System shall determine for the valuation period of
37 the retirement system in which this act takes effect the liability
38 of the retirement system for the increased pension benefits

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:

¹ Senate SSG committee amendments adopted January 25, 1990.

² Senate amendments adopted in accordance with Governor's recommendations January 13, 1992.

CHAPTER 379 LAWS OF N.J. 1991
APPROVED 1-15-92

1 provided under this act for all participants of the retirement
2 system as of the last day of the valuation period. This liability
3 shall be added to the unfunded accrued liability of the retirement
4 system and shall be paid by the State in the same manner and
5 over the remaining time period provided for the State's unfunded
6 accrued liability under section 34 of P.L.1965, c.89 (C.53:5A-34).
7 The actuary shall determine annually thereafter the liability of
8 the retirement system for the increased pension benefits provided
9 under this act for new participants, which shall be included in the
10 normal contribution paid by the State. The State shall pay the
11 cost of the actuarial work to determine the additional liabilities
12 of the retirement system for the benefits under this act.²

13 ²[2.] 3.² This act shall take effect immediately and shall be
14 applicable to any member retiring on or after the effective date
15 of this act.

16
17

18 PUBLIC EMPLOYEE BENEFITS

19

20 Increases "special" retirement benefits under State Police
21 Retirement System from 60% to 65% of final compensation after
22 25 years of service.

SENATE, No. 2068
STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Senator JACKMAN

1 AN ACT concerning "special" retirement benefits under the
2 State Police Retirement System of New Jersey and amending
3 P.L.1965, c.89.

4

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

7 1. Section 27 of P.L.1965, c.89 (C.53:5A-27) is amended to
8 read as follows:

9 27. a. Should a member resign after having established 25
10 years of creditable service as a full-time commissioned officer,
11 noncommissioned officer or trooper of the Division of State
12 Police or a member appointed to the State Police under section 3
13 of P.L.1983, c.403 (C.39:2-9.3), he may elect "special"
14 retirement; provided that such election is communicated by such
15 member to the retirement system by filing a written application,
16 duly attested, stating at what time subsequent to the execution
17 and filing thereof he desires to be retired. He shall receive, in
18 lieu of the payment provided in section 26, a retirement
19 allowance which shall consist of:

20 (1) An annuity which shall be the actuarial equivalent of his
21 aggregate contributions; and

22 (2) A pension in the amount which, when added to the
23 member's annuity, will provide a total retirement allowance of
24 [60%] 65% of his final compensation, plus 1% of his final
25 compensation multiplied by the number of years of creditable
26 service over 25, but not over 35.

27 The board of trustees shall retire him at the time specified or
28 at such other time within one month after the date so specified,
29 as the board finds advisable.

30 b. Upon the receipt of proper proofs of the death of such a
31 retired member, there shall be paid to the member's beneficiary
32 an amount equal to one-half of the final compensation received
33 by the member.

34 (cf: P.L.1983, c.403, s.41)

35 2. This act shall take effect immediately and shall be
36 applicable to any member retiring on or after the effective date
37 of this act.

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

Matter underlined thus is new matter.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

STATEMENT

This bill increases "special" retirement benefits under the State Police Retirement System from 60% to 65% of final compensation after 25 years of service. A member shall continue to be able to receive an additional 1% of his final compensation for each year of service over 25, but not over 35, years of service.

This act shall take effect immediately and shall be applicable to any member retiring on or after the effective date of this act.

PUBLIC EMPLOYEE BENEFITS

Increases "special" retirement benefits under State Police Retirement System from 60% to 65% of final compensation after 25 years of service.

SENATE STATE GOVERNMENT AND FEDERAL
AND INTERSTATE RELATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2068

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 25, 1990

The Senate State Government and Federal and Interstate Relations Committee reports favorably and with committee amendments Senate Bill No. 2068.

This bill increases "special" retirement benefits under the State Police Retirement System from 60% to 65% of final compensation after 25 years of service. A member shall also be able to receive an additional 1% of final compensation for each year of service over 25, but not over 30, years of service.

This act shall take effect immediately and shall be applicable to any member retiring on or after the effective date of this act.

COMMITTEE AMENDMENTS

The committee amended the bill to change from 35 to 30 years the limitation regarding the additional 1% of final compensation a member may receive for each year of service over 25 years.

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 2068

STATE OF NEW JERSEY

DATED: DECEMBER 5, 1991

The Senate Revenue, Finance and Appropriations Committee reports favorably Senate Bill No. 2068 (1R).

Senate Bill No. 2068 (1R) increases "special" retirement benefits under the State Police Retirement System from 60% to 65% of final compensation after 25 years of service. A member shall also be able to receive an additional 1% of final compensation for each year of service over 25, but not over 30, years of service.

This act shall take effect immediately and shall be applicable to any member retiring on or after the effective date of this act.

FISCAL IMPACT

The Division of Pensions states that an increase from 60 to 65 percent of final compensation represents an 8 1/3rd percent increase in special retirement benefits. The division notes that the present value of benefits payable to members under service and special retirement is \$439.1 million. Increasing this amount by 8 1/3rd percent raises the liability of the system by \$36.6 million. The division notes that funding this additional liability over the lives of the present members would require an annual increase in contributions of \$3.2 million. The division estimates that a change of this magnitude may encourage members to retire earlier (that is, not to continue service beyond 25 years) than they otherwise might have and this would reduce the annual cost to approximately \$3 million.

The Office of Legislative Services (OLS) disagrees with the division's estimate of an increase in the total liability of the system by \$36.6 million. The OLS notes that the actuarial valuation of the system, dated July 1, 1989, indicates that approximately 40 percent of the members who attain 20 years of service retire under the accidental or ordinary disability provisions or service retirement provisions. If the \$439.1 million liability is adjusted to reflect the membership (approximately 40 percent) who retire under disability and service retirement provisions, the liability for members retiring under special retirement provisions is \$263.5 million. Increasing this amount by 8 1/3rd percent raises the liability of the system by \$22 million. If this liability is funded through the normal contribution, the State contribution to fund the system would have been \$31.5 million in FY 1991, or \$2.9 million more than the \$28.6 million actually appropriated in FY 1991.

The OLS further notes that approximately 40 percent of the members of SPRS retire after 20 years of service. The OLS observes that increasing special retirement benefits by 8 1/3rd percent may encourage members to work until they have 25 years of service and can retire under the special retirement provisions. The OLS notes that these individuals may be partially offset by members retiring after 30 years of service because this bill caps retirement benefits after 30 years of service. At present, however, only 15 members, or less than one percent of total system membership (2,724) have more than 30 years of service.

The OLS also notes that the cost of the Pension Adjustment Program will increase to the extent retirement benefits are enhanced or members retire early.

FISCAL NOTE TO
[FIRST REPRINT]
SENATE, No. 2068

STATE OF NEW JERSEY

DATED: October 24, 1990

Senate Bill No. 2068 (1R) of 1990 increases the special retirement benefits under the State Police Retirement System from 60 to 65 percent of final compensation after 25 years of service and one percent of final compensation for each year of service over 25, but not over 30. The maximum benefit under the special retirement provisions would remain at 70 percent of final compensation.

The Division of Pensions states that an increase from 60 to 65 percent of final compensation represents an 8 1/3rd percent increase in special retirement benefits. The division notes that the present value of benefits payable to members under service and special retirement is \$439.1 million. Increasing this amount by 8 1/3rd percent raises the liability of the system by \$36.6 million. The division notes that funding this additional liability over the lives of the present members would require an annual increase in contributions of \$3.2 million. The division estimates that a change of this magnitude may encourage members to retire earlier (that is, not to continue service beyond 25 years) than they otherwise might have and this would reduce the annual cost to approximately \$3 million.

The Office of Legislative Services (OLS) disagrees with the division's estimate of an increase in the total liability of the system by \$36.6 million. The OLS notes that the actuarial valuation of the system, dated July 1, 1989, indicates that approximately 40 percent of the members who attain 20 years of service retire under the accidental or ordinary disability provisions or service retirement provisions. If the \$439.1 million liability is adjusted to reflect the membership (approximately 40 percent) who retire under disability and service retirement provisions, the liability for members retiring under special retirement provisions is \$263.5 million. Increasing this amount by 8 1/3rd percent raises the liability of the system by \$22 million. If this liability is funded through the normal contribution, the State contribution to fund the system would have been \$31.5 million in FY 1991, or \$2.9 million more than the \$28.6 million actually appropriated in FY 1991.

The OLS further notes that approximately 40 percent of the members of SPRS retire after 20 years of service. The OLS observes that increasing special retirement benefits by 8 1/3rd percent may encourage members to work until they have 25 years of service and can retire under the special retirement provisions. The OLS notes that these individuals may be partially offset by members retiring after 30 years of service because this bill caps retirement benefits after 30 years of service. At present, however, only 15 members, or

less than one percent of total system membership (2,724) have more than 30 years of service.

The OLS also notes that the cost of the Pension Adjustment Program will increase to the extent retirement benefits are enhanced or members retire early.

This fiscal note has been prepared pursuant to P.L.1980, c.67.