

18A: 66-71

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A-66-71 (Veterans - Public Employees or teachers - amend early retirement)

LAWS OF: 1984 **CHAPTER:** 69

Bill No: A843

Sponsor(s): Pellicchia and others

Date Introduced: January 30, 1984

Committee: **Assembly:** /////

Senate: Revenue, Finance and Appropriations

Amended during passage: No

Date of Passage: **Assembly:** February 6, 1984

Senate: May 17, 1984

Date of Approval: July 9, 1984

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** No

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

See newspaper clipping (attached) - "Star Ledger, 7-8-84"

ASSEMBLY, No. 843

STATE OF NEW JERSEY

INTRODUCED JANUARY 30, 1984

By Assemblymen PELLECCIA, GIRGENTI, HAYTAIAN and
LITTELL

AN ACT concerning the "Teachers' Pension and Annuity Fund
Law" and amending N. J. S. 18A:66-71.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 18A:66-71 is amended to read as follows:

2 18A:66-71. a. Any public employee veteran member in office,
3 position or employment of this State or of a county, municipality,
4 or school district, board of education or other employer [on Janu-
5 ary 1, 1955, who remains in continuous service thereafter and] who
6 (1) has or shall have attained the age of 60 years and [who]
7 has or shall have been for 20 years *continuously or in the aggregate*
8 in office, position or employment of this State or of a county,
9 municipality or school district, board of education or other em-
10 ployer or (2) *has or shall have attained the age of 55 years and*
11 *has or shall have been for 25 years continuously or in the aggre-*
12 *gate in that office, position or employment,* shall have the privilege
13 of retiring for service and of receiving, instead of the retirement
14 allowance provided under [section] *N. J. S. 18A:66-44,* a retire-
15 ment allowance of one-half of the compensation received during
16 the last year of employment upon which contributions to the annuity
17 savings fund or contingent reserve fund are made.

18 b. [Any public employee veteran becoming a member after
19 January 1, 1955, who shall be in office, position or employment of
20 this State or of a county, municipality or school district, board of
21 education or other employer, and who shall have attained 62 years

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 printed in italics *thus* is new matter.

22 of age and who has 20 years of aggregate service credit in such office,
 23 position or employment shall have the privilege of retiring for
 24 service and receiving, instead of the retirement allowance pro-
 25 vided under section 18A:66-44, a retirement allowance of one-half
 26 of the compensation received during the last year of employment
 27 upon which contributions to the annuity savings fund or contingent
 28 reserve fund are made. The provisions of this subsection shall also
 29 apply to any veteran who was a member on January 1, 1955, but
 30 whose service was not continuous thereafter.】 (*Deleted by*
 31 *amendment.*)

32 c. Any public employee veteran member who has been for 20
 33 years in the aggregate in office, position or employment of this
 34 State or of a county, municipality or school district, board of
 35 education or other employer as of January 1, 1955, shall have the
 36 privilege of retiring for ordinary disability and of receiving, in-
 37 stead of the retirement allowance provided under 【section】 *N. J. S.*
 38 *18A:66-41*, a retirement allowance of one-half of the compensation
 39 received during the last year of employment upon which contribu-
 40 tions to the annuity savings fund or contingent reserve fund are
 41 made. Such retirement shall be subject to the provisions governing
 42 ordinary disability retirement in 【sections】 *N. J. S. 18A:66-39* and
 43 *N. J. S. 18A:66-40*.

44 d. The death benefit provided in 【section】 *N. J. S. 18A:66-44*
 45 shall apply in the case of any member retiring under the provisions
 46 of 【subsections】 *subsection a. [and b.]* of this section *and in the*
 47 *case of any member who has previously retired under the provisions*
 48 *of subsection b. of this section before said subsection was amended*
 49 *by this act.* The death benefit provided in 【section】 *N. J. S.*
 50 *18A:66-41* shall apply in the case of any member retiring under the
 51 provisions of subsection c. of this section.

1 2. This act shall take effect July 1, 1984.

STATEMENT

This bill would amend the special veterans provisions governing the Teacher's Pension and Annuity Fund to 1. eliminate the requirement for continuous service following January 1, 1955 permitting retirement after 20 years of aggregate service at age 60; 2. provide for the payment of the special veteran's benefits for the first time at age 55 after 25 years of aggregate service; 3. eliminate the requirement for the attainment of age 62 and 20 years of service for those who were not in employment on January 1, 1955, or who did not serve continuously, and 4. provide for the

payment of the death benefit following retirement for those retired in the past as well as those retiring in the future under the new provisions.

The Division of Pensions estimates the costs as follows, based on an actuarial study made in 1980:

FY 1984—\$4,258,000

FY 1985—\$4,556,000

The cost difference between age 55 and 20 years service and age 55 and 25 years service is minimal because almost all veterans age 55 will have 25 years service. Some TPAF members would pay more into the system for each year of service between 20 and 25 years, however, this will not apply to many teachers. The additional contributions would be more than returned during the first year of retirement.

The Office of Legislative Services notes that there are potential savings to local school districts through replacement of veteran teachers with new employees at lower salaries, however, it is not possible to estimate this amount.

The OLS concurs with the division estimate with the additional aforementioned note.

ASSEMBLY, No. 843

STATE OF NEW JERSEY

INTRODUCED JANUARY 30, 1984

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5 **ary 1, 1955, who remains in continuous service thereafter and]** who
6 *(1) has or shall have attained the age of 60 years and [who]*
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13 *of retiring for service and of receiving, instead of the retirement*
14 *allowance provided under [section] N. J. S. 18A:66-44, a retire-*
15 *ment allowance of one-half of the compensation received during*
16 *the last year of employment upon which contributions to the annuity*
17 *savings fund or contingent reserve fund are made.*

18 b. **[Any public employee veteran becoming a member after**
19 **January 1, 1955, who shall be in office, position or employment of**
20 **this State or of a county, municipality or school district, board of**
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payment of the death benefit following retirement for those retired in the past as well as those retiring in the future under the new provisions.

The Division of Pensions estimates the costs as follows, based on an actuarial study made in 1980:

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The Office of Legislative Services notes that there are potential savings to local school districts through replacement of veteran teachers with new employees at lower salaries, however, it is not possible to estimate this amount.

The OLS concurs with the division estimate with the additional aforementioned note.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 843

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STATE OF NEW JERSEY

DATED: APRIL 30, 1984

This bill would amend the special veterans' provisions of the Teachers' Pension and Annuity Fund (TPAF) to do the following:

- Provides for payment of the 50% veterans' retirement allowance at age 60 after 20 years of aggregate service, or at age 55 with 25 years of aggregate service. Under current law, this benefit is payable only to those who have reached age 60 and have served 20 years continuously since January 1, 1955 or have reached age 62 and served 20 years in the aggregate starting after January 1, 1955. There is no provision for payment to those under age 60.
- Provide for payment of the death benefit following retirement for those retired in the past as well as in the future.

FISCAL IMPACT

A fiscal note has not yet been received. Concerning an identical bill in the previous session, (A-484 OCR), the Division of Pensions estimated a FY 1985 cost to the State of \$4,556,000, increasing each year as salaries increase, until the number of eligible veterans decreases.

The Office of Legislative Services pointed out that there are potential salary savings to local school districts through replacement of veteran teachers with new employees, but that such an effect was impossible to quantify with any degree of accuracy.

PRIOR LEGISLATION

Assembly Bill No. 484 (OCR) of 1982 passed both houses of the Legislature but was not signed by the Governor.



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: CARL GOLDEN
609-292-8956

TRENTON, N.J. 08625

Release: MONDAY, JULY 9, 1984

Governor Thomas H. Kean today signed legislation granting \$18 million in salary increases to approximately 65,000 State employees.

The bill, A-2019, was part of a package submitted by Kean to Legislature, drawing upon an unanticipated surplus in the State budget. It was sponsored by Assemblyman Karl Weidel, R-Mercer.

Kean also signed A-2319, which restores \$1 million to the budget of the State Council on the Arts, placing the Council's total budget at the \$5.33 million originally requested by the Governor in his budget. The bill was sponsored by Assemblyman Steven Adubato, D-Essex.

The Governor signed A-843, sponsored by Assemblyman Vincent Pellecchia, D-Passaic, to provide that a member of the Teachers' Pension and Annuity Fund who is a veteran at age 60 and with 20 years of service or at age 55 with 25 years of service may retire at 50 percent of his or her final years' salary.

Commenting on the State employee salary increase legislation, the Governor said it represented "fundamental fairness" since State employees agreed to a delay of six months in the effective date of a three percent negotiated salary increase.

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"The State employees recognized New Jersey was suffering financially as a result of the ongoing recession and agreed to help overcome the economic downturn by postponing the increase," Kean said. "Now that the State has experienced a resurgence and a greater budget surplus, it is only fair and proper to grant the increase retroactive to the end of 1983."

The increase, the Governor said, will be granted to those employees on the State payroll as of June 22, 1984.

The salary increase will not be granted to certain law enforcement personnel because of higher salary increases negotiated by their labor representatives.

"The restoration of \$1 million to the budget of the State Council on the Arts is in keeping with my commitment to strengthening the arts and cultural community in New Jersey," Kean said. "The additional funds will enable the Council to expand its grants programs and reward a good deal more of the organizations and groups who contribute so much to life in New Jersey."

The Governor pointed out that the \$5.3 million appropriation is an increase of \$2 million over the last fiscal year.

Kean noted that the Legislature has included a \$4.5 million appropriation in the budget to meet the costs of the veterans retirement provision in the TPAF.

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"The current law does not permit a veteran member of TPAF to take advantage of the veterans' special retirement option," Kean said. "This legislation recognizes the service rendered by a veteran of the armed forces and is a tangible display of appreciation for that service."

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