

SENATE, No. 2301

STATE OF NEW JERSEY

INTRODUCED APRIL 26, 1973

By Senators GIULIANO and TURNER

(Without Reference)

AN ACT concerning the Police and Firemen's Retirement System
and amending P. L. 1944, c. 255 and P. L. 1964, c. 241.

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

1 1. Section 5 of P. L. 1944, c. 255 (C. 43:16A-5) is amended to
2 read as follows:

3 5. (1) Any member in service who has attained age 55 years
4 may retire on a service retirement allowance upon filing a written
5 and duly executed application to the retirement system, setting
6 forth at what time, not less than 1 month subsequent to the filing
7 thereof, he desires to be retired. Any member in service who
8 attains age 65 years shall be retired on a service retirement
9 allowance forthwith on the first day of the next calendar month.

10 (2) Upon retirement for service a member shall receive a ser-
11 vice retirement allowance which shall consist of:

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

14 (b) A pension in the amount which, when added to the member's
15 annuity, will provide a total retirement allowance of one-sixtieth
16 of his average final compensation multiplied by the number of years
17 of his creditable service, or 2% of his average final compensation
18 multiplied by the number of years of his creditable service up to
19 **[25]** 30 plus 1% of his average final compensation multiplied by
20 the number of years of creditable service over **[25]** 30, whichever
21 is greater.

22 (3) Upon the receipt of proper proofs of the death of a member
23 who has retired on a service retirement allowance, there shall be
24 paid to his beneficiary an amount equal to one-half of the compensa-
25 tion upon which contributions by the member to the annuity
26 savings fund were based in the last year of creditable service.

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

1 2. Section 16 of P. L. 1964, c. 241 (C. 43:16A-11.1) is amended to
2 read as follows:

3 16. Should a member resign after having established 25 years
4 of creditable service [and having attained the age of 51 years] but
5 not *having attained* the age of 55 years, he may elect "special retire-
6 ment," provided, that such election is communicated by such
7 member to the retirement system by filing a written application,
8 duly attested, stating at what time subsequent to the execution and
9 filing thereof he desires to be retired. He shall receive, in lieu
10 of the payment provided in section 11, a retirement allowance
11 which shall consist of:

12 (1) An annuity which shall be the actuarial equivalent of his
13 aggregate contributions, and

14 (2) A pension in the amount which, when added to the member's
15 annuity will provide a total retirement allowance of 2% of his
16 average final compensation multiplied by the number of years of
17 his creditable service up to [25] 30 plus 1% of his average final
18 compensation multiplied by the number of years of creditable
19 service over [25] 30.

20 The board of trustees shall retire him at the time specified or at
21 such other time within 1 month after the date so specified as the
22 board finds advisable.

23 Upon the receipt of proper proofs of the death of such a retired
24 member, there shall be paid to his beneficiary an amount equal
25 to one-half of the compensation upon which contributions by the
26 member to the annuity savings fund were based in the last year of
27 creditable service.

1 3. Section 17 of P. L. 1964, c. 241 (C. 43:16A-11.2) is amended to
2 read as follows:

3 17. Should a member, after having established 15 years of
4 creditable service, be separated voluntarily or involuntarily from
5 the service, before reaching age 55, and not by removal for cause
6 or charges of misconduct or delinquency, such person may elect
7 to receive the payments provided for in section 11 of P. L. 1944,
8 c. 255 or section 16 of P. L. 1964, c. 241, or a deferred retirement
9 allowance, beginning on the first day of the month following his
10 attainment of age 55 and the filing of an application therefor,
11 which shall consist of:

12 (1) An annuity which shall be the actuarial equivalent of his
13 aggregate contributions at the time of his severance from the
14 service and

15 (2) A pension in the amount which, when added to the member's
 16 annuity, will provide a total retirement allowance of 2% of his
 17 average final compensation multiplied by the number of years of
 18 his creditable service up to [25] 30 plus 1% of his average final
 19 compensation multiplied by the number of years of creditable
 20 service over [25] 30, provided that such inactive member may elect
 21 to receive payments provided under section 11 of P. L. 1944, c. 255
 22 or section 16 of P. L. 1964, c. 241 if he had qualified under that
 23 section at the time of leaving service, except that in order to avail
 24 himself of the option, he must exercise such option at least 30
 25 days before the effective date of his retirement. If such inactive
 26 member shall die before attaining age 55, his aggregate contribu-
 27 tions shall be paid in accordance with section 11 of P. L. 1944, c. 255
 28 and, in addition if such inactive member shall die after attaining
 29 age 55 but before filing an application for retirement benefits
 30 pursuant to this section or section 16 of P. L. 1964, c. 241 and has
 31 not withdrawn his aggregate contributions, or in the event of death
 32 after retirement, an amount equal to one-half of the compensation
 33 upon which contributions by the member to the annuity savings
 34 fund were based in the last year of creditable service shall be paid
 35 to such member's beneficiary.

36 Any member who, having elected to receive a deferred retirement
 37 allowance, again becomes an employee covered by the retirement
 38 system while under the age of 55, shall thereupon be reenrolled.
 39 If he had discontinued his service for more than 2 consecutive
 40 years, subsequent contributions shall be at his former rate increased
 41 for the years of his inactive membership. He shall be credited with
 42 all service as a member standing to his credit at the time of his
 43 election to receive a deferred retirement allowance.

1 4. This act shall take effect on the first day of the month follow-
 2 ing enactment.

STATEMENT

This bill makes two changes in the pension benefits for members of the Police and Firemen's Retirement System:

(1) Presently, early or "special" retirement is provided at age 51 after 25 years' service. This bill permits early retirement after 25 years' service without an age requirement.

(2) Presently, pension benefits are computed at the rate of 2% for each year of service up to 25 years; thereafter benefits are computed at the rate of 1% for each year of service. Under this

bill benefits would be computed at the rate of 2% for each year of service up to 30; thereafter benefits would be computed at 1% per year. Mandatory retirement in this system is 65 years of age.

This bill is a companion bill to Senate Bill No. 2302, which provides the same benefits to members of the Consolidated Police and Firemen's Retirement System.

FROM THE OFFICE OF THE GOVERNOR

MAY 7, 1973

FOR RELEASE
IMMEDIATE

Governor William T. Cahill today signed legislation improving the pension benefits of police and firemen and permitting municipalities and counties to pay health insurance coverage costs for certain retired employees and their dependents. At a public ceremony, the Governor signed the pension improvement bills, S-2301 and S-2302, sponsored by Senator Michael Giuliano (R., Essex).

"These bills will permit early or 'special retirement' for policemen or firemen who have completed 25 years of service," the Governor said. Under the present system, a policeman or fireman must be 51 years of age to qualify for special retirement after 25 years of service.

These bills will affect approximately 20,000 policemen and firemen who are members of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund. The cost for municipal government will be approximately \$2.7 million beginning in January of 1975, which is the first year of the funding.

The health insurance payments bill, A-1539, sponsored by Assemblyman Richard DeKorte (R., Bergen) permits municipal and county employees to pay the cost of premiums under the State Health Benefits Program for local employees and their dependents. The employee must have retired after July 1, 1972 with 25 years of service in order to qualify.

"The health insurance coverage for employees retired from local government and their dependents will provide protection for them at a time when they are most in need and often least able to pay for it themselves," Governor Cahill said.

This legislation will provide approximately \$500,000 in health insurance benefits to local government employees including police and firemen. Similar benefits were recently provided for state employees and their dependents.