

Chapter 23, P.L. 2002

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ASSEMBLY COMMITTEE
SUBSTITUTE FOR
**ASSEMBLY, Nos. 1394, 1779
and 2511**

**STATE OF NEW
JERSEY
210th LEGISLATURE**

ADOPTED MAY 13, 2002

Sponsored by:

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District 14 (Mercer and Middlesex)

Assemblyman GARY L. GUEAR, SR.

District 14 (Mercer and Middlesex)

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District 15 (Mercer)

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District 15 (Mercer)

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District 7 (Burlington and Camden)

Assemblyman JACK CONNERS

District 7 (Burlington and Camden)

Assemblyman JOSEPH V. DORIA, JR.

District 31 (Hudson)

SYNOPSIS

Provides additional retirement benefits for certain State employees and employees of certain State autonomous authorities.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on May 16, 2002, with amendments.

AN ACT concerning retirement benefits for certain State employees and employees of State autonomous authorities.

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

1. For the purposes of this act, P.L. , c. (now pending before the Legislature as this bill):

"State employee" means a full-time employee, eligible to participate in the New Jersey State Health Benefits Program (hereinafter referred to

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Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ABU committee amendments adopted May 16, 2002.

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as SHBP), of the State of New Jersey, or Rutgers, The State University, the New Jersey Institute of Technology, the University of Medicine and Dentistry of New Jersey, or a State college or university. It shall not include an employee of an authority, board, commission, corporation, or other agency or instrumentality, other than Rutgers, The State University, authorized to participate in the Public Employees' Retirement System (hereinafter referred to as PERS) under section 73 of P.L.1954, c.84 (C.43:15A-73) or P.L.1990, c.25 (C.43:15A-73.2 et seq.), or an employee of a public agency or organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71), or a person participating in PERS under the provisions of P.L.1972, c.167 (C.43:15A-135 et seq.), P.L.2001, c. 259 (C.43:15A-142 et seq.), P.L.2001, c.366 (C.43:15A-155 et seq.) or P.L.1953, c.202 (C.32:23-1 et seq.).

"Employee of a State autonomous authority" means a full-time employee, eligible to participate in the health care benefits program of the employer, of a public authority, board, commission, corporation or other agency or instrumentality of the State allocated in but not of a principal department of State government pursuant to Article V, Section IV, paragraph 1 of the New Jersey Constitution who is not a State employee as defined in this act, and when the authority has elected in accordance with section 14 of this act to provide the benefits under this act.

2. a. A State employee who is at least 50 years of age and has at least 25 years of service credit under PERS or the Teachers' Pension and Annuity Fund (hereinafter referred to as TPAF), or of service with public employers in this State participating in the Alternate Benefit Program (hereinafter referred to as ABP) for which contributions were made by the employee under the program before the effective date of retirement, other than a veteran who retires on a veteran's retirement, shall receive an

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additional three years of service credit under PERS or TPAF, or an amount equal to 60% of the employee's base annual salary at the time of retirement from the employer for members of ABP.

b. An employee who is at least 55 years of age and has at least 25 years of service credit and retires on a veteran's retirement under PERS or TPAF shall receive an additional pension under the retirement system in the amount of $\frac{3}{55}$ of the compensation upon which the retirement allowance is based.

c. A full-time employee of the Rutgers University Cooperative Extension Service who is at least 50 years of age and has at least 25 years of service credit based upon service credited in the federal Civil Service Retirement System (hereinafter referred to as CSRS) or the Federal Employees Retirement System (hereinafter referred to as FERS) earned as a result of full-time employment at Rutgers University alone, or in combination with service credit under PERS or qualifying service under ABP, and retires under the federal CSRS or the FERS within the time period set forth in section 10 of this act, shall receive the benefits provided by this section. If the employee is a member of the federal CSRS or the FERS, the employee shall receive an amount equal to 60% of the employee's base annual salary at the time of retirement from the employer.

d. The amount payable to retirees under ABP and the federal retirement systems shall be paid in two equal installments with the first installment due not later than the thirtieth day after the effective date of retirement, and the second due not later than the same calendar day in the following calendar year. The payments shall be made to the employee's retirement annuity contract under the ABP up to the maximum contribution allowable under section 415 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.415. Any payment amount in excess of the section 415 contribution limit shall be contributed to a contract on behalf of the employee that meets the requirements of subsection (b) of section 403 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.403, to the

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extent that the payment may be contributed on a before-tax basis under the maximum limits allowed under the Internal Revenue Code of 1986. Payment amounts in excess of the section 403(b) limit shall be paid directly to the employee.¹

e. The additional retirement benefit provided under this section is applicable only to the full-time State employment from which an eligible employee retires to receive the benefit and the compensation for that employment.

3. a. For a State employee who is at least 60 years of age and has at least 20, but less than 25, years of service credit under PERS or TPAF, or of service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement, the retirement system for members of PERS or TPAF, or the State for ABP members, shall pay the premium or periodic charges for benefits provided to the retired State employee and the employee's dependents, but not including survivors, under the "New Jersey State Health Benefits Program Act," P.L.1961, c.49 (C.52:14-17.25 et seq.), in the same manner provided for State payment of premiums or periodic charges for a retired State employee with 25 or more years of service credit under section 6 of P.L.1996, c.8 (C.52:14-17.28b) for PERS and ABP members, and in the same manner provided for State payment of premiums or periodic charges for a qualified retiree from TPAF under section 3 of P.L.1987, c.384 (C.52:14-17.32f) for TPAF members.

b. A full-time employee of the Rutgers University Cooperative Extension Service who meets the age and service requirements based upon service credited in the federal CSRS or the FERS earned as a result of full-time employment at Rutgers University alone, or in combination with service credit under PERS or qualifying service under ABP, and retires under the federal CSRS or the FERS within the time period set forth in section 10 of this act, shall receive the benefits provided in this

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section. The State shall pay the premium or periodic charges for the benefits if the employee is a member of the federal CSRS or the FERS.

4. a. A State employee who is at least 60 years of age and has at least 10, but less than 20, years of service credit under PERS or TPAF, or of service with public employers in this State participating in the ABP for which contributions were made by the employee under the program before the effective date of retirement, shall receive an additional pension under PERS or TPAF, or payment from the employer for members of ABP, of \$500 a month in each of the 24 months following the date of retirement.

b. A full-time employee of the Rutgers University Cooperative Extension Service who meets the age and service requirements based upon service credited in the federal CSRS or the FERS earned as a result of full-time employment at Rutgers University alone, or in combination with service credit under PERS or qualifying service under ABP, and retires under the federal CSRS or the FERS within the time period set forth in section 10 of this act, shall receive the benefits provided by this section.

¹c. The amount payable to retirees under ABP and the federal retirement systems shall be made to the employee's retirement annuity contract under the ABP up to the maximum contribution allowable under section 415 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.415. Any payment amount in excess of the section 415 contribution limit shall be contributed to a contract on behalf of the employee that meets the requirements of subsection (b) of section 403 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.403, to the extent that the payment may be contributed on a before-tax basis under the maximum limits allowed under the Internal Revenue Code of 1986. Payment amounts in excess of the section 403(b) limit shall be paid directly to the employee.¹

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5. An employee of a State autonomous authority who is at least 50 years of age and has at least 25 years of service credit under PERS shall receive an additional three years of service credit under PERS. An employee who is at least 55 years of age and has at least 25 years of service credit and retires on a veteran's retirement under PERS shall receive an additional pension under the retirement system in the amount of $\frac{3}{55}$ of the compensation upon which the retirement allowance is based.

6. When a State autonomous authority provides paid health care benefits for retirees, an employee of that authority who is at least 60 years of age and has at least 20, but less than 25, years of service credit under PERS, shall receive paid health care benefits on the same basis provided for other retirees of the authority who have at least 25 years of service credit. When the employee of the authority meets the age and service criteria above but would already qualify under the authority's program for retiree health care benefits, the employee shall receive the benefit provided in section 7 of this act. For a State autonomous authority that does not provide paid health care benefits for retirees, an employee who meets the age and service criteria above shall receive the benefit provided in section 7 of this act.

7. An employee of a State autonomous authority who is at least 60 years of age and has at least 10, but less than 20, years of service credit under PERS shall receive an additional pension under PERS of \$500 a month in each of the 24 months following the date of retirement.

8. The actuaries for PERS and TPAF shall determine the liabilities of the retirement systems for the additional service credit or pension provided under this act and for the early retirement of employees in accordance with the tables of actuarial assumptions adopted by the boards of trustees of the retirement systems. These liabilities shall be added to the accrued liabilities of the State and the State autonomous authorities

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under the retirement systems and shall be funded as provided under section 24 of P.L.1954, c.84 (C.43:15A-24), section 2 of P.L.1990, c.6 (C.43:15A-24.1), N.J.S.18A:66-18, and section 2 of P.L.1987, c.385 (C.18A:66-18.1), respectively

9. The cost of the cash payments to members of ABP, the federal CSRS and the FERS under this act shall be funded by the employer from annual appropriations to the employer in the State appropriations act or supplements thereto, or from funds otherwise available for payment of operating expenditures.

10. To receive the benefits provided by this act, an eligible State employee shall retire on or after February 1, 2002, but no later than July 1, 2002, and an eligible employee of a State autonomous authority shall retire on or after July 1, 2002, but not later than ~~the~~ the end of the authority's fiscal year if the fiscal year ends other than on June 30, 2002 September 1, 2002 if the authority fiscal year during which this act, P.L. _____, c. _____ (C. _____) (pending before the Legislature as this bill), shall take effect ends on or before June 30, 2002. If the authority fiscal year during which this act shall take effect ends after June 30, 2002, an eligible employee shall retire no earlier than two months before the end of that fiscal year, but not later than the first day of the calendar month after the close of that fiscal year¹.

11. A State employee or an employee of a State autonomous authority who receives a benefit under this act shall forfeit all tenure rights.

12. When the needs of State government, a State college or university or a State autonomous authority require the services of an employee who elects to retire and receive a benefit under this act, a State department, with the approval of the State Treasurer, a State college or university, with the approval of the president of the college or university,

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or a State autonomous authority, with the approval of the governing body of the authority, may delay, with the consent of the employee, the effective retirement date of the employee until the first day of any calendar month after July 1, 2002, but not later than July 1, 2003 for State employees, and September 1, 2003 for employees of State autonomous authorities. The effective retirement date of an employee of the Legislative Branch or Judicial Branch of the State government who elects to retire and receive a benefit under this act may be similarly delayed with the consent of the employee and with the approval of the Senate President in the case of an employee of the Senate, the Speaker of the General Assembly in the case of an employee of the General Assembly, the Executive Director of the Office of Legislative Services in the case of an employee of the Office of Legislative Services, and the Chief Justice of the Supreme Court in the case of an employee of the Judicial Branch. A delay in the effective retirement date of an employee shall not extend the time period set forth in section 10 of this act within which an employee shall qualify for a benefit under this act.

For a member of PERS or TPAF whose effective retirement date is delayed under this section and who dies before the retirement becomes effective, the retirement shall be effective as the first day of the month after the date of death of the member.

13. The Director of the Division of Pensions and Benefits may promulgate rules and regulations that the director deems necessary for the effective implementation of this act.

14. A State autonomous authority may elect to provide the benefits under this act by adoption of a resolution by its governing body and filing a certified copy of the resolution with the Director of the Division of Pensions and Benefits on or before July 1, 2002, or before the end of its fiscal year if the authority has a fiscal year ending other than on June 30, 2002. The authority shall submit to the director any information necessary to provide the benefits or to determine the liability for the

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benefits as provided in section 8 of this act.

15. The Division of Pensions and Benefits shall report in writing to the Joint Budget Oversight Committee beginning on July 15, 2003, and annually thereafter on or before July 15, through 2008, on the results of the additional retirement benefits provided by this act. The report shall provide an analysis of the impact of this act in order to document the aggregate costs incurred and aggregate savings realized by the State as a result of this act.

16. For a State autonomous authority with employees under a retirement system or pension plan other than PERS, the authority shall provide benefits to employees who meet the eligibility requirements for benefits pursuant to this act and the benefits so provided shall be comparable to the benefits provided under this act to the fullest extent possible.

17. This act shall take effect immediately.