



**Report of the Police and Firemen's Retirement System of  
New Jersey Pursuant to P.L. 2022, Chapter 9**

## INTRODUCTION

The Board of Trustees (hereinafter referred to as the “Board”) of the Police and Firemen’s Retirement System of New Jersey (“PFRSNJ” or the “retirement system”) respectfully submits this report to the Governor and the Legislature, as required by section 1 of P.L.2022, c.9 (C.43:16A-5.3) (“Chapter 9” or the “statute”), concerning the effect of Chapter 9 on the retirement system.

## BACKGROUND

As specified in Chapter 9, the PFRSNJ Board is required, within thirty (30) days of the last day of the twenty-fourth (24<sup>th</sup>) calendar month following the effective date of the statute, to submit a report to the Governor and the Legislature on the effect of Chapter 9 on the retirement system. Chapter 9 specifies that a member of the PFRSNJ who was serving as a chief of police of a law enforcement agency or a chief of a fire department on the effective date of the statute and who will attain the mandatory retirement age of sixty-five (65) years set forth in section 5 of P.L.1944, c.255 (C.43:16A-5) (“mandatory retirement provision”) during the period commencing on the effective date of Chapter 9 and ending on the last day of the twenty-fourth (24<sup>th</sup>) calendar month following the effective date of Chapter 9 may remain a member of the retirement system, notwithstanding the mandatory retirement provision, until the end of the calendar year in which the member attains the age of sixty-seven (67) years if the appointing authority approves, in writing, the retention and continued service after the age of sixty-five (65) years of the police or fire chief in the position of chief.

The effective date of P.L. 2022, Chapter 9 was April 12, 2022. As specified in the statute, the PFRSNJ Board’s report to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), which shall include the number of PFRSNJ members who were retained and continued to serve as the police or fire chief as permitted under Chapter 9, the length of that service after the age of sixty-five (65) years, and the impact of that extended service on the retirement system.

## ANALYSIS

The records maintained by the PFRSNJ and the Division of Pensions and Benefits indicate that a total of two (2) PFRSNJ members were retained and are continuing to serve as the police or fire chief as permitted under Chapter 9, as of the date of this report. It is unknown at this time whether these members will elect to retire at the end of the calendar year in which they attain the age of sixty-seven (67) years, as permitted under the statute, or at an earlier time. Assuming that both members continue to serve through December 31, 2024, one will accrue an additional thirty-two (32) months of service and the other an additional thirty (30) months of service. On average, this results in a potential maximum of two (2) years and seven (7) months of additional service.

The Board’s independent actuaries determined the estimated impact on the retirement system by calculating the actuarial accrued liability assuming the members retired at the age of sixty-five (65) years, as would otherwise be required by the mandatory retirement provision, and the actuarially accrued liability based on the delay in retirement permitted under Chapter 9, projected to July 1, 2024. Additionally, in determining the impact on the statutory pension contribution, an adjustment was made for the benefits expected to be accrued between July 1, 2024 and December 31, 2024. As determined by the actuaries, Chapter 9 will result in a small decrease in projected liability on July 1, 2024 of approximately \$633,000 or about 0.001% of the total projected local employer liability. This will result in a de minimis

change in the projected funding percentage for the local employer component of the retirement system as of July 1, 2024. In addition, the local employers' statutory pension contribution is projected to decrease by approximately \$13,000, or less than a 0.001% change.

These results were calculated by the actuaries based on the assumptions and methods used in connection with the July 1, 2023 actuarial valuation. Information regarding which members elected to delay retirement was provided by the Division of Pensions and Benefits. As noted, it was assumed that each member who elected to delay retirement beyond the age of sixty-five (65) years pursuant to Chapter 9 will remain active until they are required to retire on December 31, 2024, the end of the calendar year in which the members attain the age of sixty-seven (67) years.

**CONCLUSION**

Chapter 9 is anticipated to result in a de minimis impact of less than 0.001% on the retirement system's accrued liability. A total of two (2) members continued to serve after attaining the age of sixty-five (65) years, with an average potential maximum of two (2) years and seven (7) months of additional service.

Respectfully Submitted by:

Police and Firemen's Retirement System of New Jersey

  
Gregory Petzold, Executive Director

5/29/24  
Date