Legislative Retirement System (PERS-LRS)
Member Guidebook Addendum
INTRODUCTION

As a member of the State Legislature, you are entitled to all the privileges of membership in the Public Employees’ Retirement System (PERS).

In addition, members of the Legislative Retirement System (LRS) group of the PERS are eligible for enhanced retirement benefits not available to regular PERS members.

This Guidebook Addendum addresses the benefits available to LRS members that are different than the benefits available to regular PERS members. If a topic is not specifically addressed in this addendum, LRS members should refer to the information in the Public Employees’ Retirement System (PERS) Member Guidebook.

MEMBERSHIP

Closed to New Members

N.J.S.A. 43:15C-2 closed the LRS to new enrollees as of July 1, 2007.

- A State Legislator elected on or after July 1, 2007, may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP).
- A State Legislator who was enrolled in the LRS prior to July 1, 2007, may continue to receive LRS-PERS service credit while serving in the same elected office (service in either House of the State Legislature is considered a single elected public office). If, however, the individual is elected to a different elected office, PERS membership will end and the newly elected official may only be eligible for membership in the DCRP (see the DCRP for Elected and Appointed Officials Fact Sheet for more information).

ELIGIBILITY

Legislators who were elected to the New Jersey State Legislature prior to July 1, 2007, were eligible to enroll in the LRS.

SERVICE CREDIT

Service credit for members of the LRS can be of one of two types:

- Legislative Service — credit for service as an elected legislator; and
- Non-Legislative Service — service credit from other PERS-eligible employment.

VESTING

Members of the LRS are vested in the retirement system after eight years of legislative service.

RETIREMENT

Retirement Calculation Definitions

“Final Average Salary (FAS)” means your salary subject to pension deductions in your last three years of service or your three highest fiscal years (July – June), whichever provides the larger benefit. Your retirement allowance can be no more than two-thirds of your FAS.

Types of Retirement

The types of retirement available to you as an LRS member are explained below.

Special Legislative Retirement

As a legislator, you qualify for a Special Legislative Retirement benefit at age 60 with no minimum service requirement. If your only public service credited in the PERS is as a legislator, your retirement allowance will be based on three percent of your Final Average Salary for each year of service as a legislator.

Service Retirement (Non-Legislative)

If you have other public service credited in the PERS in addition to your legislative service, your retirement allowance will be calculated three ways to determine which method provides the highest benefit. The alternative methods of calculation are listed below:

1. Special Legislative Retirement Allowance (years of legislative service x three percent x FAS).
2. PERS Service Retirement Allowance (years of PERS service/55 x FAS).

Note: The PERS Service Retirement will be based upon all credited public service and salary considered as regular PERS service. You will not receive duplicate service credit for any period during which you were contributing to the retirement system based on concurrent service for both legislative and non-legislative public service, as no more than
12 months of service credit will be counted for any calendar year. A PERS Veteran Retirement allowance will be calculated if applicable.

3. Combined Retirement Allowance (sum of a Special Legislative Retirement allowance and a regular PERS Service Retirement Allowance based on non-legislative service).

An example of the different calculations of retirement benefits for a legislator, age 60, with non-legislative service credit is shown in the following chart.

In the example, the Combined Retirement Allowance produces the highest allowance of the three and therefore represents the retirement allowance the legislator will receive. The value of the group life insurance benefit at retirement is 3/16 of his or her final salary of $64,000, or $12,000. In the event the Special Legislative Retirement Allowance represented the highest possible allowance, the member would have received a refund of the unused pension contributions for his or her non-legislative service.

The New Jersey Division of Pensions & Benefits (NJDPB) will carefully review all calculation possibilities at retirement to ensure that you receive the highest benefit permitted by statute. Legislators with more than eight years of legislative service or who are 58 years of age or older are encouraged to contact the NJDPB to request a retirement estimate to aid in retirement planning.

Additional types of retirement available to legislators whose public service careers include non-legislative service credit in the PERS include:

Deferred Retirement
If you leave all positions covered by the PERS before age 60 and have at least eight years of legislative service credit in the PERS, you may apply for a Deferred Retirement. Your retirement would be effective on the first of the month following your 60th birthday. Your retirement allowance would be calculated in the same way as the Service Retirement.

Early Retirement
If you have at least 25 years of service credit in the PERS, you qualify for an immediate retirement allowance, regardless of your age. Your retirement allowance would be calculated by dividing your years of service credit by 55 and multiplying that by your FAS. If you are under age 55, your allowance is permanently reduced ¼ of one percent for each month under that age (three percent per year).

Veteran Retirement
If you are a qualified military veteran who continues in employment covered by the PERS, you may qualify for a Veteran Retirement. In certain circumstances a Veteran Retirement may provide a higher benefit than the LRS Retirement benefit.

The qualifications for Veteran Retirement are the same as those for other PERS members. Please see the PERS Member Guidebook for more information.

Disability Retirement
Ordinary Disability Retirement and Accidental Disability Retirement are available for LRS members. The qualifications and calculations are the same as for other PERS members.

Please see the PERS Member Guidebook for a detailed description of Ordinary Disability Retirement and Accidental Disability Retirement benefits.
OPTIONAL SETTLEMENTS AT RETIREMENT
The calculations for each type of retirement shown above represent the Maximum Option, the largest amount available to you. When you apply for retirement, you may reduce your retirement allowance to provide a benefit to a survivor upon your death. Several pension options are available that provide either a lump-sum benefit or a monthly pension to your beneficiary. These options are the same as those available to other PERS members. Please see the PERS Member Guidebook for more information.

RETIREMENT WHILE IN ELECTED OFFICE
A member of the PERS cannot retire and collect a PERS retirement allowance while continuing to hold an elective public office covered by the PERS.

Note: PERS retirees who were granted a retirement allowance under N.J.S.A. 43:15A-47.2 prior to repeal on June 28, 2011, may continue to receive the pension and salary provided that they continue to serve, without interruption, in the same elected office.

OTHER PROVISIONS OF THE PERS
The rules regarding Contribution Rates, Purchasing Service Credit, Loans, Health Benefits Coverage at Retirement, Group Life Insurance, and Withdrawal are the same for LRS members as they are for regular PERS members. Please see the PERS Member Guidebook or your benefits representative for more information regarding these benefits.