

## CHAPTER 127

**AN ACT** concerning retirement benefits for employees of certain public agencies or instrumentalities participating in the Public Employees' Retirement System and the funding of the liabilities for those benefits, and supplementing P.L.1954, c.84 (C.43:15A-1 et seq.).

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

1. An employee of a public agency or instrumentality that elects to provide the benefits authorized under this act who:

- a. is at least 50 years of age and has at least 25 years of service credit under the Public Employees' Retirement System (PERS) before the effective date of retirement;
- b. files an application to retire within one month after the effective date of the resolution adopted by the governing body of the employee's employer pursuant to section 5 of this act; and
- c. retires under the retirement system within three months after the effective date of the resolution, other than a veteran who retires on a special veteran's retirement, shall receive an additional three years of service credit under PERS. If the member is under age 55 at the time of retirement, the member's retirement allowance shall not be reduced.

An employee who meets the age and service credit requirements under this section and retires on a special veteran's retirement under PERS shall receive an additional pension under the retirement system in the amount of 3/55 of the compensation upon which the retirement allowance is based.

The additional retirement benefit under this section is applicable only to the full-time employment with the employer that elects to provide the benefits authorized under this act and from which the employee retires to receive the benefit and the compensation for that employment.

2. For an employee of a public agency or instrumentality that provides paid health care benefits to retirees pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.), N.J.S.40A:10-23, or another group health insurance contract or health care benefits plan and that elects to provide the benefits authorized under this section who:

- a. is at least 60 years of age and has at least 20, but less than 25, years of service credit under the PERS before the effective date of retirement;
- b. files an application to retire within one month after the effective date of the resolution adopted by the governing body of the employee's employer pursuant to section 5 of this act; and
- c. retires under the retirement system within three months after the effective date of the resolution,

the employer shall pay the entire cost for coverage for the retired employee and the employee's dependents, but not including survivors unless the employer is paying the entire cost for coverage for survivors on the effective date of this act. For employers participating in the New Jersey State Health Benefits Program (NJSHBP), the payment shall be made in the same manner provided for payment by an employer other than the State of premiums or periodic charges for retired employees under section 7 of P.L.1964, c.125 (C.52:14-17.38). For employers not participating in the NJSHBP, the payment shall be made in the same manner provided for payment of premiums after retirement under N.J.S.40A:10-23 or section 8 of P.L.1979, c.391 (C.18A:16-19), or the employer's group health insurance contract or health care benefits plan.

The level of benefits to retirees under this section shall be the same as the level of benefits provided by that employer to other retirees who would retire during the same period.

3. A public agency or instrumentality that does not provide paid health care benefits to retirees and that elects to provide the benefits authorized under this act shall pay to an employee who meets the qualifications of subsections a., b. and c. of section 2 of this act an additional pension of \$500 per month in each of the 24 months following the date of retirement.

4. For an employee of a public agency or instrumentality that elects to provide the benefits authorized under this act who:

- a. is at least 60 years of age and has at least 10, but less than 20, years of service credit under PERS before the effective date of retirement;
- b. files an application to retire within one month after the effective date of the resolution

adopted by the governing body of the employee's employer pursuant to section 5 of this act; and

c. retires under the retirement system within three months after the effective date of the resolution,

the employer shall pay an additional pension of \$500 per month in each of the 24 months following the date of retirement.

5. An employer may elect to provide the benefits under this act by the adoption of a resolution by its governing body, which is to be effective on the first day of a month, within one year of the effective date of this act, P.L.2003, c.127, and the filing of a certified copy of the resolution with the Director of the Division of Pensions and Benefits within 3 business days after its adoption. The governing body may elect to provide the benefits under this act one time only and the effective date of the resolution shall fall within the one-year period following the effective date of this act. The employer shall submit to the director any information necessary to provide the benefits or to determine the liability for them.

6. The actuary for the PERS shall determine the liability of the retirement system for the additional service credit or pensions provided under this act and for the early retirement of employees in accordance with the tables of actuarial assumptions adopted by the board of trustees of the retirement system. This liability shall be added to the unfunded accrued liability of the employer under the retirement system and shall be paid by the employer over a period of 15 years in the same manner as provided for the employer's unfunded accrued liability of the retirement system under section 24 of P.L.1954, c.84 (C.43:15A-24).

The retirement system shall annually certify to each employer the contributions due to the contingent reserve fund for the liability under this act. The contributions certified by the retirement systems shall be paid by the employer to the retirement system on or before the date prescribed by law for payment of employer contributions for basic retirement benefits. If payment of the full amount of the contribution certified is not made within 30 days after the last date for payment of employer contributions for basic retirement benefits, interest at the rate of 10% per year shall be assessed against the unpaid balance on the first day after the thirtieth day.

The employer shall pay the cost of the actuarial work to determine the additional liability of the retirement system for the benefits under this act and that cost shall be included in the initial contribution required from the employer.

7. An employee who receives a benefit under this act shall forfeit all tenure rights.

8. When the needs of a public agency or instrumentality require the services of an employee who elects to retire and receive a benefit under this act, the employer, with the approval of the governing body of that agency or instrumentality and with the consent of the employee, may delay the effective retirement date of the employee until the first day of any calendar month after the third month after the effective date of the resolution adopted by the governing body of the employer pursuant to section 5 of this act but not later than one year after that three-month period. A delay in the effective retirement date of an employee shall not extend the dates set forth in sections 1 through 4 of this act to qualify for benefits under this act.

For a member of the PERS whose effective retirement date is delayed under this section and who dies before the retirement becomes effective, the retirement shall be effective as of the first day of the month after the date of death of the member if the member's beneficiary requests in writing to the board of trustees of the retirement system that the retirement be effective under the Option settlement selected by the member, or under Option 3 if the member did not select an Option.

9. An employee of a public agency or instrumentality purchasing service credit on or after the effective date of this act to qualify for a benefit under this act may purchase a portion of the credit that the employee is eligible to purchase.

10. For the purposes of this act, "employee of a public agency or instrumentality" means a

full-time employee of an authority, board, commission, corporation, or other agency or instrumentality that is a participating employer in the PERS, excluding an agency or instrumentality authorized to participate in the PERS under section 73 of P.L.1954, c.84 (C.43:15A-73) and P.L.1990, c.25 (C.43:15A-73.2 et seq.) and excluding an agency or instrumentality whose employees were covered by P.L.2002, c.23, and including a public agency or organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71) but not any State agency or organization, but excluding Rutgers, The State University, the New Jersey Institute of Technology, the University of Medicine and Dentistry of New Jersey, a State or a county college, a board of education, a county and a municipality, who is eligible to participate in the employer's health care benefits plan.

11. Prior to the end of the one-year period following the effective date of this act, each public agency or instrumentality covered by the provisions of this act shall meet and consult with the representatives of the bargaining unit or units representing the employees who would be eligible for benefits under this act.

12. 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.

C.43:15A-24.2 Refunding bonds of public agency, instrumentality relative to early retirement incentives.

13. A public agency or instrumentality that has the power pursuant to P.L.2002, c.42 to issue bonds from time to time in its discretion for any of its purposes, including the paying or retiring of any bonds previously issued by it, and the power to issue bonds to retire the present value of the unfunded accrued liability due and owing by an agency or instrumentality, as calculated by the system actuary for a date certain upon the request of an agency or instrumentality, for early retirement incentive benefits granted by the agency or instrumentality shall have the power to do the same for benefits granted pursuant to P.L.2003, c.127.

14. This act shall take effect immediately.

Approved July 14, 2003.