

CHAPTER 129

AN ACT concerning early retirement incentives for certain members of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund who are employed by school boards, educational services commission and jointure commissions, and the funding of liabilities for those benefits, and amending P.L.1969, c.130.

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

1. An employee of a school board, educational services commission or jointure commission under the Teachers' Pension and Annuity Fund (TPAF) or Public Employees' Retirement System (PERS) 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 PERS or the TPAF;

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 4 of this act; and

c. retires under the retirement system within two 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 or TPAF. If a member of the PERS or TPAF 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 and retires on a special veteran's retirement under the PERS or TPAF 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 employment with the employer that elects to provide the benefits authorized under this section and from which the employee retires to receive the benefit and the compensation for that employment.

The school board, educational services commission or jointure commission shall be responsible for the full cost of health care benefits in retirement provided under section 3 of P.L.1987, c.384 (C.52:14-17.32f) and section 2 of P.L.1992, c.126 (C.52:14-17.32f1) for each employee retiring under the provisions of this act for a period of three years following the employee's retirement.

2. For an employee of a school board, educational services commission or jointure commission under the TPAF or PERS that elects to provide the benefits authorized under this act 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 or TPAF;

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 4 of this act; and

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

the retired employee and that employee's dependents, but not including survivors, shall be eligible for the benefits provided 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 retired State employees under subsection c. of section 8 of P.L.1961, c.49 (C.52:14-17.32). For each retired employee and for that employee's eligible dependents, the school board, educational services commission or jointure commission, as the case may be, shall pay the full premium or periodic charges for benefits provided under this section to that retired employee and the employee's dependents, but not including survivors, in the same manner as provided for payment by the State of the premium or charges with respect to active covered State employers and their dependents under section 6 of P.L.1961, c.49 (C.52:14-17.30).

3. For an employee of a school board, educational services commission or jointure commission under the PERS or TPAF 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 the PERS or the TPAF;

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 4 of this act; and

c. retires under the retirement system within two 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.

4. An employer may elect to provide the benefits under this act by the adoption of a resolution by the governing body, which is to be effective on July 1, within one year of the effective date of this act, P.L.2003, c.129, and the filing of a certified copy of the resolution with the Director of the Division of Pensions and Benefits within three 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 15-month 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.

5. The actuaries for the PERS and TPAF shall determine the liability of the retirement systems 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 systems.

For PERS, this liability shall be paid by the employer in level annual payments over a period of 15 years as provided for the unfunded accrued liability of the retirement system under section 24 of P.L.1954, c.84 (C.43:15A-24).

For TPAF, this liability shall be paid by the employer in level annual payments over a period of 15 years as provided for the unfunded accrued liability of the retirement system under N.J.S.18A:66-18.

The retirement systems 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 systems 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 systems for the benefits under this act and that cost shall be included in the initial contribution required from the employer.

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

7. When the needs of a school board, educational services commission or jointure commission require the services of an employee who elects to retire and receive a benefit under this act, the school board, educational services commission or jointure commission may delay, with the consent of the employee, the effective retirement date of the employee until the first day of any calendar month after the second month after the effective date of the resolution adopted by the governing body of the employer pursuant to section 4 of this act but not later than one year after that two-month period. A delay in the effective retirement date of an employee shall not extend the dates set forth in sections 1 through 3 of this act to qualify for benefits under this act.

For a member of the 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 of the first day of the month after the date of death of the member if the member's surviving 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.

8. An employee 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.

9. For the purposes of this act:

"school board" means the board of education of any local school district, consolidated school district, regional school district, county special services school district, or county vocational school.

"educational services commission" means an agency established in one or more counties for the purpose of carrying on programs of educational research and development and providing to public school districts such educational and administrative services as may be authorized pursuant to rules of the State Board of Education.

"jointure commission" means a commission set up by two or more boards of education to carry out jointly by agreement the duties imposed upon them in regard to the education and training of handicapped pupils.

"employee" shall not include any employee that was, or could have been if the employer so elected, eligible for benefits pursuant to P.L.2002, c.23.

10. Prior to the end of the one-year period following the effective date of this act, as appropriate, each employer 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.

11. 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.

12. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to read as follows:

C.18A:24-61.2 Purposes for which refunding bonds may be authorized; exclusions from net school debt.

2. Notwithstanding the provisions of any other law or any debt limitation or requirement for down payment or for referendum or other action by legal voters, refunding bonds may be authorized and issued for the purpose of paying, funding or refunding: any refunded bonds; the cost of retiring the present value of the unfunded accrued liability due and owing by a board of education, as calculated by the system actuary for a date certain upon the request of a board of education, for early retirement incentive benefits granted by the board of education pursuant to P.L.1991, c.231, P.L.1993, c.163 and P.L.2003, c.129; and the cost or expense of issuing refunding bonds including printing, advertising, accounting, financial, legal or other expense in connection therewith. Obligations to be paid, funded or refunded with respect to which an ordinance authorizing the issuance of refunding bonds has been adopted pursuant to this act and not otherwise deductible shall be excluded in calculating the net school debt of a municipality or a district. Refunding bonds shall be authorized (a) in the case of any county or municipality by a refunding bond ordinance enacted in the manner or mode of procedure provided for adoption of a refunding bond ordinance pursuant to the Local Bond Law, constituting chapter 2 of Title 40A, Municipalities and Counties, of the New Jersey Statutes, and (b) in the case of a Type II school district by an ordinance (herein called the "refunding bond ordinance") adopted by the board of education of such school district as provided in this chapter.

13. This act shall take effect immediately.

Approved July 14, 2003.