

Pension and Health Benefits Review Commission
Vote Results
May 18, 2012

S-1819 (Thompson)

Provides for distributions from ABP during transition to retirement programs for faculty at institutions of higher education.

Motion: Recommend to enact.

Discussion: The Commission supports this bill in order to legitimize an unauthorized retirement program, termed Transition to Retirement Programs, currently being conducted by the State's public colleges and universities.

Tax counsel to the State-administered pension plans has advised that current statutory and regulatory provisions that comprise the ABP retirement plan document would not allow for Transition to Retirement Programs. Failure of a qualified plan, such as the ABP, to be administered in accordance with its terms is an operational failure that can threaten the tax-qualified status of a plan. The adoption of the retroactive amendments is one way to correct that qualification failure. The other way to correct that failure would be to administer the plan in accordance with its terms both retroactively and prospectively – this would mean that many participants in the Programs would not be entitled to a benefit payment and many would have to repay benefits already distributed to them.

S-1714 (Bucco)

Allows certain members of PFRS to serve until age 70 upon approval by municipal governing body.

Motion: Recommend against enactment.

Discussion: Both municipal and PFRS law prohibits individuals over the age of 35 from being hired as police officers and enrolling as members of the PFRS. PFRS law also requires members to retire upon turning age 65.

Historically, the PFRS laws have been amended to provide limited exceptions to the mandatory retirement age provision. The enactment of P.L. 2005, c.81 provided the ability for PFRS members hired prior to January 1, 1987 to remain a member of the system until the member attains age 68 years or 25 years of creditable service, whichever comes first.

The enactment of this legislation will undermine the rationale of allowing age restrictions for public safety officers as again allowed under the Age Discrimination and Employment Act. This bill will allow a public safety officer to work till the age of 70, which, considering the risk factors associated with these positions, may not be in the best interest of both the individual and the public at large.

The introduction of bills that would provide exemptions from either the hiring or mandatory retirement age requirements for PFRS members are not uncommon. The enactment of this bill will encourage the consideration of other bills seeking similar exemptions.

A-168 (Peterson)

Increases statutory mandatory retirement age for Supreme Court Justices, Superior Court Judges, Tax Court Judges, Administrative Law Judges, Workers' Compensation Judges and County Prosecutors from 70 to 75.

Motion: Recommend to enact upon amendment of Assembly Concurrent Resolution No. 23 of 2012.

Discussion: The enactment of this bill will permit members of the Judicial Retirement system (JRS) to accumulate the required judicial service to become eligible for a significantly higher pension. Members that attain the age of 70 for mandatory retirement without 10 years of judicial service are eligible for a pension that may be as little as 2% of final salary for each year of judicial service. Those members that attain the 10 years of judicial service and are age 70 are eligible to receive a retirement benefit of 75% of final salary. While this in itself may increase State pension costs, these additional costs could be negated by the much broader impact of this bill of allowing the majority judges to work longer and shortening the time over which they will receive a pension.

The Workers' Compensation Judges Part of PERS, a separate tier of membership within the PERS which provided enhanced pension benefits to Workers' Compensation Judges, was closed to new members effective July 1, 2007 with the enactment of P.L. 2007, c.92. Effective May 22, 2010, the Prosecutors Part of the PERS, a separate tier of membership within the PERS which provided enhanced pension benefits to county prosecutors, assistant county prosecutors and certain employees in the Division of Criminal Justice, was closed to new members with the enactment of P.L. 2010, c.1. New Workers' Compensation Judges are now enrolled in the State-administered Defined Contribution Retirement Program while members formerly eligible for the Prosecutors Part of PERS are now eligible for participation in either the DCRP or regular PERS.

The sections of this bill increasing the mandatory retirement age for Supreme Court Justices and Superior Court Judges bill would only take effect if the voters of this State approve a constitutional amendment increasing their mandatory retirement age within two years of the bill's date of enactment. To date, Assembly Concurrent Resolution No. 23 of 2012 has received no legislative attention. It has been referred to the Assembly Judiciary Committee where it is pending review.

A-1656 (Johnson)

Requires SHBP to provide coverage for expenses incurred in screening for prostate cancer.

Motion: Recommend against enactment.

Discussion: The procedure mandated by this bill is already covered under the SHBP/SEHBP by each of the plans offered within the program, i.e. NJ DIRECT (Horizon Blue Cross Blue Shield of New Jersey), Aetna and Cigna. Network providers in each of these plans offer a full range of services that include well-care and preventive services such as annual physicals, well-baby/well-child care, immunizations, mammograms, annual gynecological examinations, and prostate examinations. Regarding prostate exams, coverage under these plans provide for one routine in-network office visit per year, including a prostate-specific antigen test, for adult male members over the age of 40.

The health benefit mandates imposed by this bill would usurp the authority of the SHBP and the SEHBP Plan Design Committees. These committees were created with the enactment of P.L. 2011, c.78 (Pension and Health Benefit Reform) and were provided with the responsibility for plan design.

This bill continues the questionable practice of mandating health benefit coverage. Such mandates generally tend to continue to place the health insurance industry outside of the "free enterprise" system and drive up the cost of health insurance for both employer provided coverage and individual policies. The continued enactment of health benefit mandate legislation could soon make coverage unaffordable for both.