

**Pension and Health Benefits Review Commission**  
**Vote Results**  
**February 17, 2012**

**A-373 (Wolfe)**

Eliminates remarriage prohibition for PFRS death benefits; provides retirement allowance to certain survivors of PFRS members.

**Motion:** Recommend against enactment since the bill creates a disparity among the State-administered retirement systems

**Discussion:** As the bill impacts only the PFRS, its enactment would create a disparity among the State-administered retirement systems. Additionally, PERS and TPAF provide an annuity to a surviving spouse upon the accidental death of a member, which terminates upon remarriage and this bill changes the fundamental purpose to provide a means of support for the surviving spouse. Chapter 181, P.L. 2003 eliminated the remarriage prohibition for PFRS and SPRS accidental death benefits, but not for PERS and TPAF, and only as to accidental death to which PFRS and SPRS are exposed. The enactment of this bill would possibly encourage future legislation providing the same change to the other State plans not impacted by this bill. It is estimated that employer pension contributions will increase over \$2.4 million per year.

**A-378 (Wolfe)**

Provides that PFRS definitions of widow, widower and spouse will include domestic partners of all PFRS members.

**Motion:** Recommend against enactment since the bill will increase local employer cost and State mandate State pay issues need to be addressed.

**Discussion:** The bill only impacts PFRS and it would make the domestic partnership provisions compulsory for all local employers. For State employees in the pension system and local employees whose employer adopts the pension provisions of the Domestic Partnership Act, pension benefits that were formerly payable exclusively to a surviving spouse can now be provided to a same sex domestic partner. In PFRS, this benefit includes the 50% of final compensation annuity payable to a spouse upon the death of an active or retired member, and the 70% of final compensation annual annuity payable to the surviving spouse upon the accidental death of an active member. A statutory solution to secure this benefit is utilization of the P.L. 2006, c. 103 Civil Union Law. It is estimated that employer pension contributions will increase \$8 million per year.

**A-409 (McGuckin)**

Extends eligibility for certain veterans' benefits to members of reserve components of US Armed Forces and NJ organized militia who serve at least 180 continuous days.

**Motion:** Recommend against enactment since the bill would result in additional State and local employer pension costs.

**Discussion:** The Commission does not support this bill since it detracts from the Legislature’s original intent as to who should qualify for veteran preference in this State. The increased veteran population will cause pension costs to significantly increase, as it is estimated that employer pension contributions will increase over \$28 million per year. Increases to certain pensions are not advisable, particularly while COLA and other unfunded liability issues are being addressed through the reforms initiated in P.L. 2011, c. 78. Originally, veteran preference in the State was to include all who service in the “theatre of operations” during world wars or major national emergencies.

**A-626 (Gove/Rumpf)**

Allows PERS ordinary disability retiree to earn up to \$3,000 in PERS-covered employment annually before cancellation of disability benefit and reenrollment in PERS.

**Motion:** Recommend against enactment since the bill liberalizes the intent of a total and permanent disability and does not encourage consistent policy of disability benefits among the State-administered retirement systems.

**Discussion:** The Commission is concerned with the increasing number of disability claims that result in part from changing court and statutory policy that ease eligibility requirements. The bill only impacts the PERS and its enactment will create a disparity among the State-administered retirement systems, specifically when compared to TPAF, which has similar return to employment laws regarding disability pensions. Additionally, the bill indicates it is applicable only to members who retire with an ordinary disability pension. Accidental disability pensions appear to be excluded. The introduction of future bills extending this bill’s provisions to the other State pension plans can be anticipated. The enactment of recent pension reforms changed the eligibility requirements for PERS membership several times. Prior to the enactment of P.L. 2008, c. 89, PERS membership was predicated on an annual salary of at least \$1,500 (Tier 1 and Tier 2 members. Chapter 89, P.L. 2008 increased the minimum annual salary requirement to \$7,500 adjusted annually for changes in the CPI (currently \$7,800). Full-time status i.e. 35 hours per State, 32 hours per week for locals, is required for TIER 4 and Tier 5 membership in PERS as a result of the enactment of P.L. 2010, c. 1. Also, Tier 4 and 5 PERS members are no long eligible for the ordinary disability pension benefits addressed by this bill. These members are eligible for disability insurance coverage pursuant to Chapter 3, P.L. 2010. Consequently, the \$3,000 earnings limit provided for in this bill would only apply to Tier 1 and Tier 2 PERS members.

**A-694 (Ramos)**

Provides for continuation of health insurance coverage in group and SHBP health plans for unlimited period of time for certain former employees and their dependents.

**Motion:** Recommend against enactment since it will increase State and local SHBP costs and it continues the questionable practice of mandating health benefit coverage.

**Discussion:** The bill allows the State Health Benefits Commission to assess the former employee an additional premium not to exceed 102% of active coverage for the extended

coverage period provided by the bill. As such, the premiums paid by the employees electing the coverage may not absorb the entire higher coverage costs associated with this bill. Consequently, employers participating in the SHBP will partially subsidize the resulting increased costs through increased required premiums. The SHBP will experience adverse selection since only those employees who need the extended coverage will elect to do so, compounding the negative financial impact to the participating SHBP employers. It is estimated that the additional SHBP costs will exceed \$10 million per year. In addition, the bill continues the questionable practice of mandating health benefit coverage.