

**Pension and Health Benefits Review Commission
Vote Results
February 13, 2009**

S-2303 (Oroho)

Repeals law allowing PFRS member to retire with PFRS pension and continue to receive salary for current PFRS-covered elective office.

Motion: Recommend to enact.

Discussion: The Commission supports the enactment of this bill because it would preclude a PFRS member from receiving both a public pension and a public salary simultaneously.

S-414 (Van Drew)

Broadens eligibility for certain veterans' benefits by eliminating requirement of service during specified dates or in specified locations.

Motion: Recommend not to enact since it will increase pension costs.

Discussion: The bill will post additional costs to the various retirement systems. Originally, the Legislature's intent was to provide veteran preference in the State to those who served during world wars or major national emergencies. The liberalization in the definition of veteran as proposed by this bill detracts from the original intent regarding entitlement to this benefit.

A-3593 (Casagrande)

Allows only one PERS-covered position for PERS membership, contributions and service credit; provides for PERS designation of maximum compensation position among multiple positions held.

Motion: The Commission supports the concept of this bill which will provide limits in PERS to one covered position but recommends that the Legislature reviews the "**full-time**" **employment** issue as the standard for PERS membership eligibility.

Discussion: The Commission supports the concept of the bill but it continues to provide a piecemeal approach to fix membership eligibility issues. If enacted as written, the bill does not totally eliminate pension "boosting", i.e. the receipt of a higher pension resulting from a few years of covered employment at high salaries and many years of covered service at lower salaries, since PERS membership eligibility would continue to be predicated on minimal annual salary thresholds (\$1,500 prior to November 2, 2008, \$7,500 after). The Commission strongly recommends that if PERS membership were open to "**full-time**" **positions only**, then the ability to inflate a member's pension through "boosting" would significantly decrease.

A-3370 (Conaway)

Requires health insurers that cover speech therapy and SHBP to provide coverage for certain services.

Motion: Recommend not to enact.

Discussion: The bill ignores that these services are already covered by the SHBP when rendered by a physician and deemed medically necessary and at the appropriate level of care. The bill continues the questionable practice of mandating health benefit coverage.

A-3299 (Johnson)

Increases from \$15,000 to \$30,000 annual compensation in PERS-covered employment retiree may earn without reenrollment.

Motion: Recommend not to enact since it may violate the Internal Revenue code for tax-qualified status, WHILE INCREASING GOVERNMENT COSTS BY ENCOURAGING SIMULTANEOUS PAYMENTS OF PENSIONS AND SALARIES.

Discussion: The enactment of this bill could cause for the PERS to lose its tax-qualified status under the Internal Revenue Code. The U.S. Treasury Regulation §1.401 (a)-1 was amended to specify that pension plans that provide for in-service distributions prior to "normal retirement age" (i.e. age 62, or age 50 if members are predominately public safety officers) may jeopardize their qualified status. The new regulation is applicable to governmental plans for plan years beginning on or after January 1, 2011. Cheiron, the consultant to the Commission will provide more detailed information to the Commission regarding this new federal regulation.

A-3116 (Coutinho)

Exempts TPAF retirees reemployed as mentor teachers or part-time science or math teachers from TPAF reenrollment.

Motion: Recommend not to enact.

Discussion: The bill's exemption to the reemployment provisions of TPAF can create the perception of "double-dipping", i.e. receiving a public pension and a public salary simultaneously. It also could be perceived as discriminatory, since it provides the exception only for retired science and math teachers and not to other areas of education and not to other members of the State-administered retirement systems who are subject to the return-to-employment pension provisions. The enactment of this bill may violate U.S. Treasury Regulation §1.401 (a)-1 pertaining to "in-service" distributions prior to attaining "normal retirement age."

A-2579 (O'Scanlon)/S-1322 (O'Toole)

Requires that ordinary disability retirement in certain State-administered retirement systems be granted only if member has qualified for federal Social Security Disability benefits.

Motion: Recommend not to enact since the federal Social Security standard provides no guarantee that decreased pension costs will result.

Discussion: Currently, to qualify for a PERS and TPAF ordinary disability retirement, a member must be determined to be totally and permanently disabled by the Medical Review Board, a panel of three physicians engaged by the pension system Board of Trustees. The disability retirement must be approved by the pension system Board. If the disability retiree is under age 60, the retiree is required to undergo an annual medical examination for a period of 5 years following retirement to determine whether the retiree continues to be totally and permanently disabled. Considering these procedures, there is no guarantee any decreased pension costs will result from the changes proposed by this bill.