

**Pension and Health Benefits Review Commission
Vote Results
April 27, 2007**

S-1599 (Asselta)/A-2562 (Van Drew)

Permits purchase of temporary service credit in TPAF and PERS even if the service did not result without interruption in permanent employment.

Motion: Recommend not to enact because of the administrative issues and costs associated with obtaining older employment records and the increase in State and local employer pension costs.

Discussion: The provisions of this bill stipulate that the purchase shall be made under the same terms and conditions as a purchase of previous membership, which means the employee and employer share the aggregate cost of the purchase. Consequently, for each incident of the purchase of temporary service by either a State employee or TPAF member, the State's pension liabilities will increase and for each non-State PERS employee, local employer pension liabilities will increase. The ability to purchase temporary service as provided for in this bill may also accelerate the employer's payment of post retirement medical benefits, which can be obtained after retirement with 25 years of pension service credit. State-mandate, State-pay issues need to be addressed.

S-1201 (Allen)/A-970 (Stender/Cohen/Wisniewski)

Provides PFRS member in federal or State military service who is injured or killed with disability or death benefits.

Motion: Recommend not to enact since the provisions of the bill are limited only to members of the PFRS and the costs associated with the bill.

Discussion: This bill is limited to only the PFRS and does not apply to members of all the State administered retirement systems. Many of the bills provisions are already effective through Executive Orders signed by the Governor on the State level and at the option of the individual employers on the local level. The additional PFRS pension costs associated with this bill cannot be quantified without any assumption as to the number of deaths and disabilities that may occur. Since this bill mandates continued PFRS coverage for the active death benefit and disability pension for both the State and local employers in the PFRS, the bill will increase State and local employer pension costs. State-mandate, State-pay issues need to be addressed.

A-160 (Vandervalk/Bateman/Steele)

Changes compensation trigger for reenrollment of PERS retiree from \$15,000 in aggregate to \$15,000 per public employer.

Motion: Recommend not to enact since it would undermine the return to employment after retirement laws and would overturn a legislative decision considered under the enactment of Chapter 278, P.L. 2001.

Discussion: Prior to Chapter 278 a PERS retiree could work for many locations earning up to \$10,000 annually at each location. The enactment of Chapter 278 increased the earnings threshold to \$15,000 but also included a provision that made the \$15,000 threshold apply to the total salary earned by the PERS retiree from all employers. The intent was to avoid the perception of "double-dipping" (receiving a public pension and a public salary simultaneously) which was historically precluded by original public pension laws.

A-2629 (Van Drew/Albano)

Provides enhanced benefits to survivors of certain PFRS members.

Motion: Recommend not to enact since the bill is considered special legislation and has the potential to increase State cost by \$109.9 million.

Discussion: The enactment of this bill would set a potentially costly precedent by encouraging the introduction of future bills seeking retroactive application of the numerous other PFRS benefit enhancements established by P.L. 1999 c. 428. In addition to establishing a 50 percent of final compensation survivors pension for non-job related active deaths for PFRS members, Chapter 428 also provided for a 20 years of service credit pension at 50 percent of final compensation, an enhanced ordinary disability pension, and changed the basis for calculating the retired survivors pension and deferred retirement pension from final average compensation to final compensation. If enacted this bill will increase State and local employer pension costs.

A-2755 (Van Drew)

Extends mandatory retirement age for certain PFRS members.

Motion: Recommend not to enact since it is special legislation and will increase local employer pension costs.

Discussion: Several special bills have been introduced in the past seeking exemptions from enrollment and retirement age limits in the PFRS. Enactment of this bill will encourage the introduction of future legislation seeking similar exemptions. Since this bill impacts local PFRS members, the pension enhancement provided will increase local employer pension costs. It is estimated that the additional present value cost per impacted member is \$55,629. State-mandate, State-pay issues need to be addressed.

S-177 (Doria)

Provides contributory SHBP benefits to certain PFRS, CPFPPF, and PERS retirees.

Motion: Recommend not to enact since it will increase annual State SHBP costs by \$15.7 million.

Discussion: Currently, the State's annual Chapter 330 costs are \$19.5 million. The enactment of this bill would create an additional cost of \$15.7 since it is expected to increase participation in the program to approximately 4,703 members.

S-1081 (Singer)

Permits certain TPAF veteran retirees to receive paid health benefits under State Health Benefits Program.

Motion: Recommend not to enact since it will significantly increase costs to the State.

Discussion: The bill only impacts veteran members of the TPAF. The enactment of this legislation would inspire future legislation which would provide all State employees who are veterans retiring with only 20 years of service credit with the same benefit. Veteran members of the TPAF and PERS who have 20 or more years of service and attain age 60 already retire with an enhanced pension as opposed to non-veteran members. The estimated State cost of providing five additional years of Post Retirement Medical Benefits to active TPAF veteran is \$62.6 million.

S-1573 (Rice)/A-2474 (Van Drew)

Provides paid post-retirement medical benefits to certain retired veteran State employees.

Motion: Recommend not to enact since it will significantly increase costs to the State.

Discussion: The bill only impacts veterans who are State employees and are members of the PERS. Its enactment would inspire future legislation which would provide veterans of all the State-administered pension plans retiring with only 20 years of service credit with the same benefit. Veteran members of the TPAF and PERS who have 20 or more years of service and attain age 60 already retire with an enhanced pension as opposed to non-veteran members. The estimated State cost of providing five additional years of Post Retirement Medical Benefits to active PERS-State veteran is \$137.3 million.