LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 671
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JUNE 30, 2022

SUMMARY

Synopsis:	Provides service credit for PERS member for former membership in transit retirement program.
Type of Impact:	Potential expenditure increase to the State and local governments.
Agencies Affected:	Division of Pensions and Benefits, Department of the Treasury; local governments.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Potential State Cost Increase		Indeterminate	
Potential Local Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) concludes that this bill may result in an unfunded liability to the Public Employees' Retirement System (PERS) payable by the State or by local government employers participating in the PERS to the extent that the transferred contributions of the employee and employer from the Transit Employees' Retirement Program (TERP) are insufficient to cover the cost of the PERS benefits. An estimate of the unfunded liability is not available.

- The additional service credit in the PERS may be included to determine an employee's eligibility for employer-paid health care benefits in retirement. This may result in additional cost for the State or a local government employer if an employee would otherwise not have been eligible for this post-retirement benefit.

BILL DESCRIPTION

Under this bill, a member of the Public Employees' Retirement System who was a member, on or before July 30, 2006, of the Transit Employees' Retirement Program of the New Jersey Transit Corporation would be credited with one year of service, or part thereof, in the PERS for each 3.5 years, or part thereof, of service credit in the TERP if the member and employer

Office of Legislative Services
State House Annex
P.O. Box 068
Trenton, New Jersey 08625

OLS

Legislative Budget and Finance Office
Phone (609) 847-3105
Fax (609) 777-2442
www.njleg.state.nj.us

contributions are transferred from that program into the retirement system for those years of credited service.

Upon the transfer, no additional contributions by the member or a public employer will be required for the service credited in the PERS.

Upon receipt of the remittance, the service credit accrued in the program up to July 30, 2006 will be credited in the PERS and will be used to meet any service credit requirement for benefits under the PERS.

If the member has withdrawn the member's contributions to the program or if all the specified funds cannot be transferred from the program to the PERS for any reason, the member will not receive any service credit.

This bill will not apply if the member has a vested right to retirement benefits in the program based in whole or in part upon the service credited in that program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill may result in an unfunded liability to the PERS payable by the State or by local government employers participating in the PERS to the extent that the transferred contributions of the member and employer from the TERP are insufficient to cover the cost of the PERS benefits. The bill provides that, upon the transfer, no additional contributions by the member or a public employer will be required for the service credited in the PERS. The number of individuals to whom this bill will apply and the details of their service are not known. Therefore, an estimate of the unfunded liability is not available.

The additional service credit in the PERS may be included to determine an employee's eligibility for employer-paid health care benefits in retirement. This may result in additional cost for the State or a local government employer if an employee would otherwise not have been eligible for this post-retirement benefit.

Section:	*State Government*
Analyst:	*Aggie Szilagyi* *Section Chief*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).