

ASSEMBLY, No. 912

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 9 (Atlantic, Burlington and Ocean)

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District 9 (Atlantic, Burlington and Ocean)

SYNOPSIS

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.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the reenrollment requirement for ordinary
2 disability retirees of the Public Employees' Retirement System of
3 New Jersey and amending P.L.1954, c.84.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
9 as follows;

10 7. There is hereby established the Public Employees'
11 Retirement System of New Jersey in the Division of Pensions and
12 Benefits of the Department of the Treasury. The membership of the
13 retirement system shall include:

14 a. The members of the former "State Employees' Retirement
15 System of New Jersey" enrolled as such as of December 30, 1954,
16 who shall not have claimed for refund their accumulated deductions
17 in said system as provided in this section;

18 b. Any person becoming an employee of the State or other
19 employer after January 2, 1955 and every veteran, other than a
20 retired member who returns to service pursuant to subsection b. of
21 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
22 whose appointments are seasonal, becoming an employee of the
23 State or other employer after such date, including a temporary
24 employee with at least one year's continuous service; except,
25 notwithstanding subsection d. of this section, a person receiving an
26 ordinary disability retirement allowance pursuant to section 44 of
27 P.L.1954, c.84 (C.43:15A-44) shall not be reenrolled as an active
28 member of the retirement system until the aggregate compensation
29 for a calendar year is more than \$3,000. The membership of the
30 retirement system shall not include those persons appointed to serve
31 as described in paragraphs (2) and (3) of subsection a. of section 2
32 of P.L.2007, c.92 (C.43:15C-2), except a person who was a member
33 of the retirement system prior to the effective date of sections 1
34 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
35 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) and
36 continuously thereafter; and

37 c. Every employee veteran in the employ of the State or other
38 employer on January 2, 1955, who is not a member of any
39 retirement system supported wholly or partly by the State.

40 d. Membership in the retirement system shall be optional for
41 elected officials other than veterans, and for school crossing guards,
42 who having become eligible for benefits under other pension
43 systems are so employed on a part-time basis. Elected officials
44 commencing service on or after the effective date of sections 1
45 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
2 be eligible for membership in the retirement system based on
3 service in the elective public office, except that an elected official
4 enrolled in the retirement system as of that effective date who
5 continues to hold that elective public office without a break in
6 service shall be eligible to continue membership in the retirement
7 system under the terms and conditions of enrollment. Service in the
8 Legislature shall be considered a single elective public office. Any
9 part-time school crossing guard who is eligible for benefits under
10 any other pension system and who was hired as a part-time school
11 crossing guard prior to March 4, 1976, may at any time terminate
12 his membership in the retirement system by making an application
13 in writing to the board of trustees of the retirement system. Upon
14 receiving such application, the board of trustees shall terminate his
15 enrollment in the system and direct the employer to cease accepting
16 contributions from the member or deducting from the compensation
17 paid to the member. State employees who become members of any
18 other retirement system supported wholly or partly by the State as a
19 condition of employment shall not be eligible for membership in
20 this retirement system. Notwithstanding any other law to the
21 contrary, all other persons accepting employment in the service of
22 the State shall be required to enroll in the retirement system as a
23 condition of their employment, regardless of age. No person in
24 employment, office or position, for which the annual salary or
25 remuneration is fixed at less than \$1,500.00, shall be eligible to
26 become a member of the retirement system.

27 e. Membership of any person in the retirement system shall
28 cease if he shall discontinue his service for more than two
29 consecutive years.

30 f. The accumulated deductions of the members of the former
31 "State Employees' Retirement System" which have been set aside in
32 a trust fund designated as Fund A as provided in section 5 of this
33 act and which have not been claimed for refund prior to February 1,
34 1955 shall be transferred from said Fund A to the Annuity Savings
35 Fund of the Retirement System, provided for in section 25 of this
36 act. Each member whose accumulated deductions are so transferred
37 shall receive the same prior service credit, pension credit, and
38 membership credit in the retirement system as he previously had in
39 the former "State Employees' Retirement System" and shall have
40 such accumulated deductions credited to his individual account in
41 the Annuity Savings Fund. Any outstanding obligations of such
42 member shall be continued.

43 g. Any school crossing guard electing to terminate his
44 membership in the retirement system pursuant to subsection d. of
45 this section shall, upon his request, receive a refund of his
46 accumulated deductions as of the date of his appointment to the
47 position of school crossing guard. Such refund of contributions
48 shall serve as a waiver of all benefits payable to the employee, to

1 his dependent or dependents, or to any of his beneficiaries under the
2 retirement system.

3 h. A temporary employee who is employed under the federal
4 Workforce Investment Act shall not be eligible for membership in
5 the system. Membership for temporary employees employed under
6 the federal Job Training Partnership Act, Pub.L. 97-300
7 (29 U.S.C. s.1501) who are in the system on September 19, 1986
8 shall be terminated, and affected employees shall receive a refund
9 of their accumulated deductions as of the date of commencement of
10 employment in a federal Job Training Partnership Act program.
11 Such refund of contributions shall serve as a waiver of all benefits
12 payable to the employee, to his dependent or dependents, or to any
13 of his beneficiaries under the retirement system.

14 i. Membership in the retirement system shall be optional for a
15 special service employee who is employed under the federal Older
16 American Community Service Employment Act, Pub.L.94-135 (42
17 U.S.C. s.3056). Any special service employee employed under the
18 federal Older American Community Service Employment Act,
19 Pub.L.94-135 (42 U.S.C. s.3056), who is in the retirement system
20 on the effective date of P.L.1996, c.139 may terminate membership
21 in the retirement system by making an application in writing to the
22 board of trustees of the retirement system. Upon receiving the
23 application, the board shall terminate enrollment in the system and
24 the member shall receive a refund of accumulated deductions as of
25 the date of commencement of employment in a federal Older
26 American Community Service Employment Act program. This
27 refund of contributions shall serve as a waiver of all benefits
28 payable to the employee, to any dependent or dependents, or to any
29 beneficiary under the retirement system.

30 j. An employee of the South Jersey Port Corporation who was
31 employed by the South Jersey Port Corporation as of the effective
32 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
33 employed within 365 days of such effective date by a subsidiary
34 corporation or other corporation, which has been established by the
35 Delaware River Port Authority pursuant to subdivision (m) of
36 Article I of the compact creating the Delaware River Port Authority
37 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
38 146), shall be eligible to continue membership while an employee
39 of such subsidiary or other corporation.
40 (cf: P.L.2007, c.92, s.17)

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42 2. Section 44 of P.L.1954, c.84 (C.43:15A-44) is amended to
43 read as follows:

44 44. a. Once each year the retirement system may, and upon his
45 application shall, require any disability beneficiary who is under the
46 age of 60 years to undergo medical examination by a physician or
47 physicians designated by the system for a period of 5 years
48 following his retirement in order to determine whether or not the

1 disability which existed at the time he was retired has vanished or
2 has materially diminished. If the disability beneficiary is engaged
3 in an occupation, then the amount of his pension shall be reduced to
4 an amount which, when added to the amount then earned by him,
5 shall not exceed the amount of the salary now attributable to his
6 former position. If his earnings have changed since the date of his
7 last adjustment, then the amount of his pension may be further
8 altered; but the new pension shall not exceed the amount of
9 pension originally granted.

10 If a disability beneficiary, while under age of 60 years, refuses to
11 submit to at least one medical examination in any year by a
12 physician or physicians designated by the system, his pension shall
13 be discontinued until withdrawal of his refusal. If the report of the
14 medical board shall show that such beneficiary is able to perform
15 either his former duty or other comparable duty which his former
16 employer is willing to assign to him, the beneficiary shall report for
17 duty; such a beneficiary shall not suffer any loss of benefits while
18 he awaits his restoration to active service. If the beneficiary fails to
19 return to duty within 10 days after being ordered so to do, or within
20 such further time as may be allowed by the board of trustees for
21 valid reason, as the case may be, the pension shall be discontinued
22 during such default.

23 b. If a disability beneficiary becomes employed again in **【a**
24 **position】** any positions which 【makes him】 make the beneficiary
25 eligible to be a member of the retirement system and aggregate
26 compensation for a calendar year exceeds \$3,000, his retirement
27 allowance and the right to any death benefit as a result of his former
28 membership, shall be canceled until he again retires.

29 Such person shall be reenrolled in the retirement system and
30 shall contribute thereto at a rate based on his age at the time of his
31 prior enrollment. Such persons shall be treated as an active member
32 for determining disability or death benefits while in service and no
33 benefits pursuant to an optional selection with respect to his former
34 membership shall be paid if his death shall occur during the period
35 of such reenrollment.

36 Upon subsequent retirement of such member, he shall receive a
37 retirement allowance based on all his service as a member
38 computed in accordance with applicable provisions of this act, but
39 the total retirement allowance upon subsequent retirement shall not
40 be a greater proportion of his final compensation than the
41 proportion to which he would have been entitled had he remained in
42 service during the period of his prior retirement. Any death benefit
43 to which such member shall be eligible shall be based on his latest
44 retirement.

45 (cf: P.L.1971, c.213, s.18)

46

47 3. This act shall take effect immediately.

STATEMENT

This bill increases the amount an ordinary disability retiree of the Public Employees' Retirement System (PERS) may earn in PERS-covered employment before being required to reenroll in PERS as an active member.

Current law requires that if a PERS ordinary disability beneficiary becomes employed again in a position which makes the beneficiary eligible to be a member of the retirement system, the PERS disability retirement allowance and the right to any death benefit as a result of former membership, will be canceled until the person again retires. A person employed in a PERS-covered position with the State or a local public employer who earns \$1,500 or more annually must enroll in PERS.

The bill provides that a PERS ordinary disability retiree with aggregate compensation of \$3,000 or more in a calendar year in PERS-covered employment will be required to reenroll.