

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2562

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 24, 2021

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 2562.

This bill, as amended, provides an additional category of service retirement for a member of the Police and Firemen's Retirement System (PFRS) for a period of two years.

Under the bill, a member of the PFRS who was enrolled before the effective date of this bill and is still a member on the effective date may retire after the effective date, but not later than the end of a two-year period after the effective date, regardless of age, upon attaining 20 or more years of service credit. The member will receive a retirement allowance equal to 50 percent of the member's final compensation.

Under current law, a member must be 55 years of age or older to retire on a service retirement allowance of 50 percent of final compensation upon attaining 20 years or more of service credit. In addition, a 1999 law permitted members, who were already enrolled in PFRS at that time, to retire at any age with 50 percent of final compensation upon attaining 20 or more years of service credit.

As amended and reported by the committee, Assembly Bill No. 2562 (1R) is identical to Senate Bill No. 1017 (1R), which also was reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments limit to two years the period during which a PFRS member may retire to receive this benefit.

FISCAL IMPACT:

The Office of Legislative Services (OLS) anticipates this bill will result in an indeterminate increase in the annual contributions required to be paid by the State and local governments to the PFRS. It is not known how many PFRS members will retire to receive the benefit provided by this bill. The increase in the unfunded liability resulting from this bill will be determined by the actuary for the PFRS and will be funded over time.

For those local governments that pay for post-retirement medical benefits for their retired employees, there would be savings resulting from PFRS members who retire before becoming eligible for those benefits. For the State, there would also be some savings from PFRS members who retire before becoming eligible for post-retirement medical benefits. The OLS does not have the data to determine the State or local government savings.