

SENATE, No. 4195

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED DECEMBER 2, 2021

Sponsored by:

Senator ANTHONY M. BUCCO

District 25 (Morris and Somerset)

SYNOPSIS

Permits purchase of service credit in PERS, TPAF, PFRS, and SPRS for period of enrollment in military service academy.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning the purchase of credit in a State-administered
2 retirement system for certain military service and amending
3 various parts of the statutory law.

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

7
8 1. N.J.S.18A:66-13 is amended to read as follows:

9 18A:66-13. Prior service credit. A member may file a detailed
10 statement of: a. school service and service in a similar capacity in
11 other states and in schools within and outside the United States
12 operated by a department of the United States Government for the
13 instruction of the children of United States Government officers and
14 employees, or b. other public employment in other states or with the
15 United States Government which would be eligible for credit in a
16 State-administered retirement system if the employment was with a
17 public employer in this State, or c. military service in the Armed
18 Forces of the United States, including any period of enrollment in a
19 military service academy, rendered prior to becoming a member, for
20 which the member desires credit, and of such other facts as the
21 retirement system may require. The member may purchase credit
22 for all or a portion of the service evidenced in the statement up to
23 the nearest number of years and months, but not exceeding 10
24 years, provided however, that a member purchasing that maximum
25 credit may purchase up to five additional years for additional
26 military service qualifying the member as a veteran as defined in
27 N.J.S.18A:66-2. No application shall be accepted for the purchase
28 of credit for such service if, at the time of application, the member
29 has a vested right to retirement benefits in another retirement
30 system based in whole or in part upon that service.

31 The member may purchase credit for the service by paying into
32 the annuity savings fund the amount required by applying the
33 factor, supplied by the actuary as being applicable to the member's
34 age at the time of the purchase, to the member's salary at that time,
35 or to the highest annual compensation for service in this State for
36 which contributions were made during any prior fiscal year of
37 membership, whichever is greater. The purchase may be made in
38 regular installments, equal to at least one-half the full normal
39 contribution to the retirement system, over a maximum period of 10
40 years. Neither the State nor the employer of a member who applies
41 to purchase credit for public employment with the United States
42 Government pursuant to subsection b. of this section or for military
43 service pursuant to subsection c. of this section shall be liable for
44 any payment to the retirement system on behalf of the member for
45 the purchase of this credit.

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 Notwithstanding any provision of this act to the contrary, a
2 member shall not be liable for any costs associated with the
3 financing of pension adjustment benefits and health care benefits
4 for retirees when purchasing credit for school service, public
5 employment in other states or with the United States Government,
6 or military service in the Armed Forces of the United States,
7 including any period of enrollment in a military service academy.

8 Any member electing to purchase the service who retires prior to
9 completing payments as agreed with the retirement system will
10 receive pro rata credit for service purchased prior to the date of
11 retirement, but if the member so elects at the time of retirement, the
12 member may make the additional lump sum payment required at
13 that time to provide full credit.

14 Notwithstanding any other provision of law to the contrary,
15 service credit established in the retirement system by a member
16 through purchase in accordance with this section, which purchase
17 was made by an application submitted on or after the effective date
18 of P.L.2008, c.89, except a purchase for military service in the
19 Armed Forces of the United States, including any period of
20 enrollment in a military service academy, shall not be eligible for
21 consideration when service is used to determine the qualification of
22 the member for any health care benefits coverage paid, in whole or
23 in part, by a public employer after the member's retirement.

24 As used in this section, "military service academy" means the
25 United States Military Academy, the United State Naval Academy,
26 the United States Air Force Academy, and the United States Coast
27 Guard Academy.

28 (cf: P.L.2008, c.89, s.3)

29

30 2. Section 2 of P.L.1963, c.19 (C.43:15A-73.1) is amended to
31 read as follows:

32 2. A member may file a detailed statement of public
33 employment in other states or with the United States Government
34 which would be eligible for credit in a State-administered
35 retirement system if the employment was with a public employer in
36 this State, or of military service in the Armed Forces of the United
37 States, including any period of enrollment in a military service
38 academy, or of service resulting from initial appointment or
39 employment on or after January 1, 2002 with a bi-state or multi-
40 state agency established pursuant to an interstate compact to which
41 the State is a party which would be eligible for credit in a State-
42 administered retirement system if the employment was with a
43 public employer in this State, rendered prior to becoming a member,
44 for which the member desires credit, and of such other facts as the
45 retirement system may require. The member may purchase credit
46 for all or a portion of the service evidenced in the statement up to
47 the nearest number of years and months, but not exceeding 10
48 years, provided however, that a member purchasing that maximum

1 credit may purchase up to five additional years for additional
2 military service qualifying the member as a veteran as defined in
3 section 6 of P.L.1954, c.84 (C.43:15A-6). No application shall be
4 accepted for the purchase of credit for the service if, at the time of
5 application, the member has a vested right to retirement benefits in
6 another retirement system based in whole or in part upon that
7 service. The member may purchase credit for the service by paying
8 into the annuity savings fund the amount required by applying the
9 factor, supplied by the actuary as being applicable to the member's
10 age at the time of the purchase, to the member's salary at that time,
11 or to the highest annual compensation for service in this State for
12 which contributions were made during any prior fiscal year of
13 membership, whichever is greater. The purchase may be made in
14 regular installments, equal to at least 1/2 of the full normal
15 contribution to the retirement system, over a maximum period of 10
16 years. The employer of a member who applies, pursuant to this
17 section, to purchase credit for public employment with the United
18 States Government or for military service in the Armed Forces of
19 the United States, including any period of enrollment in a military
20 service academy, shall not be liable for any payment to the
21 retirement system on behalf of the member for the purchase of this
22 credit.

23 Notwithstanding any provision of this act to the contrary, a
24 member shall not be liable for any costs associated with the
25 financing of pension adjustment benefits and health care benefits
26 for retirees when purchasing credit for public employment in other
27 states or with the United States Government or military service in
28 the Armed Forces of the United States, including any period of
29 enrollment in a military service academy, or with a bi-state or
30 multi-state agency.

31 Any member electing to make a purchase pursuant to this section
32 who retires prior to completing payments as agreed with the
33 retirement system will receive pro rata credit for the purchase prior
34 to the date of retirement, but if the member so elects at the time of
35 retirement, the member may make the additional lump sum payment
36 required at that time to provide full credit.

37 Notwithstanding any other provision of law to the contrary,
38 service credit established in the retirement system by a member
39 through purchase in accordance with this section, which purchase
40 was made by an application submitted on or after the effective date
41 of P.L.2008, c.89, except a purchase for military service in the
42 Armed Forces of the United States, including any period of
43 enrollment in a military service academy, shall not be eligible for
44 consideration when service is used to determine the qualification of
45 the member for any health care benefits coverage paid, in whole or
46 in part, by a public employer after the member's retirement.

47 As used in this section, "military service academy" means the
48 United States Military Academy, the United State Naval Academy,

1 the United States Air Force Academy, and the United States Coast
2 Guard Academy.

3 (cf: P.L.2008, c.89, s.4)
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5 3. Section 3 of P.L.1991, c.153 (C.43:16A-11.11) is amended to
6 read as follows:

7 3. A member of the Police and Firemen's Retirement System
8 may file a detailed statement of public employment in other states
9 or with the United States Government which would be eligible for
10 credit in a State-administered retirement system if the employment
11 was with a public employer in this State, or of military service in
12 the Armed Forces of the United States, including any period of
13 enrollment in a military service academy, rendered prior to
14 becoming a member, for which the member desires credit, and of
15 such other facts as the retirement system may require. The member
16 may purchase credit for all or a portion of the service evidenced in
17 the statement up to the nearest number of years and months, but not
18 exceeding 10 years, provided however, that a member purchasing
19 that maximum credit may purchase up to five additional years for
20 additional military service qualifying the member as a veteran as
21 defined in section 1 of P.L.1983, c.391 (C.43:16A-11.7). No
22 application shall be accepted for the purchase of credit for the
23 service if, at the time of application, the member has a vested right
24 to retirement benefits in another retirement system based in whole
25 or in part upon that service.

26 The member may purchase credit for the service by paying into
27 the annuity savings fund the amount required by applying the
28 factor, supplied by the actuary as being applicable to the member's
29 age at the time of the purchase, to the member's salary at that time,
30 or to the highest annual compensation for service in this State for
31 which contributions were made during any prior fiscal year of
32 membership, whichever is greater. The purchase may be made in
33 regular installments equal to at least 1/2 of the full normal
34 contribution to the retirement system, over a maximum period of 10
35 years. The employer of a member who applies, pursuant to this
36 section, to purchase credit for public employment with the United
37 States Government or for military service in the Armed Forces of
38 the United States, including any period of enrollment in a military
39 service academy, shall not be liable for any payment to the
40 retirement system on behalf of the member for the purchase of this
41 credit.

42 Notwithstanding any provision of this act to the contrary, a
43 member shall not be liable for any costs associated with the
44 financing of pension adjustment benefits and health care benefits
45 for retirees when purchasing credit for public employment in other
46 states or with the United States Government or military service in
47 the Armed Forces of the United States, including any period of
48 enrollment in a military service academy.

1 Any member electing to purchase the service who retires prior to
2 completing payments as agreed with the retirement system will
3 receive pro rata credit for service purchased prior to the date of
4 retirement, but if the member so elects at the time of retirement, the
5 member may make the additional lump sum payment required at
6 that time to provide full credit.

7 As used in this section, "military service academy" means the
8 United States Military Academy, the United State Naval Academy,
9 the United States Air Force Academy, and the United States Coast
10 Guard Academy.

11 (cf: P.L.1991, c.153, s.3)

12
13 4. Section 2 of P.L.2013, c.87 (C.53:5A-6.1) is amended to read
14 as follows:

15 2. A member may file a detailed statement of military service
16 in the Armed Forces of the United States, including any period of
17 enrollment in a military service academy, rendered prior to
18 becoming a member, for which the member desires credit, and of
19 such other facts as the retirement system may require. The member
20 may purchase credit for all or a portion of the service evidenced in
21 the statement up to the nearest number of years and months, but not
22 exceeding 10 years, provided however, that a member purchasing
23 that maximum credit may purchase up to five additional years for
24 additional military service qualifying the member as a veteran as
25 defined in section 3 of P.L.1965, c.89 (C.53:5A-3). If such credit is
26 established, it shall be considered the same as creditable service as
27 a full-time commissioned officer, noncommissioned officer or
28 trooper rendered as a member. No application shall be accepted for
29 the purchase of credit for the service if, at the time of application,
30 the member has a vested right to retirement benefits in another
31 retirement system based in whole or in part upon that service. The
32 member may purchase credit for the service by paying into the
33 annuity savings fund the amount required by applying the factor,
34 supplied by the actuary as being applicable to the member's age at
35 the time of the purchase, to the member's salary at that time, or to
36 the highest annual compensation for service in this State for which
37 contributions were made during any prior fiscal year of
38 membership, whichever is greater. The purchase may be made in
39 regular installments, equal to at least 1/2 of the full normal
40 contribution to the retirement system, over a maximum period of 10
41 years.

42 The employer of a member who applies, pursuant to this section,
43 to purchase credit for military service in the Armed Forces of the
44 United States, including any period of enrollment in a military
45 service academy, shall not be liable for any payment to the
46 retirement system on behalf of the member for the purchase of this
47 credit. The Adjutant General of the Department of Military and
48 Veterans' Affairs shall be responsible for determining whether any

1 person seeking to be considered a "veteran" under section 3 of
2 P.L.1965, c.89 (C.53:5A-3), for the purpose of purchasing military
3 service credit, meets the criteria set forth therein and adjudicating
4 an appeal from any person disputing this determination. The
5 determination of the Adjutant General shall be binding upon the
6 Division of Pensions and Benefits.

7 Notwithstanding any provision of this act to the contrary, a
8 member shall not be liable for any costs associated with the
9 financing of pension adjustment benefits and health care benefits
10 for retirees when purchasing credit for military service in the
11 Armed Forces of the United States, including any period of
12 enrollment in a military service academy.

13 Any member electing to make a purchase pursuant to this section
14 who retires prior to completing payments as agreed with the
15 retirement system will receive pro rata credit for the purchase prior
16 to the date of retirement, but if the member so elects at the time of
17 retirement, the member may make the additional lump sum payment
18 required at that time to provide full credit.

19 As used in this section, "military service academy" means the
20 United States Military Academy, the United State Naval Academy,
21 the United States Air Force Academy, and the United States Coast
22 Guard Academy.

23 (cf: P.L.2013, c.87, s.2)

24
25 5. This act shall take effect immediately.
26
27

28 STATEMENT

29
30 Under current law, a period of service in the United States
31 Armed Forces qualifies as military service that a member of the
32 Public Employees' Retirement System (PERS), Teachers' Pension
33 and Annuity Fund (TPAF), the Police and Firemen's Retirement
34 System (PFRS), and State Police Retirement System (SPRS) may
35 purchase for retirement purposes.

36 This bill permits the purchase of the period of enrollment in a
37 United States military service academy.

38 The four service academies affiliated with the United States
39 military educate young people to serve as commissioned officers in
40 the various branches of the United States Armed Forces. They are
41 the only academies whose students are on active duty in the United
42 State Armed Forces from the day they enter the academy, with the
43 rank of cadet and midshipman and subject to the Uniform Code of
44 Military Justice.

45 The military service academies are the United States Military
46 Academy, Naval Academy, Air Force Academy, and the Coast
47 Guard Academy.