

SENATE, No. 2094

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED JUNE 21, 2010

Sponsored by:

Senator KEVIN J. O'TOOLE

District 40 (Bergen, Essex and Passaic)

SYNOPSIS

Limits State ABP contributions for higher education faculty whose salary exceeds statutory maximum salary of Executive Branch department heads.

CURRENT VERSION OF TEXT

As introduced.



S2094 O'TOOLE

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1 AN ACT concerning the State's pension contributions to the
2 Alternate Benefit Program and amending P.L.1969, c.242.

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

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7 1. Section 8 of P.L.1969, c.242 (C.18A:66-174) is amended to
8 read as follows:

9 8. (a) The University of Medicine and Dentistry of New Jersey,
10 Rutgers, The State University and the New Jersey Institute of
11 Technology shall reduce the compensation of each participant in the
12 alternate benefit program and pay over to the insurers or mutual
13 fund companies for the benefit of the participant an employee
14 contribution for the retirement annuity contract or contracts equal to
15 5% of the participant's base salary. The intervals for deductions or
16 reductions and payments shall be determined by the respective
17 school governing bodies.

18 The Division of Pensions shall provide for reductions from the
19 compensation of each participant in the alternate benefit program
20 employed by the State and county colleges of an employee
21 contribution equal to 5% of the participant's base salary and pay this
22 amount to the insurers or mutual fund companies for the
23 individual's retirement annuity contract or contracts. The intervals
24 for deductions or reductions and payments shall be determined by
25 the Division of Pensions.

26 The Division of Pensions may require that all participant
27 contributions be made in accordance with section 414(h) of the
28 federal Internal Revenue Code (26 U.S.C. s.414(h)).

29 (b) Based on a certification to the Division of Pensions by the
30 University of Medicine and Dentistry of New Jersey, Rutgers, The
31 State University and the New Jersey Institute of Technology of the
32 number and base salary of participants, the division shall authorize
33 the State to make payment of the employer contributions to the
34 alternate benefit program at a rate equal to 8% of the employee's
35 base salary, except the amount of the contribution shall not exceed
36 8% of the maximum salary for department officers established
37 pursuant to section 1 of (P.L.1974, c.55 (C.52:14-15.107)), which
38 moneys shall be paid to the designated insurers or mutual fund
39 companies for the benefit of each participant.

40 Based on a certification by the Division of Pensions of the
41 number and base salary of participants employed by the State and
42 county colleges, the State shall make payment of the employer
43 contributions to the alternate benefit program at a rate equal to 8%
44 of the employee's base salary, except the amount of the contribution
45 shall not exceed 8% of the maximum salary for department officers

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 established pursuant to section 1 of (P.L.1974, c.55 (C.52:14-
2 15.107), which moneys shall be paid to the designated insurers or
3 mutual fund companies for the benefit of each participant.

4 (c) For the member of the Public Employees' Retirement System
5 employed by the county colleges, who is defined in the regulations
6 of the Division of Pensions as a full-time faculty member and who
7 is permitted to transfer his membership and does so, the State shall
8 pay the employer contribution to the alternate benefit program at a
9 rate equal to 8% of the member's base salary, except the amount of
10 the contribution shall not exceed 8% of the maximum salary for
11 department officers established pursuant to section 1 of (P.L.1974,
12 c.55 (C.52:14-15.107). If the member continues membership in the
13 Public Employees' Retirement System, the State shall pay the
14 employer contribution to the retirement system on his behalf and
15 such employer contribution shall be at a rate equal to the normal
16 contribution made by the State on behalf of nonveteran members of
17 the Public Employees' Retirement System.

18 (d) For any nonacademic employee of a county college, as
19 defined in section 4 of P.L.1969, c.242 (C.18A:66-170), who is
20 eligible for the program according to the regulations of the Director
21 of the Division of Pensions, the county college shall pay the
22 employer contribution to the retirement system on the employee's
23 behalf in the same manner as the State, pursuant to this section.

24 (cf: P.L.1994, c.48, s.190)

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26 2. This act shall take effect on July 1, 2010.

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STATEMENT

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31 This bill establishes a limit on the State's employer contributions
32 to the Alternate Benefit Program (ABP) by providing that there will
33 be no contributions based on any portion of salary that is in excess
34 of the statutory maximum salary of State cabinet officers.

35 The ABP is a defined contribution pension system whose
36 members are the faculty of New Jersey public institutions of higher
37 education. Currently, the State contributes 8% of the ABP
38 member's base salary and the member contributes 5%. The bill
39 provides that the State will contribute at a rate equal to 8% of the
40 member's base salary except the amount of the contribution may not
41 exceed 8% of the maximum salary for department officers as
42 established by law. N.J.S.A. 52:14-15.107 sets the maximum
43 annual salary of department officers at \$141,000 for calendar year
44 2002 and thereafter.