

Lashway, Lisa

From: NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]
Sent: Tuesday, February 16, 2010 3:31 PM
To: Lashway, Lisa
Subject: NJLM Mayors letter League Staff on PERS

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William G. Dressel Jr.
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LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

February 16, 2010

Re: League Staff Membership in Public Employees' Retirement System (PERS)

Dear Mayor:

A number of our members have contacted us regarding the pension status of League of Municipalities' employees. Recently, legislation has been introduced to remove, among other groups, League staff members from the State's public pension and health insurance systems. I wanted to write to explain how the League ended up in the pension system in the first place, and where we go from here.

On January 26, 1955, the Secretary of the Old Age and Survivors Insurance program wrote to New Jersey Attorney General Grover Richman inquiring whether the employees of the League were eligible for membership in the Public Employees Retirement System (PERS). On February 4, 1955, the Attorney General responded in the affirmative. In his opinion, he concluded that, as defined by the Pensions and Unemployment Compensation statute, the League "and...its employees are eligible for membership" in PERS.

In the 55 years that League employees have been members of PERS, there has never been any accusation of wrongdoing or fraud by individual employees, retirees, or the League as an organization.

In addition, it is important to remember that every employee, from our Executive Director to our support staff, is required to enroll in PERS. Administrative regulations, Attorney General and Court Opinions, and the compulsory language of the statute itself make it clear that once an

organization enrolls it PERS, it cannot leave of its own choice. It must remain unless and until State policymakers act.

However, we recognize that times have changed. We believe a comprehensive review of the entire public pension system is needed, including a determination as to whether it remains appropriate for the employees of the League and other similar groups to remain. Indeed, pension and benefit reform has been a constant priority for the League for decades. In the recent report on benefit abuse by the State Commission on Investigation, the League was singled out for consistently arguing for commonsense reforms that save taxpayers money. We stressed the need for reform during the recent transition meetings with the current administration.

On February 11, Assemblyman Paul Moriarty introduced A-2115. The bill would remove the employees of all private groups, including the League of Municipalities, from both the state pension system and the state health benefits system.

According to the bill, all employees who begin after the date the bill is signed would be ineligible to participate in PERS. All employees who have been in PERS for less than 5 years would have their participation terminated as of the date the bill is signed. Employees with more than 5 years of participation would not be affected.

All employees, regardless of length of service, would be ineligible to participate in the state health benefits plan 18 months after the date the bill is signed.

From the beginning, the League of Municipalities has consistently stated that we will support any change in status that treats our retired and current employees fairly, and that deals with all private groups in the pension system in a comprehensive and consistent manner.

League President Anzaldi and the League officers are currently reviewing the proposed legislation with our General Counsel, and we will keep you abreast of any further developments.

This is one of many current bills that would reform PERS. We look forward to working with the State Legislature and the Christie Administration in ensuring the long-term affordability and viability of the pension system.

Very truly yours,

William G. Dressel, Jr.
Executive Director