



From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Thursday, March 12, 2009 4:18 PM
To: Lashway, Lisa
Subject: From NJLM - New Pension Deferral Bill

LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

March 12, 2009

Dear Mayor:

Re: New Pension Deferral Bill

On Monday, March 16, both the Senate and the General Assembly are expected to vote on newly introduced Pension Deferral legislation. S-21, sponsored by Senate President Codey, and A-3868, sponsored by Speaker Roberts, would allow municipalities and counties to reduce their 2009 public pension liabilities by 50%.

These bills will permit the 50% deferral for this year only. Any municipality that pays the full 100% will be appropriately credited and their future liabilities will not be affected by the decision of others to avail themselves of the deferral.

The option to fully fund the pension obligation had been included in the previous deferral bills, at our request. We are gratified that it has been carried forward into this version.

Those that need to use the 50% deferral this year will begin to fund their resultant unfunded liability with the payments due in 2012. And the pay-back will be accomplished with level annual payments, adjusted on the basis of the systems' rate of return on investments, over a 15 year period.

In order to use the deferral, a municipality will need to demonstrate the need to do so, and have the deferral approved by the Local Finance Board.

Since these new bills preserve the real option to use the deferral or to fully fund your obligation, the League supports S-21 and A-3868 and urges you to contact your State Senator and your Assembly Representatives on this.

Very truly yours,

William G. Dressel, Jr.
Executive Director