



From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Friday, March 13, 2009 11:36 AM
To: Lashway, Lisa
Subject: Municipal clerks from NJLM

LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

March 13, 2009

Re: I **New Pension Deferral Bill**

Dear Mayor:

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, but not require, municipalities and counties to reduce their 2009 public pension liabilities by 50%. In order to deal with revenue losses due to the recession and due to cuts in municipal revenue replacement funding programs, and the constraints imposed by the arbitrary and artificial 4% levy cap, several municipalities absolutely need this option, this year.

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 fund their resultant unfunded liability over a 15 year period, beginning with the payments due in 2012.

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. we urge you to contact your State Senator and your Assembly Representatives on this. This is the right thing to do.

Very truly yours, William G. Dressel, Jr. Executive Director