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Lashway, Lisa

From: NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]
Sent: Tuesday, April 06, 2010 4:11 PM
To: Lashway, Lisa
Subject: Division of Pension & Benefits Guidance on Pension Reforms



Municipal Clerks for Mayors, Elected Officials and Staff



April 6, 2010

Re: Division of Pension and Benefits Guidance on Pension Reforms

Dear Mayor:

Recently the Division of Pensions and Benefits sent Certifying Officers guidance on P.L. 2010, [c. 1](#) and [c. 2](#). Copies of those [guidance letters](#) have been posted to the League's website under Pension Reforms.

We would like to highlight the following:

- For **PFRS employees hired after May 21, 2010**, when their base salary is equivalent or exceeds the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contribution Act, they will become a participant in the Defined Contribution Retirement Program (DCRP) with regard to the remaining compensation. The employees will have to contribute 5.5% for DCRP and employers will be responsible for the DCRP's matching 3% contribution. The employee can irrevocably elect to waive the participation in DCRP. For 2010, the amount is \$106,800.
- For **employees hired after May 21, 2010**, they must work 32 hour or more per week to qualify for participation in the PERS. When determining eligibility, hours during which an employee does not work due to participation in a voluntary or mandatory furlough program will not be deducted in determining whether the hours of work are fixed at fewer than 32 hours per week.

- Employees, **hired after May 21, 2010**, who are ineligible for PERS because the hours of work are less than 32 hours may be eligible for enrollment into DCRP. The employee must have an annual salary of \$5,000 or higher.
- **Current employees** with multiple positions will continue to qualify for service credit and the compensation base for pension contributions for those positions held without any break in service. Any new concurrently held position begun after May 21, 2010 will not qualify for service credit or the compensation base for pension contribution and calculation of retirement.
- The Division of Pension and Benefits will send a list of employees who have multiple coverage through the State Health Benefits (SHBP) and/or School Employees' Health Benefit (SEHBP) to your Certifying Officer so you can notify those employees to waive coverage for themselves or remove dependents with multiple coverage.
- Currently, municipalities are permitted to offer an incentive to employees to waive SHBP coverage. Municipalities are permitted to offer up to 50% of the amount saved by the town due to the employee's waiver of coverage. Any waiver filed before May 21, 2010 remains in effect. For any **waiver filed on or after May 21, 2010**, the most an employer may offer that employee is 25% of the amount saved or \$5,000, whichever is less. When calculating the amount saved by the employer, it is the premium due minus the contribution the employee would have made if the employee did not waive coverage.
- To be eligible for SHPB, any local employee appointed or elected **after May 21, 2010** will be required to work a minimum number of hours per week as determined by resolution of the governing body, however, in no case can the minimum hours be less than 25 hours.
- The availability of plans offered to eligible employees may be limited by municipalities through the collective bargaining process. A municipality may through its sole discretion impose the provisions of a binding collective bargaining agreement on those employees who have no majority representation for collective bargaining purposes.

We will continue to keep you update to date on the guidance received by the State on implementing the pension reforms. If you have any questions or need additional information please contact Lori Buckelew at lbuckelew@njslom.com or 609-695-3481 x112.

Very truly yours,

William G. Dressel, Jr.
Executive Director

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