




0

Lashway, Lisa

**From:** NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]  
**Sent:** Wednesday, June 25, 2008 3:34 PM  
**To:** Lashway, Lisa  
**Subject:** Municipal Clerks from NJLM

		
<b>LEAGUE ALERT</b>		
Municipal Clerk: Please forward to Mayor and Governing Body.		
6-25-2008 Re: I <b>PENSION REFORMS ADVANCED TO THE GOVERNOR</b>		
Dear Mayor:		
<p>The Legislature, on Monday, gave final approval to comprehensive reform legislation, which is intended to stabilize the long-term health of the public employee pension and health-benefits systems while installing new safeguards to protect against abuse by the politically connected.</p>		
<p>The legislation (S-1962) -- "The Pension and Health Benefits Reform Act of 2008" -- would institute six long-range reforms recommended in 2006 by the Joint Legislative Committee on Public Employee Benefits Reform.</p>		
If enacted, the reforms would:		
<ul style="list-style-type: none"><li>• Raise, <b>for employees hired after the bill is signed</b>, the public employee retirement age from 60 to 62, mirroring the federal Social Security retirement age. The move -- which was the joint committee's second-overall recommendation -- would save approximately \$200 million over the next 14 years;</li><li>• Increase, <b>for employees hired after the bill is signed</b>, the minimum qualifications for enrollment in either the Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) to \$7,500 annual salary. The qualifying amount would be annually indexed for the rate of inflation, to a maximum of 4 percent. Currently, any public employee who makes at least \$1,500</li></ul>		

annually can qualify for PERS; TPAF has an even lower, \$500 income threshold. As many as 8,500 current pension-eligible employees earn less than \$5,000. PERS and TPAF have not increased their thresholds since 1986 and 1955, respectively;

- Prohibit pensionable time, from an out-of-state public job, purchased, **after this bill is approved by the Governor**, from being counted towards post-retirement health benefits;
- Allow an incentive for **State** employees who opt-out of the State Health Benefits Plan;
- Codify that a **future** municipal employee must work 20 hours per week to be eligible for public health benefits, and require state officials to undertake audits to ensure compliance and penalize offenders; and
- Eliminate Lincoln's Birthday (February 12) as a **state** holiday and combine it on the state calendar with Washington's Birthday (third Monday in February). This change would mirror the federal calendar in creating only one paid-holiday in February while maintaining the state's historic recognition of Lincoln's Birthday.

The measure now heads to the Governor who may sign it, veto it, or modify it in the form of a conditional veto.

We will keep you posted on final action.

Very truly yours,

William G. Dressel, Jr.  
Executive Director

NJLM  
222 West State Street  
Trenton, NJ 08608