

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4022
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 9, 2023

SUMMARY

Synopsis: Expands definition of child under PFRS and SPRS.

Type of Impact: Expenditure Increase for State General Fund and local government funds.

Agencies Affected: Division of Pensions and Benefits, Department of the Treasury; Counties and Municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost: Contributions for PFRS and SPRS	Indeterminate
Local Cost: Contributions for PFRS	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will result in an increase in contributions by the State for the State Police Retirement System and by the State, counties, and municipalities for the Police and Firemen’s Retirement System.
- The increase will depend on the number of members of these retirement systems who die in active service or in retirement without a surviving spouse but with children who are under the age of 24 years enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester. Payments will depend on the deceased member’s final compensation and the years during which a surviving child meets the definition’s requirements.

BILL DESCRIPTION

This bill expands the definition of a child under the Police and Firemen’s Retirement System and the State Police Retirement System to include the child of a deceased member who is under the age of 24 and who is enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester.



Under current law, a person is considered a child under these retirement systems if the person is:

(1) under the age of 18;

(2) 18 years of age or older and enrolled in a secondary school;

(3) under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester, provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place, and the death was not the result of the member's willful misconduct; or

(4) any age who, at the time of the member's or retirant's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the medical board.

This bill would remove the requirement that if the child is under the age of 24 and enrolled in an institution of higher education, the child must be the survivor of a member who died in the line of duty to be considered a child under the Police and Firemen's Retirement System or State Police Retirement System. This bill would permit any child of a deceased member that is under the age of 24 and that is enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester to be considered a child regardless if the member died in the line of duty or not.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will result in an increase in contributions by the State for the State Police Retirement System and by the State, counties, and municipalities for the Police and Firemen's Retirement System. The increase will depend on the number of members of these retirement systems who die in active service not as a result of their performance of official duties, or in retirement, without a surviving spouse but with children who are under the age of 24 years enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester. Payments will depend on the deceased member's final compensation and the years during which a surviving child meets the definition's requirements.

The benefits in both systems are as follows.

In the case of a member who dies in active service in the Police and Firemen's Retirement System or the State Police Retirement System, but not in the performance of official duties, if there is no surviving spouse or upon death or remarriage of the surviving spouse, 50 percent of final compensation is payable to the surviving children in equal shares.

In the case of a member who dies in active service as a result of performance of duties in either of these retirement systems, if there is no surviving spouse or upon death of the surviving spouse, 70 percent of final compensation, or adjusted final compensation if applicable, is payable to the surviving children in equal shares.

In the case of death after retirement in either of these retirement systems, if there is no surviving spouse or upon death or remarriage of the surviving spouse, a total of 20 percent, 35 percent, or 50 percent of final compensation is payable to one, two, or three or more, respectively, dependent

children. In addition in the Police and Firemen's Retirement System, even if there is a surviving spouse, 15 percent of final compensation is paid to one surviving child and 25 percent is paid two or more surviving children.

Section: State Government

*Analyst: Aggie Szilagyi
Section Chief*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).