

CWA - Fact Sheet on the Pension and Healthcare Bills

S2 - Pension

Summary: Changes the pension formula for new hires to n/60 and the Final Average Salary to highest of 5 years instead of highest 3 years.

Details:

- Employees hired on or after May 21, 2010 must work 32 hours a week in local government and 35 hours a week in state government to be eligible for PERS. Furlough hours are not deducted from total work hours to determine eligibility.
- Employees hired on or after May 21, 2010 will have benefits calculated based on n/60 rather than n/55 (a 9% reduction), and benefits will be based on the highest five paid years rather than the highest three paid years.
- Non-forfeitable right:
 - Employees hired on or after May 21, 2010 do not have a non-forfeitable right to receive benefits upon the attainment of five years of service.
 - Employees hired before that date who transfer service credit from one State-administered system to another State-administered system still retain the non-forfeitable right.
 - Employees who have been granted a retirement allowance but who reenroll in the retirement system after May 21, 2010 after becoming employed in a position making them eligible to be a member of the retirement system still retain the non-forfeitable right.
- Beginning July 1, 2011, the state is required to make contributions as determined by actuaries of each of the retirement systems. The state must make at least 1/7th of the full pension contribution in the fiscal year beginning July 1, 2011 and must increase that payment by an additional 1/7th until payment of the full contribution is made in the seventh fiscal year, and full payment must be made every year thereafter.
 - (This provision exists as a proposed Constitutional Amendment as SCR 1, and would be placed on the ballot at the next general election three months after passage of SCR 1.)
- The opt-out provision, which would have permitted employees with fewer than 10 years of service and all new employees hired after May 21, 2010 to opt into a defined contribution system (without the ability to ever transfer back into a defined benefit system) was in the original draft of the bill, but removed from the bill before it was signed.

S3 - Healthcare

Summary: Requires 1.5% of pay minimum contribution to healthcare at expiration of Contract.

Details:

- After the expiration of any applicable collective bargaining agreement in force on May 21, 2010, all public employees must pay at least 1.5% of base salary towards health

benefits without exception. A collective bargaining agreement entered into after the expiration of the current agreement can increase the 1.5% contribution,

- Employees hired after May 21, 2010, who qualify for post-retirement medical benefits, will pay a minimum of 1.5% of their monthly retirement allowance, including any future cost-of-living adjustments for retiree healthcare. This contribution can be increased by a binding collective negotiations agreement. Contributions cannot be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.
- The contribution to post-retirement medical benefits applies to local government workers regardless of whether they are participating in the State Health Benefits Program or an insurance fund or joint insurance fund or any other manner.
- The availability of plans within the State Health Benefits Plan for employees of county and municipal employers may be limited pursuant to a binding collective bargaining agreement.
- Starting May 21, 2010, for the purposes of the State Health Benefits Plan, an "employee" is:
 - One whose hours of work are fixed at 35 or more, or
 - Any full-time employee of the state, or
 - A full-time employee of a non-State employer who appears on a regular payroll and receives a salary for an average number of hours per week as prescribed by a governing body of the participating employer which is considered full-time and is not less than 25 hours.

S4 – SLI, Vacation, Disability Retirement

Summary – Eliminates SLI, caps Sick Leave at \$15,000, eliminates Disability Retirement for new hires, limits vacation carryover.

Details:

- * Upon expiration of the collective bargaining agreements with the State, employees will no longer be entitled to Sick Leave Injury benefits.
- Eliminates disability retirement (both accidental and ordinary) for any employee who becomes a member of the retirement system on or after May 21, 2010. These employees are eligible for disability insurance coverage.
- Supplemental compensation for unused sick leave is capped at \$15,000 for employees hired after May 21, 2010.
 - Current law limits compensation for unused sick leave for state employees at \$15,000; this expands the limit to local government and school district officers or employees.
- For employees hired on or after May 21, 2010 vacation leave can only be carried over for one year, with the exception that vacation leave that cannot be used because of an emergency declared by the Governor does not apply. If there is a collective bargaining agreement in effect that permits employees to carry over more than one year of vacation time, that provision will apply to newly hired employees until the expiration of the contract.