

ASSEMBLY, No. 946

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

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SYNOPSIS

Provides that public employee pension benefits are calculated on base salary exclusive of various forms of extra compensation.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the base salary of a member of a State-
2 administered retirement system and supplementing Title 43 of
3 the Revised Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. The compensation of a member subject to pension and
9 group life insurance contributions and creditable for retirement and
10 death benefits in a State-administered retirement system or fund
11 shall be limited to base salary, and shall not include extra
12 compensation. For purposes of this section:

13 “Base salary” means the annual compensation of a member, plus
14 the value of maintenance, if applicable, in accordance with
15 contracts, ordinances, resolutions or other established salary
16 policies of the member’s employer for all employees in the same
17 position, or all employees covered by the same collective
18 bargaining agreement, which is paid in regular, periodic
19 installments in accordance with the payroll cycle of the employer;
20 and

21 “Extra compensation” means individual salary adjustments
22 which are granted primarily in anticipation of a member’s
23 retirement or as additional remuneration for performing temporary
24 duties beyond the regular workday or work year. Forms of extra
25 compensation include, but are not limited to:

26 (1) Overtime;

27 (2) Pay for extra work, duty or service beyond the normal
28 workday or work year, or bonuses;

29 (3) Lump-sum payments for longevity, holiday pay, vacation,
30 compensatory time, accumulated sick leave, or any other purpose;

31 (4) Any compensation which the employee or employer has the
32 option of including in base salary;

33 (5) Sell-backs, trade-ins, waivers, or voluntary returns of
34 accumulate sick leave, holiday pay, vacation, overtime,
35 compensatory time, or any other payment or benefits in return for
36 an increase in base salary;

37 (6) Individual retroactive salary adjustments when no sufficient
38 justification is provided that the adjustment was granted primarily
39 for a reason other than retirement;

40 (7) Individual adjustments to place a member at the maximum
41 of his or her salary range in the final year of service when no
42 sufficient justification is provided that the adjustment was granted
43 primarily for a reason other than retirement;

44 (8) Increments or adjustments granted for retirement credit, or
45 increments or adjustments in recognition of the member’s
46 forthcoming retirement;

47 (9) Any form of compensation which is not included in the base
48 salary of all employees in the same position or covered by the same

1 collective bargaining agreement who are members of the retirement
2 system or fund and who receive the compensation, or retroactive
3 increments or adjustments made at or near the end of a member's
4 service, unless the adjustment was the result of an across-the-board
5 adjustment for all similarly situated personnel; and

6 (10) Any form of compensation which is not included in a
7 member's base salary during some of the member's service and is
8 included in the member's base salary upon attainment of a specified
9 number of years of service.

10 b. The board of trustees, or administering commission, of a
11 retirement system or fund may question the compensation of any
12 member or retiree to determine its creditability when there is
13 evidence that compensation reported as base salary may include
14 extra compensation.

15 c. Extra compensation shall not be considered creditable for
16 benefits and all contributions made thereon shall be returned
17 without interest.

18 d. With respect to all claims for benefits, the Division of
19 Pensions and Benefits shall investigate increases in compensation
20 reported for credit which exceed the reasonably anticipated annual
21 compensation increases for members of a retirement system or fund
22 based upon either the increase in the Consumer Price Index for the
23 time period of the increases and the table of assumed salary
24 increases recommended by the actuary and adopted by the board of
25 trustees, or administering commission, of a system or fund, or based
26 on the averages of the regular increases in the employees'
27 compensation preceding the periods in which the extra
28 compensation was received. Those cases when a violation of law is
29 suspected shall be referred to the board of trustees, or administering
30 commission, of the appropriate retirement system or fund.

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32 2. This act shall take effect immediately.
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35 STATEMENT

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37 This bill provides that the compensation of a public employee
38 subject to pension and group life insurance contributions and
39 creditable for retirement and death benefits in a State-administered
40 retirement system or fund will be limited to base salary and will not
41 include extra compensation. The bill's definition of forms of extra
42 compensation includes, but is not limited to, overtime pay; pay for
43 extra work, duty or service beyond the normal workday or work
44 year; bonuses; lump-sum payments for longevity, holiday pay,
45 vacation, compensatory time or accumulated sick leave; or
46 increments or adjustments in recognition of the member's
47 forthcoming retirement.

1 The bill further provides that the Division of Pensions and
2 Benefits will investigate increases in compensation reported for
3 credit which exceed the reasonably anticipated annual
4 compensation increases for members of a retirement system.