LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 5160

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 20, 2026

SUMMARY

Synopsis: Requires transfer of certain participants of DCRP to PERS.

Type of Impact: Annual State and local government expenditure increases.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
Local Government Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that transferring certain participants of the Defined Contribution Retirement Program to the Public Employees' Retirement System will result in an indeterminate one-time increase in State expenditures to pay in full for the liability created by the transfer.

- The OLS also determines that the transfer of certain participants to the Public Employees' Retirement System will lead to annual indeterminate State expenditure increases to pay for post-retirement medical health benefits for members who attain 25 years of service credit in the system.

- The OLS is unable to estimate the increase in local government employer pension contributions resulting from the transfer.

BILL DESCRIPTION

This bill requires the transfer of certain participants of the Defined Contribution Retirement Program to the Public Employees' Retirement System.

Under the bill, certain employees of school districts or boards of education will be enrolled as members of the Public Employees' Retirement System. Those employees will be entitled to and will receive the same benefits received by members of the retirement system who enrolled in the system after July 1, 2011.

Upon the transfer, each employee will be given service credit in the Public Employees' Retirement System for service starting on the employee's date of enrollment in the Defined Contribution Retirement Program. Any years of service credit transferred to the Public Employees' Retirement System from the Defined Contribution Retirement Program will be used to qualify members for retirement and health benefits associated with the Public Employees' Retirement System, but will not be used to calculate the amount of pension benefit.

Under the bill, the actuary for the Public Employees' Retirement System is required to determine the unfunded accrued liability resulting from the transfer. The State will be responsible for the one-time payment to fund the unfunded liability resulting from the provisions of this bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that requiring the transfer of certain participants of the Defined Contribution Retirement Program to the Public Employees' Retirement System will result in annual indeterminate State and local expenditure increases.

The OLS finds that transferring certain participants of the Defined Contribution Retirement Program to the Public Employees' Retirement System will result in an indeterminate one-time increase in State expenditures to pay in full for the liability created by the transfer.

The OLS also determines that the transfer of certain participants to the Public Employees' Retirement System will lead to annual indeterminate State expenditure increases to pay for post-retirement medical health benefits for members who attain 25 years of service credit in the system.

The State will incur an increase in actuarial consulting fees to determine the unfunded accrued liability resulting from the transfer.

Additionally, the OLS is unable to estimate the increase in local government employer pension contributions resulting from the transfer.

Section: *State Government*

Analyst: *Camryn Mathews*
Associate Fiscal Analyst

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.).