



EDWARD R. BRANNIGAN
PRESIDENT

NEW JERSEY STATE LODGE FRATERNAL ORDER OF POLICE®

STATE HEADQUARTERS · 108 WEST STATE STREET · TRENTON, NEW JERSEY 08608

609-599-1222 · FAX 609 599-1221

WAYNE WINKLER
SECRETARY

June 8, 2011

Trenton – Today, representatives of State Senate President Stephen Sweeney presented a plan to New Jersey State Lodge Lobbyist Peter Guzzo of proposed legislation to address changes to the pension and health care systems. It was reported that the senate president wanted the legislation implemented by July 1, 2011.

The plan was presented to the Senate Democratic Caucus members in attendance for the meeting that was called the prior evening. Eleven of the twenty-four members of the caucus were in attendance. It was reported by members of the caucus to Mr. Guzzo and New Jersey State Lodge Legislative Committee Chairman Steven Demofonte that there was not a consensus among the members to agree to the plan. Both met with legislators throughout the afternoon to gauge the interest of the legislature to pass legislation that does grave harm to middle class employees across the state. Members of the Democratic Assembly Caucus shared their concerns with the proposed plan. The proposed plan largely mirrors proposals put forth by the governor and it is widely expected that the Republican minority in both legislative houses will support the proposal.

The plan, as presented to Mr. Guzzo was broad and all encompassing. Briefly, the plan affects members of the Fraternal Order of Police in a number of ways. First the plan is to have one bill cover both changes to pension and health care systems.

Under Pensions:

- ◆ The contribution rate for members of the New Jersey Police and Fire Retirement System (PFRS) would immediately be raised from its current level of 8.5% to 10%.
- ◆ New members of the PFRS would have pensions calculated at a reduced rate of 60% for 25 years of service and 65% for 30 years of service.
- ◆ The state would be granted a new 1/7 annual phase-in for contributions to the pension system.
- ◆ Cost of Living Adjustments (COLA's) would be suspended for current retirees until the value of the pension system exceeds 80%. COLA's for new employees would be barred.
- ◆ The make up of the PFRS Board of Trustees would be redefined.

Under Health Care:

- ◆ All public employees with less than 25 years of service would have to contribute to the costs of the premiums for their health care. The costs would be carried into their retirement.
- ◆ The contribution rate will be based upon the employee's/base salary or retiree's monthly pension allowance. The rate would be phased in over four years and would range between 3%

and 35%. Other costs could raise the employee contribution to close to 40% of the health care premium costs.

- ◆ Local government may negotiate for health care plans that provide more coverage than provided by the state, but employees would be required to pay 100% of the cost of the difference between the local plan and a comparable state plan.
- ◆ Premium sharing would begin at the expiration of collective bargaining agreements in effect at the time the law is enacted.
- ◆ A new plan called “Direct 40” would become the model health care plan in the state.
- ◆ No provision of the bill will sunset and thus all of it would remain in effect until further legislation were passed to amend or repeal.

