

How the Pension and Health Benefits Reform Bills Will Affect YOUR Pension and Benefits

Some people are saying that the pension and health benefit reform bills currently introduced in the New Jersey State Legislature won't affect the pensions or benefits of current workers.

They couldn't be farther from the truth.

In the Senate, the bills are S2, S3, and S4. In the Assembly, they are A2461, A2460 and A2459. And they directly affect **ALL** current public employees.

S2 and A2461, The Pension Reform Bills, Give all new hires the option of contributing to a 401(k) account instead of the defined benefit pension plan. If all new workers were to go into a 401(k), in less than 10 years nearly half of the workforce will be in a 401(k) and not the defined benefit plan. That means they are not contributing to the defined benefit plan. Furthermore, the state will have to make matching contributions on time to 401(k) recipients. For every new worker who takes this option, **less money will be coming in and more money will be going out of the fund that your pension will be paid from.**

S2 and A2461 also create a tiered system of pension plans. New hires would either see an 11% reduction in benefits or go into a 401(k), so people working alongside each other and doing the same work would be receiving different benefits. **This will divide the workforce.** Time after time management has used this as a tool to promote competition between workers and retirees over funding. Which should get paid for: The unfunded liability for workers in the system? The COLA for retirees? Or some small match for workers in the 401(k) plan? And what happens when those workers are told, "we can pay for the defined benefit pension plan or a salary increase?" **Who will fight for your pension if you allow changes to their plan?**

S2 and A2461 also eliminate the non-forfeitable right to the pension benefits for anyone with less than 5 years on the job. It is currently unclear if the repeal of the non-forfeitable right could have implications for some or all current employees.

S3 and A2460, The Health Benefits Bills, force all current employees to pay 1.5% of salary on health benefits and all retirees to pay 1.5% of their pension on health benefits, **regardless of what is bargained.** For county and local government workers, it imposes the 1.5% cost at the end of the current collective bargaining agreement. Not only does this ignore the bargaining process, **it sets a precedent that the legislature can impose costs on public employees without any input from unions and do so completely outside of a collective bargaining structure.**

S3 and A2460 also eliminate the New Jersey Wellness Plan where retirees can have regular health checkups and waive the contribution.

S4 and A2459, The Disability Retirement and Sick Leave Injury Bills, are more appropriately entitled the **"Don't Get Hurt While You Are On the Job if You are a State Worker Bills."** They eliminate state accidental and ordinary disability programs where a public servant can retire with some benefits if permanently injured on the job for new workers. While this currently applies only to new hires, when coupled with the repeal of the non-forfeitable right in S2 and A2461, this could have implications for current workers. They replace PERS Disability Retirement with "private disability insurance." They also eliminate the Sick Leave Injury Program where members are paid while out sick if they are injured on the job while doing their job. SLI changes *will apply* to current workers.

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