

SUMMARY OF PENSION & HEALTH CARE CHANGES EFFECTIVE JULY 1, 2011

Pension Changes

Alternate Benefit Program (ABP – TIAA-CREF, Met Life, ING, etc.)

There are no changes in the bill for the ABP. Most of our members are in the ABP.

(For Employees in PERS or TPAF)

- Employee pension contributions will increase from the current 5.5% to 6.5% as of July 1, 2011. The employee contributions will gradually increase to 7.5% over a period of seven years.
- Cost-of-living adjustments (COLAs) for all current and future retirees will be suspended until the pension fund reaches 80% of the full funding level (which could take an estimated 30 years).
- The normal retirement age for newly hired employees will be age 65 (vs. 60 or 62 for current employees depending on when they were hired). New employees will be able to retire early with reduced pension benefits if they have 30 years of credited service (vs. 25 for current employees). There is no change in the retirement age and years of service requirements for current employees.
- There will be no change in the formula for calculating retirement benefits.
- Once the funds reach a funded ratio of 80%, a joint employer-employee committee will decide on future changes to the benefit and contribution levels.
- If the State fails to make its required contribution, employees may sue to enforce their contractual right to have the State make its contribution. Nonetheless, the State will be allowed to continue underfunding the system for the next seven years while the full contribution level is phased in.

Health Benefit Changes

- All active employees will be required to contribute toward their health benefit costs based on a percentage of the premium. For purposes of calculating contributions, the premium for employees will include the cost of medical and prescription benefits only. The rate will depend on each employee's base salary and coverage tier (single, member with child (ren) or spouse, and family). Contributions will be made by payroll deduction on a pre-tax basis. Base salary does not include summer session or overload pay. (See chart of costs based on current health benefit rates.)
- All premium sharing changes are effective July 1, 2011.

- Beginning January 1, 2012, the State Health Benefits Plan Design Committee shall provide to employees the option to select one of at least three levels of coverage each for family, individual, individual and spouse, and individual and dependent, or equivalent categories, for each plan offered by the program differentiated by out of pocket costs to employees including co-payments and deductibles. Notwithstanding any other provision of law to the contrary, the committee shall have the sole discretion to set the amounts for maximums, co-pays, deductibles, and other such participant costs for all plans in the program. The committee shall also provide for a high deductible health plan that conforms with the Internal Revenue Code Section 223.
- All current employees will gradually increase their contribution rates over a four-year period. The phase in is 25% in year 1, 50% in year 2, 75% in year 3 and 100% in year 4. In Year 4 they will pay the full rate, ranging from 3% of the premium for the lowest-paid employees to 35% for the highest-paid employees (see chart below).
- Employees who are hired after the premium-sharing has begun will pay the full contribution rates for Year 4 immediately upon hire.
- No employee will pay less than 1.5% of their base salary. For most of our members, 1.5% of base salary is more than the year 1 phase in and you will continue to pay 1.5% in year 1. Do your own calculation of 1.5% of your base salary and compare it to the applicable chart below to determine what you will be paying in year 1.
- On June 28, 2015, the premium-sharing provisions will sunset. Despite this, employees must continue to pay the contributions until the full Year 4 rates are in effect for the affected group.
- Negotiations over premium-sharing will be pre-empted until the full Year 4 rates are implemented, at which point these rates will constitute the status quo for future negotiations. Additional contributions not required by law may implemented by the joint labor-management committee.
- Employees who already have 20 years or more of pension service credits as of June 28, 2011 and subsequently retire with 25 years or more of service will be exempt from the new premium-sharing requirements.
- Except for above, all other employees who retire after the effective date of the law and who receive employer-paid health benefits will have contributions deducted from their pension payments if they are in PERS or TPAF, using the same rates that are required for active employees. Deductions will start as soon as the State is administratively able to implement them and the amounts will be remitted to the former employers. It is uncertain how the State will bill members who are in the ABP and retire, however the same rates apply.
- Current retirees are not affected.
- A provision in the original bill for NJ residents regarding out-of-state coverage restrictions was removed.

New Health Care Cost Sharing 2011

The employee cost shall not be less than 1.5% of salary under any circumstances

Phase In over 4 years per charts below

Year 1	25%
Year 2	50%
Year 3	75%
Year 4	100%

[Download Spreadsheet](#)

Dental and vision are excluded from cost of plans below per the new law

For most of our employees, 1.5% of base salary is more than the year 1 phase in and you will continue to pay 1.5% in year 1. Do your own calculation of 1.5% of your base salary and compare it to the applicable chart below to determine what you will be paying in year 1.

All earnings are based on base salary only per the new law. Summer Session & Overload pay are excluded from base salary.

Effective January 1, 2012, employees will have the option to choose one of at least three levels of coverage each for individual, member & spouse/partner OR parent & child/children, including a high deductible, low cost health plan.

Family Coverage or Equivalent

		Percentage of Premium Cost	25% phase in - year 1	50% phase in - year 2	75% phase in - year 3	2011 Direct 15 Premium Costs at 100% in year 4	\$19,057
Salary Less than							
\$25,000		3%	\$143	\$286	\$429	\$572	
Salary Equal to or More than	But Less Than						
\$25,000	\$30,000	4%	\$191	\$381	\$572	\$762	
\$30,000	\$35,000	5%	\$238	\$476	\$715	\$953	
\$35,000	\$40,000	6%	\$286	\$572	\$858	\$1,143	
\$40,000	\$45,000	7%	\$333	\$667	\$1,000	\$1,334	
\$45,000	\$50,000	9%	\$429	\$858	\$1,286	\$1,715	
\$50,000	\$55,000	12%	\$572	\$1,143	\$1,715	\$2,287	
\$55,000	\$60,000	14%	\$667	\$1,334	\$2,001	\$2,668	
\$60,000	\$65,000	17%	\$810	\$1,620	\$2,430	\$3,240	
\$65,000	\$70,000	19%	\$905	\$1,810	\$2,716	\$3,621	
\$70,000	\$75,000	22%	\$1,048	\$2,096	\$3,144	\$4,193	
\$75,000	\$80,000	23%	\$1,096	\$2,192	\$3,287	\$4,383	
\$80,000	\$85,000	24%	\$1,143	\$2,287	\$3,430	\$4,574	
\$85,000	\$90,000	26%	\$1,239	\$2,477	\$3,716	\$4,955	
\$90,000	\$95,000	28%	\$1,334	\$2,668	\$4,002	\$5,336	
\$95,000	\$100,000	29%	\$1,382	\$2,763	\$4,145	\$5,527	
\$100,000	\$110,000	32%	\$1,525	\$3,049	\$4,574	\$6,098	
\$110,000		35%	\$1,667	\$3,335	\$5,002	\$6,670	

New Health Care Cost Sharing 2011

Individual or Equivalent

		Percentage of Premium Cost	25% phase in - year 1	50% phase in - year 2	75% phase in - year 3	2011 Direct 15 Premium Costs at 100% in year 4	\$7,623
Salary Less than							
	\$20,000	4.5%	\$86	\$172	\$257	\$343	
Salary Equal to or More than	But Less Than						
	\$20,000	5.5%	\$105	\$210	\$314	\$419	
	\$25,000	7.5%	\$143	\$286	\$429	\$572	
	\$30,000	10%	\$191	\$381	\$572	\$762	
	\$35,000	11%	\$210	\$419	\$629	\$839	
	\$40,000	12%	\$229	\$457	\$686	\$915	
	\$45,000	14%	\$267	\$534	\$800	\$1,067	
	\$50,000	20%	\$381	\$762	\$1,143	\$1,525	
	\$55,000	23%	\$438	\$877	\$1,315	\$1,753	
	\$60,000	27%	\$515	\$1,029	\$1,544	\$2,058	
	\$65,000	29%	\$553	\$1,105	\$1,658	\$2,211	
	\$70,000	32%	\$610	\$1,220	\$1,830	\$2,439	
	\$75,000	33%	\$629	\$1,258	\$1,887	\$2,516	
	\$80,000	34%	\$648	\$1,296	\$1,944	\$2,592	
	\$95,000	35%	\$667	\$1,334	\$2,001	\$2,668	

New Health Care Cost Sharing 2011

Individual & Dependent or Equivalent		Note: We believe the legislation means Member & Spouse/Partner OR Parent & Child(ren) Plans (see next page for Parent & Child(ren))					
Member & Spouse/Partner							
		Percentage of Premium Cost	25% phase in - year 1	50% phase in - year 2	75% phase in - year 3	2011 Direct 15 Premium Costs - Member & Spouse/Partner in year 4	\$17,151
Salary Less than	\$25,000	3.5%	\$150	\$300	\$450	\$600	
Salary Equal to or More than	But Less Than						
\$25,000	\$30,000	4.5%	\$193	\$386	\$579	\$772	
\$30,000	\$35,000	6%	\$257	\$515	\$772	\$1,029	
\$35,000	\$40,000	7%	\$300	\$600	\$900	\$1,201	
\$40,000	\$45,000	8%	\$343	\$686	\$1,029	\$1,372	
\$45,000	\$50,000	10%	\$429	\$858	\$1,286	\$1,715	
\$50,000	\$55,000	15%	\$643	\$1,286	\$1,929	\$2,573	
\$55,000	\$60,000	17%	\$729	\$1,458	\$2,187	\$2,916	
\$60,000	\$65,000	21%	\$900	\$1,801	\$2,701	\$3,602	
\$65,000	\$70,000	23%	\$986	\$1,972	\$2,959	\$3,945	
\$70,000	\$75,000	26%	\$1,115	\$2,230	\$3,344	\$4,459	
\$75,000	\$80,000	27%	\$1,158	\$2,315	\$3,473	\$4,631	
\$80,000	\$85,000	28%	\$1,201	\$2,401	\$3,602	\$4,802	
\$85,000	\$100,000	30%	\$1,286	\$2,573	\$3,859	\$5,145	
\$100,000		35%	\$1,501	\$3,001	\$4,502	\$6,003	

New Health Care Cost Sharing 2011

Parent & Child(ren)							
		Percentage of Premium Cost	25% phase in - year 1	50% phase in - year 2	75% phase in - year 3	2011 Direct 15 Premium Costs - Parent & Child(ren) in year 4	
Salary Less than							
	\$25,000	3.5%	\$93	\$187	\$280	\$374	\$10,672
Salary Equal to or More than	But Less Than						
	\$25,000	\$30,000	4.5%	\$120	\$240	\$360	\$480
	\$30,000	\$35,000	6%	\$160	\$320	\$480	\$640
	\$35,000	\$40,000	7%	\$187	\$374	\$560	\$747
	\$40,000	\$45,000	8%	\$213	\$427	\$640	\$854
	\$45,000	\$50,000	10%	\$267	\$534	\$800	\$1,067
	\$50,000	\$55,000	15%	\$400	\$800	\$1,201	\$1,601
	\$55,000	\$60,000	17%	\$454	\$907	\$1,361	\$1,814
	\$60,000	\$65,000	21%	\$560	\$1,121	\$1,681	\$2,241
	\$65,000	\$70,000	23%	\$614	\$1,227	\$1,841	\$2,455
	\$70,000	\$75,000	26%	\$694	\$1,387	\$2,081	\$2,775
	\$75,000	\$80,000	27%	\$720	\$1,441	\$2,161	\$2,881
	\$80,000	\$85,000	28%	\$747	\$1,494	\$2,241	\$2,988
	\$85,000	\$100,000	30%	\$800	\$1,601	\$2,401	\$3,202
	\$100,000		35%	\$934	\$1,868	\$2,801	\$3,735