



State of New Jersey

Department of the Treasury

For Immediate Release
March 4, 2011

For Information Contact:
Andy Pratt or Bill Quinn
(609) 984-6493

Local Pension Costs Climb 8.9% as Legislature Continues to Delay Critical Reforms

The New Jersey Department of Treasury has posted the bills for pension contributions that will be paid by towns, school districts and other local governments and authorities in 2012. The total base pension and non-contributory life insurance amount owed by local governments is \$1.858 billion, 8.9 percent higher than in 2011.

The steep rise follows an even bigger 22 percent increase in the local pension bill for 2011. Combined, local taxpayers have been asked to put \$3.6 billion into employee pension funds in 2011 and 2012. The rising costs illustrate how hard it will be for local officials to provide high-quality services without pension and benefit reform, the Treasurer noted.

“Without passage of the governor’s reform package, local taxpayers will put almost \$1 billion more into public employee pension funds over the next five years,” Treasurer Andrew Sidamon-Eristoff said. “The cost of local pension contributions in 2011 and 2012 illustrates again the high cost of doing nothing about pension and benefit cost inflation.”

The estimated amounts due on April 1, 2012, are now available on the Division of Pensions and Benefits website at <http://www.state.nj.us/treasury/pensions/2012-employer-billing.shtml> . Of that, \$869 million will go to the Public Employees Retirement System (PERS), which pays the pensions for local government employees who are not police and firefighters, and \$989 million will go into the Police and Firefighters Retirement System (PFRS).

For employers that elected to defer 50 percent of 2009 pension bill amounts, 2012 will be the first year that repayment will be required, pushing up the cost of contributions for those local government bodies. The accrued liability resulting from the deferral will be amortized over 15 years. In addition, any employers who elected to participate in previously authorized Early Retirement Incentive programs will see additional costs as well. Any deferral or early retirement costs are identified separately on the list that is posted on the Pension and Benefit website.