

Governor Christie's Pension/Benefit Attack

ISSUE:

On Sept. 15, Gov. Christie announced a wide-ranging set of proposals aimed at cutting pensions and benefits of current, future, and retired NJEA members. **There is currently no specific legislation**, but the proposals – many of which may be illegal – include:

- Eliminating cost-of-living adjustments (COLAs) for current and future retirees
- Changing the normal retirement age for all current PERS and TPAF participants with fewer than 25 years of service to age 65
- Increasing the penalty for early retirement to 3% per year instead of the current 1% per year
- Requiring employees with fewer than 25 years of service to work 30 years for full retirement benefits instead of the current 25 years
- Changing the pension formula for PERS and TPAF members to N/65 (from the current N/55 and N/60) for future service
- Changing the calculation of final average salary from the highest three to the highest five years for current PERS and TPAF participants with fewer than 25 years of service
- Increasing the PERS and TPAF member contributions from 5.5% to 8.5%
- Requiring active employees and retirees to pay 30% of the cost of their health insurance premium
- Increasing employee and retiree co-payments, deductibles and other out-of-pocket costs
- Eliminating the School Employees' Health Benefits Plan
- Eliminating NJ DIRECT 10 and creating a basic plan, with the option to buy up to better plans

TALKING POINTS:

- This is an attack on NJEA members and other middle class workers by a governor whose own irresponsibility is making the state's pension problems worse.
- Public employees contribute to the pension funds out of every paycheck, even while the state has made no contribution for 12 out of the last 16 years. In 2007, we agreed to increase our contribution by 10% (from 5.0% to 5.5%) in order to help stabilize the funds.
- We have contributed more than \$6 billion into the retirement fund in the past 16 years – SIX TIMES what the state has put in over that time period.
- Gov. Christie has already stripped the state's pension contribution from last year's budget and made no pension contribution in this year's budget.
- In March, Gov. Christie signed legislation that requires the state to begin making minimal contributions to the pension systems in FY2012, but he is already waffling on whether he will make a contribution in next year's budget.
- Last year, during the campaign, Gov. Christie wrote an open letter to school employees in which he said, "Nothing about your pension is going to change when I am governor." Less than a year later, he is proposing to reduce pensions for all current employees and current retirees.

TO DO:

Contact your legislators and use the talking points above. Tell them that it's time for the state to make its required contributions. And then tell them to urge the governor and legislative leaders to sit down with NJEA, share all data and actuarial studies, and discuss fair and meaningful solutions to secure the state's pension systems.