



**Professional Firefighters Association of New Jersey
IAFF, AFL-CIO-CLC**

&

New Jersey State Fraternal Order of Police



DOMINICK MARINO
President

EDWARD BRANNIGAN
President

February 2, 2009

VIA FAX and EMAIL

Dear Honorable Member of the General Assembly:

Legislation to allow local employers to reduce their pension contribution obligation to the Police and Firemen's Retirement System (PFRS) and the Public Employee Retirement System (PERS) is scheduled for a vote February 5. On behalf of the Professional Firefighters Association of New Jersey AFL-CIO and the Fraternal Order of Police – New Jersey State Lodge, we respectfully ask that you vote against A3688.

PFRS was once funded at 95% of its projected pension obligations, but that was back in 1993. From 1999 till 2008 the state and municipalities failed to continue funding the pension system to keep pace with pension obligations. This has caused PFRS' current fund value to fall to only 62% of expected pension obligations.

This year the state and municipalities are required to resume contributing 100% of their pension contributions into the pension system, but A3688 would permit the continuation of dangerous under-funding of worker pensions. A3688 disguises insufficient funding of pensions as a deferment. This so-called deferment will instead require a future pension fund contribution from the state and municipalities greater than the sum of the payments if they were made fully and on time.

Between 1999 and 2008 – when municipalities and the state were allowed to contribute only small amounts or nothing into worker pension funds – firefighters and police officers continued to contribute 8.5% of their annual salary to PFRS. Without regard to the fact that firefighters and police officers continued to contribute their share to the pension system while the state and municipalities did not, some, including some legislators, have unfairly and inaccurately criticized firefighters and police officers regarding the issue of funding pensions.

The fact is the state legislature set a harmful precedent when it allowed the state and municipalities to steeply curb or halt their pension contributions between 1999 and 2008. A-3688 would continue this destructive skirting of pension contributions and burden our future municipalities even larger pension liabilities.

The enactment in 2003 of legislation permitting the suspension of pension contributions deprived PFRS the funds to maintain a sound actuarial reserve. The consequence of this was an alarming and significant drop in the plan's earnings. In response, a lawsuit filed by the Professional Firefighters Association of New Jersey, I.A.F.F.-AFL-CIO, and the Fraternal Order of Police – New Jersey State Lodge seeks to find the 2003 law unconstitutional, end any conflict of interest involving the State Treasurer determining the type and variety of pension contributions, and to direct defendants to make regular full payments in accordance with fiscally responsible actuarial calculations.


We understand the stress on property taxes. Our members and their families pay property taxes, too – a fact sometimes overlooked. But the reluctance to pay current obligations now creates a new and more ominous obligation – a future debt much larger than the current obligation.

The Professional Firefighters Association of New Jersey and Fraternal Order of Police – New Jersey State cannot overstate our member's opposition to A3688 and any legislation that adjusts local employer contributions to PFRS. For our members, we kindly ask that you vote against A3688.

Respectfully submitted,



Dominick Marino
President
Professional Firefighters Association
of New Jersey, I.A.F.F.-AFL-CIO



Edward R. Brannigan
President
Fraternal Order of Police -
New Jersey State Lodge