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'Seven deadly sins' of NJ pensions add up to \$104 billion debt

By Mark Lagerkvist / September 22, 2014 / 5 Comments



Governor's Office/Tim Larsen

PENSION HYPOCRISY: Gov. Chris Christie opposes double-dippers, except the ones he hired.

By Mark Lagerkvist | New Jersey Watchdog

The fiscal future of New Jersey and Gov. Chris Christie's presidential ambitions hang in the balance as Trenton finally faces the \$104 billion deficit in the state's retirement system.

"We need to fix this system or it will eat us alive," the governor warns in a [mock movie trailer](#) that opened his "No Pain, No Gain" town hall meetings across the state.

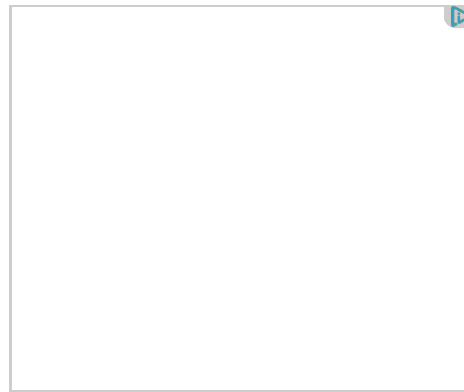
One key is whether Christie and the Legislature can agree to plug costly loopholes and stop blatant abuses of public pensions. If not, many public officials will continue to gorge themselves at the public trough while others make sacrifices.

A long line of governors and legislative leaders — past and present, Republicans and Democrats — share the blame for decades of unaffordable promises and political favors. As a result, [pensions are underfunded by \\$51 billion](#), plus the state faces a [\\$53 billion shortfall from retiree health benefits](#), according to the latest official numbers.



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Joseph Blaettler is a poster boy for a governmental retirement system gone wild.

At age 46, Blaettler retired as Union City deputy police chief. Collecting nearly \$135,000 a year from his pension, Blaettler will rake in more than \$4.5 million by age 80, his statistical life expectancy. And that figure does not include the cost of his retiree health benefits.

“Politicians created this system, and I simply accepted what they gave me along the way,” Blaettler told New Jersey Watchdog. “If taxpayers want to get angry with someone, they need to ask their local and state politicians how they allowed the system to get to the point it is at.”

Christie is expected to propose a new round of reforms next month based on the findings of a special commission he picked to study the dilemma. The question is whether state officials can learn from their past mistakes.

During the past four years, New Jersey Watchdog investigations have focused on systemic weaknesses and abuses of the system. While Christie’s commission deliberates, let’s revisit and review the “Seven Deadly Sins of New Jersey Pensions” with links to the original reports and key documents.

#1 – Retirement shams

Without actually retiring, Essex County Sheriff Armando Fontoura became a pension millionaire, as [New Jersey Watchdog first reported in 2011](#).

At age 47, Fontoura supposedly retired — but he never left Essex County’s payroll. His last day as undersheriff was Friday, Aug. 31, 1990, [according to county records](#). The next Monday, he returned to work as the sheriff’s chief officer, a different job title with the same duties at the same salary. The following year, he was appointed sheriff.

For the past 24 years, Fontoura has received county pay plus \$1.3 million in pension checks. He now collects \$200,305 a year — [\\$137,917 in salary](#) plus [\\$62,388 from pension](#).

“I retired, I collect my pension and I’m your sheriff,” Fontoura said. “Does it look bad? Yes. No question about it, it looks bad. Was it legal? Yes.”

Essex County Executive Joe DiVincenzo pulled the same trick 20 years after Fontoura. He retired as county executive in August 2010, but never left his six-figure post.

One of the state’s most powerful Democrats, DiVincenzo now rakes in \$227,307 a year — [\\$158,446 in salary](#) and [\\$68,861 from pension](#).

The loophole allowing elected officials to retire from positions while still in office is now closed – although DiVincenzo and others continue to collect under a grandfather clause – but it remains wide open for other governmental employees.

A New Jersey Watchdog investigation revealed [state attorneys general rehired 23 of their own retirees as investigators and supervisors](#). More than half of those law enforcement officials “retired” for only one day before they went back to work for the state.



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80 percent of New Jersey’s county sheriffs double-dip millions in salaries and pensions



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80 NJ State Police return to payroll to double-dip millions



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Double-dips mean millions for 45 ‘retired’ NJ school chiefs

The rehired retirees collected \$3.77 million a year — \$1.56 million a year in pension pay plus \$2.21 million in salaries. Such costly personnel maneuvers have happened so often that state officials even have a name for it — “resignation pickup.”

#2 – Full pensions for part timers

Nearing his 62nd birthday, Larry Chatzidakis had never worked as a full-time governmental employee, but he wanted a sizable pension. Over the years, the Burlington County Republican had served on a township council, county Board of Freeholders, Board of Elections and as a state assemblyman.

Like many part-time elected officials and appointees, Chatzidakis sought a late-career job with a high salary to pad his pension. Under state formula, his retirement checks would be based on his highest three years of pay.

The Christie administration came to his rescue. Even as the state was cutting its workforce, the Motor Vehicle Commission created a new [\\$95,000 a year executive position](#) to accommodate Chatzidakis.

Chatzidakis held the title of executive director of MVC’s inspection bureau for 31 months. He retired in January with a [\\$38,630 annual pension](#) — double what it would have been.

“It’s a fact I was hired and I retired,” Chatzidakis told New Jersey Watchdog. “The motivation? People can think anything they want.”

The loophole, exclusive to the Public Employees Retirement System, is open to a wide range of part time elected and appointed officials from New Jersey’s 565 municipalities, 590 public school districts, 21 counties and other governmental entities.

The list includes state legislators, county freeholders, mayors, councilmen, school board members, prosecutors, judges, town attorneys, tax assessors and many others who work for public entities covered under PERS, the largest New Jersey retirement fund.

How many of the 156,000 retirees and beneficiaries in PERS take advantage of the loophole remains a state secret. Citing the privacy concerns of pensioners, the state Treasury has refused to release information on its calculations of pension credits earned or purchased by individuals.

The state also has refused to provide records of how it keeps its pension records. In an attempt to get that information, [a New Jersey Watchdog reporter is suing the Treasury](#) in Mercer County Superior Court. After one year, the case is still waiting to be heard in court.

#3 – Double-dippers and triple dippers

Fred Madden is not just double-dipping from public coffers. The Democratic state senator is a triple-dipper.

Madden rakes in \$248,082 a year — \$49,000 as a state legislator, [\\$85,272 as a State Police retiree](#) and [\\$113,810 as dean of law and justice](#) of Rowan College at Gloucester

County.

Since he retired at age 48 in 2002, Madden has collected nearly \$1 million in pension checks in addition to his public salaries.

“Obviously, I don’t have a problem with people doing it,” Madden told New Jersey Watchdog. “I’ve accepted that in my own personal life. I don’t have a problem with it at all.”

“It’s not appropriate,” said Sen. Jennifer Beck, R-Red Bank, one of the few legislators to oppose double-dipping. “The pension system is intended to support you at a time you are no longer working. So when you are an active employee, you should not be able to tap into both.”

Double-dipping by public officials has existed for decades, and the practice continues in the administration of Christie, a self-proclaimed reformer.

[Of 60 prominent double-dippers in the executive branch, 19 were hired under Christie](#), New Jersey Watchdog reported in 2012.

The list includes Lou Goetting, Christie’s deputy chief of staff. Goetting (pronounced “getting”) gets \$228,860 a year — [\\$140,000 in salary](#) plus [\\$88,860 in pension](#) as a retired state employee.

Goetting is one of Christie’s experts on budgets and cutting the cost of government.

“The governor called him out of retirement for that reason, and we are grateful to have him,” Christie spokesman Michael Drewniak said.

Other New Jersey Watchdog investigations found:

- [Eighty percent of New Jersey sheriffs](#) — elected in 17 of the state’s 21 counties — collect pensions as law enforcement retirees in addition to their six-figure salaries. Their payrolls include 29 undersheriffs who also double-dip. Overall, those 46 top county cops rake in \$8.3 million a year – \$3.4 million in retirement pay plus \$4.9 million in salaries.
- [Forty-five retired superintendents](#) used a loophole in pension law to return to work as interim school district chiefs. They cashed more than \$4 million a year worth of pension checks in addition to their executive pay.
- [Eighty New Jersey State Police retirees](#) returned the payroll as full-time state employees. Collectively, they raked in \$12.8 million a year – nearly \$7 million in salaries plus \$5.8 million from pensions.
- [County prosecutors packed their staffs with 125 law enforcement retirees](#) who raked in \$18.5 million a year — \$8.6 million from pensions and \$9.9 million in salaries.
- [Eighteen New Jersey state lawmakers](#) received \$782,000 a year from public pensions in addition to their legislative pay. Not surprisingly, the Legislature repeatedly has failed to pass legislation to end double-dipping.

Under various loopholes in New Jersey statute, most double-dipping is legal.

“It’s an oddball exception to our law,” Beck said. “And that window’s got to close. We’re not going to be able to afford to allow people to collect a pension while working

full time.”

State officials, meanwhile, won't even guess at the extent of double-dipping. In 2011, the [Treasury informed lawmakers it had “no estimate”](#) of the number of double-dippers or what it costs taxpayers and public employee retirement funds.

#4 – Disability pension abuses

In New Jersey, episodes of disability pension abuse often resemble situational comedies:

- [Joe Derrico was a roughhousing repo man on reality TV](#), wrestling debtors on camera while he grabbed \$69,703 a year as a disabled Hamilton Township cop.
- [Timothy Carroll claimed disability from the trauma of seeing dead bodies at crime scenes](#). After retiring as a Morris County sheriff's officer, he started a new business — you guessed it — cleaning up gory crime scenes.
- Disabled because he accidentally stapled his non-shooting hand, [Christopher Onesti retired from the New Jersey Transit police at age 29](#). For fun, he started shooting a high-powered rifle, posting a video on Facebook.

What's not funny is that 5,500 retired police officers in New Jersey receive more than \$200 million a year in disability pensions. They have been judged “totally and permanently disabled” by the state Police and Firemen's Retirement System or State Police Retirement System.

“I'd say 95 percent of the disability applications are questionable,” said John Sierchio, former chair of the PFRS Board of Trustees. “It's people who don't want to work anymore.”

Disability can be a lucrative option for an officer who wants out. An accidental disability pension pays two-thirds of salary for life, tax-free. An officer who receives that type of disability retirement is paid more than an officer who works for 25 years, then retires.

On top of that, PFRS and SPRS disability retirees can keep their full pensions no matter how much they make in their second careers. Unlike other public workers, they do not have to report incomes from their new careers to the state.

Christie is aware of the problem but has done little to solve it.

“Our pension system is burdened by some who collect disability retirement because they claim they are ‘totally and permanently’ disabled, but are now working full-time,” proclaimed Christie during this year's State of State address.

However, there is a “heck” of hypocrisy in the governor's remark.

Adam J. Heck, a lawyer in Christie's office, collects [\\$110,000 in annual salary](#) plus [nearly \\$45,000 in tax-free disability retirement checks](#) from the state.

At age 28, Heck retired as a Middletown Township police officer in 1993. He was struck on the hand with a hockey stick while responding to a domestic dispute, according to state pension records.

Heck is one of 18 'disabled' state employees who double-dip \$2.2 million a year — \$1 million in tax-free accidental disability pay plus \$1.2 million in salaries — named in a [New Jersey Watchdog investigative report last year](#).

So far, those employees — all law enforcement retirees — have drawn more than \$5 million in accidental disability pay since returning to work in full-time jobs for state government.

Christie did not respond to New Jersey Watchdog's requests for comment.

#5 – Ill-advised health benefit costs

If you think a \$51 billion pension deficit is bad, here's something worse.

The New Jersey state retirement system also faces a staggering [\\$53-billion shortfall](#) in funding retiree medical benefits, according to a [report released by state actuaries last month](#).

Most of that money will not be spent on retired state employees.

Instead, an estimated [\\$33 billion will go to pay for retirees of local school districts](#), including teachers. The brunt of that burden was shifted from local schools to the state government more than 20 years ago. Now it's just another unaffordable promise.

Overall, the state government is responsible for 130,000 state and education retirees plus 60,000 spouses. All but a few pay nothing for their medical insurance. They are shielded by a grandfather clause that protects employees who retired by 2011 or had 25 years of service by then.

Over time, public retirees will gradually pay for more and more of their health care costs. But the responsibility for those guaranteed free health coverage for life will weigh on state finances and taxpayers like a 600-pound gorilla for many years to come.

#6 – The deadbeat state

On the road to a fiscal hell, New Jersey leaders have been far from angels.

After decades of generous pledges to public workers and labor unions, a succession of governors and lawmakers behaved like deadbeats, refusing to make payments on their ever-mounting tab.

From fiscal 2006 through 2011, New Jersey shortchanged its pension funds by more than \$10 billion. Instead of contributing the expected \$13.1 billion to the retirement accounts during that period, the state only pitched in \$2.3 billion, according to a [report by Common Sense Institute of New Jersey](#).

That was supposed to change with the 2011 reforms Christie once called his "greatest governmental victory."

But faced with a fiscal crisis in June, the governor reneged on his promises in June by slashing the state's required contributions by \$2.4 billion for 2014 and 2015. The Democratic-controlled Legislature is still angry over the betrayal.

“There’s no credibility on his end now because he broke his word,” Senate President Steven Sweeney told Bloomberg News.

#7 – The \$100,000 Club

New Jersey’s \$100,000 Club of retired public officials has ballooned by 75 percent in the past three years. It is growing at a faster rate than the state’s pension deficit.

A total of [1,731 retirees collected \\$100,000 a year or more from state pensions](#) last year, an increase of 739 pensioners since 2010, according to a New Jersey Watchdog analysis of Treasury data.

At the head of the class with \$195,000 annual pensions are former Jersey City School Superintendent Charles Epps and retired Essex County College President A. Z. Yamba.

New Jersey Watchdog also found:

- Among local governments, the city of Paterson is the capital of the \$100,000 Club. Paterson has 34 retirees receiving \$100,000-plus, followed by Hoboken and Bergen County, with 26 each, and Paramus with 25.
- Retired police and fire officials are most likely to be to \$100,000 Club members. The Police and Firemen’s Retirement System has 794 six-figure pensioners, trailed by the Teachers’ Pension and Annuity Fund with 527, Judicial Retirement System with 283 and Public Employees Retirement System with 127.
- The overwhelming majority of PFRS \$100,000 retirees — 737 or 93 percent — took advantage of “special retirement” after 25 years of service. It is an exclusive provision in state statute that allows police and fire officers, but not other public employees, to retire at relatively young ages with full pensions.

The members of the \$100,000 Club are the elite “1-percenters” among the state’s 275,000 retirees. Their generous pensions raise the question of whether the state should pay six-figure pensions while it struggles with a \$104-billion shortfall in retirement pay and benefits.

The state could save more than \$143 million a year by capping pensions at \$75,000 a year, for example. Legal and political realities block any limits on current retirees, but there is a lesson to be learned.

“I can understand why people get angry when they read about these pension payments,” said [Blaettler, who started drawing \\$134,772 a year at age 46](#). “I’m not justifying my pension, but I worked one job, and when I left I went to the private sector.

“The governor complains about it, but then he places his friends back on the government payroll,” the retired Union City police officer said. “Who is hiring these retirees back into the public sector? Politicians, the same ones who complain about how the system is out of control.”



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Mark Lagerkvist

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madhatter46 · an hour ago

Stop this nonsense---politicians buying votes and donations for the souls of the addicted and wrongly entitled public servants? Meanwhile 90% of taxpayers are thankful for a 401(K) plan and are lucky to retire by 65. Disgusting--both the politicians (how many double or triple dip) and the sellers of their souls--the public employee!!!!!! Character? Honesty? selflessness? integrity? ==let's redistribute their golden pensions--earned my dupa! All gotten with bribery and greed of both the pusher and the addict.

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Tough Love · 2 days ago

Quoting ... ""Politicians created this system, and I simply accepted what they gave me along the way," Blaettler told New Jersey Watchdog. "If taxpayers want to get angry with someone, they need to ask their local and state politicians how they allowed the system to get to the point it is at.""

What he neglects to mention is that the politicians granted these grossly excessive pension & benefit promises BECAUSE the Public Sector Unions BOUGHT their favorable votes with campaign contributions and election support screwing the Taxpayers supposedly on the hook to pay for all but the roughly 10% share actually paid for by worker contributions.

As such, Taxpayers need to right this wrong (and ELIMINATE the unjust share of these costs foisted upon them) by renegeing on that share of these promises that would not have been made in the absence of the Union/politician collusion..... which is assuredly AT LEAST 50% of promised pensions for ALL misc workers and 60-75% for safety workers with the most generous (and egregious) pensions.

Taxpayers simply REFUSE to fund these pension or retiree healthcare benefits.

Greed HAS consequences !

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madhatter46 > Tough Love · an hour ago

And the sellers of their souls and votes---the public employee--addicted to their bribed largesse!

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oldpro • 2 days ago

In my 20's playing basketball and softball with my peer police/fire even teachers I found them to be very aware of how to maximize their income present and retired with the minimum of work. They were coached by their older co-workers. As far as working on holidays, they would gleefully shout "oottee baby" when they got the overtime(even though the nightly news would show them as sacrificing to work. The people quoted in the article know that they are screwing the private sector taxpayer but say they dont care..at least they are honest. I at the time was working for a company(Burroughs) that had a pension plan in 1980 but has been gone for 25 years and I doubt but a handful ever got a nickle of guys my age (56). I substitute taught for a few months and never failed to get work on a Monday or Friday but the other days were 50% as teachers extended their weekend and why not-if i miss a day my work piles up-when they miss a day someone else is paid to do the work(and of course in the summer no one works as kids must mind the crops). A joke in the whole northeast but especially NJ

□ | □ • Reply • Share ›



madhatter46 > oldpro • an hour ago

They are disgusting, selfish people who feed off the public---retire in their 50's and sell both their votes and souls to the politicians that negotiated their contracts. Meanwhile, most taxpayers struggle with 401(k) plans and are taxed to death! THe evil 1%ers? --more like the evil public servants!!! Education cost taxpayers 300% of 1970's cost--teachers have golden retirement but the kids can't read or write--where do the politicians send their kids to school? The real pushers of the opiate of the state worker!!!

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