

# SENATE, No. 40

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## STATE OF NEW JERSEY 212th LEGISLATURE

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INTRODUCED DECEMBER 4, 2006

**Sponsored by:**  
**Senator RICHARD J. CODEY**  
**District 27 (Essex)**

### **SYNOPSIS**

Implements recommendations of Joint Legislative Committee on Public Employee Benefits Reform concerning benefits and certain terms and conditions of public office and employment.

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT implementing recommendations of the Joint Legislative  
2 Committee on Public Employee Benefits Reform concerning  
3 benefits and certain terms and conditions of public office and  
4 employment and amending and supplementing various parts of  
5 the statutory law.

6  
7 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
8 *of New Jersey:*

9  
10 1. (New section) There is hereby established in the Department  
11 of the Treasury a Defined Contribution Retirement Program. The  
12 program design shall be one that is permitted for governmental  
13 plans under the federal Internal Revenue Code as determined by the  
14 State Treasurer. The retirement program is deemed to be a pension  
15 fund or retirement system for purposes of P.L.1968, c.23 (C.43:3C-  
16 1 et seq.). For the purposes of the Defined Contribution Retirement  
17 Program:

18 “Base salary” means a participant’s regular base salary. It shall  
19 exclude overtime or other forms of extra compensation, including  
20 but not limited to, longevity lump sum payments, lump sum  
21 terminal sick leave or vacation pay, the value of maintenance,  
22 individual pay adjustments made within or at the conclusion of the  
23 participant’s final year of service, retroactive salary adjustments or  
24 other pay adjustments made in the participant’s final year of service  
25 unless the adjustment was made as a result of a general pay  
26 adjustment for all personnel of the public office or agency in which  
27 the participant is employed, or any unscheduled individual  
28 adjustment made in the final year to place the participant at the  
29 maximum salary level within salary range.

30 “Employer” means the State or a political subdivision thereof, or  
31 an agency, board, commission, authority or instrumentality of the  
32 State or a subdivision, that pays the base salary of a participant for  
33 services rendered by the participant.

34 “Retirement program” means the Defined Contribution  
35 Retirement Program established by this section.

36  
37 2. (New section) a. The following persons shall be eligible and  
38 shall participate in the Defined Contribution Retirement Program.

39 (1) A person who commences service on or after the effective  
40 date of this section of P.L. , c. (C. )(pending before the  
41 Legislature as this bill) in an elective public office of this State or  
42 of a political subdivision thereof, except that it shall not include a  
43 person who holds elective public office on the effective date of this  
44 section and is enrolled in the Public Employees’ Retirement System  
45 while that person continues to hold that elective public office

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 without a break in service. Service in the Legislature shall be  
2 considered a single elective public office.

3 (2) A person who commences service on or after the effective  
4 date of this section in an employment, office or position of the State  
5 or of a political subdivision thereof, or an agency, board,  
6 commission, authority or instrumentality of the State or of a  
7 subdivision, on a part-time basis for less than 35 hours per week.

8 (3) A person who commences service on or after the effective  
9 date of this section in an employment, office or position of the State  
10 or of a political subdivision thereof, or an agency, board,  
11 commission, authority or instrumentality of the State or of a  
12 subdivision, on a full-time basis for 35 hours or more per week,  
13 pursuant to an appointment by the Governor that requires the advice  
14 and consent of the Senate, or pursuant to an appointment by the  
15 Governor to serve at the pleasure of the Governor only during his or  
16 her term of office. This paragraph shall not be deemed to include a  
17 person otherwise eligible for membership in the State Police  
18 Retirement System or the Judicial Retirement System.

19 (4) A person who commences service on or after the effective  
20 date of this section in an employment, office or position in a  
21 political subdivision of the State, or an agency, board, commission,  
22 authority or instrumentality of a subdivision, on a full-time basis for  
23 35 hours or more per week, pursuant to an appointment by an  
24 elected public official or elected governing body, that requires the  
25 specific consent or approval of the elected governing body of the  
26 political subdivision. This paragraph shall not be deemed to  
27 include a person otherwise eligible for membership in the Teachers'  
28 Pension and Annuity Fund or the Police and Firemen's Retirement  
29 System.

30 (5) A person who commences service on or after the effective  
31 date of this section in an employment, office or position that makes  
32 the person eligible to become a member of a State-administered  
33 retirement system, or a person who is a member of such a system  
34 with less than 10 years of service credit, and who makes an  
35 irrevocable election at the commencement of service or prior to the  
36 attainment of 10 years of service credit to waive all rights and  
37 benefits that would otherwise be provided by such system and to  
38 participate instead in this retirement program during service in that  
39 employment, office or position.

40 (6) A person who is granted a pension or retirement allowance  
41 under any pension fund or retirement system established under the  
42 laws of this State and elects to participate pursuant to section 1 of  
43 P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

44 b. No person shall be eligible to participate in the retirement  
45 program with respect to any public employment, office, or position  
46 if:

47 (1) the base salary for that employment, office, or position is less  
48 than \$1,500 per year;

(2) the person is, on the basis of service in that employment, office, or position, eligible for membership or enrolled as a member of another State or locally-administered pension fund or retirement system established under the laws of this State including the Alternate Benefit Program, except as otherwise specifically provided in subsection a. of this section;

(3) the person is receiving a benefit as a retiree from any other State or locally-administered pension fund or retirement system established under the laws of this State, except as provided in section 1 of P.L.1977, c.171 (C.43:3C-3); or

(4) the person is an officer or employee of a political subdivision or board of education who is ineligible for membership in the Public Employees' Retirement System pursuant to section 33 of P.L. , c. (C. )(pending before the Legislature as this bill) because the person undertakes, executes, or performs a professional services contract for that political subdivision or board of education.

c. A person eligible and required to participate in the retirement program whose base salary is less than \$5,000 may at the commencement of service in an employment, office or position irrevocably elect to waive participation with regard to that employment, office, or position by filing, at the time and on a form required by the division, a written waiver with the Division of Pensions and Benefits that waives all rights and benefits that would otherwise be provided by the retirement program.

d. Service credited to a participant in the Defined Contribution Retirement Program shall not be recognized as service credit to determine eligibility for employer-paid health care benefits in retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.), N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et seq.) or any other law, rule or regulation.

3. (New section) a. The employer shall reduce the compensation of each participant in the Defined Contribution Retirement Program and pay over to the plan provider for the benefit of the participant an employee contribution for the retirement benefit contract or contracts equal to 5% of the participant's base salary. At the option and request of a participant, the employer shall reduce the compensation of the participant for additional contributions as permitted by the federal Internal Revenue Code. The intervals for reductions and payments shall be determined by the Division of Pensions and Benefits.

All participant contributions shall be made in accordance with section 414(h) of the federal Internal Revenue Code (26 U.S.C. s.414(h)).

b. The employer shall make payment of the employer contributions to the program at a rate equal to 3% of the employee's base salary, which moneys shall be paid to the designated provider

1 for the benefit of each participant. Additionally, employers shall  
2 pay their share of the administrative costs of the program. The  
3 intervals for all payments and the allocation of administrative costs  
4 shall be determined by the Division of Pensions and Benefits  
5 including due dates and penalties for non compliance.

6 c. No employer contributions shall be vested in a participant  
7 until after the participant commences the second year of  
8 employment unless the participant, at the time of initial  
9 employment, either (1) participates in a program substantially  
10 similar to the retirement program, or (2) is a member of another  
11 State-administered pension fund or retirement system.

12  
13 4. (New section) There is established in, but not of, the Division  
14 of Pensions and Benefits in the Department of the Treasury the  
15 Defined Contribution Retirement Program Board, that shall consist  
16 of the Director of the Division of Pensions and Benefits or a  
17 designee; the Director of the Division of Investment or a designee;  
18 the Commissioner of the Department of Banking and Insurance or a  
19 designee; the Director of the Division of Purchase and Property or a  
20 designee; and a person appointed by the Director of the Division of  
21 Pensions and Benefits who is an active participant or retiree of the  
22 Defined Contribution Retirement Program.

23 In order to expedite implementation of the Defined Contribution  
24 Retirement Program, the current third party administrator for the  
25 New Jersey State Employees Deferred Compensation Program  
26 selected through a competitive bidding process may be utilized as  
27 the initial provider for a period not to exceed the term of the  
28 contract in effect on the effective date of this section of  
29 P.L. , c. (C. ) (pending before the Legislature as this bill)  
30 including extensions, to administer this program. Subsequent to the  
31 initial contract, the Defined Contribution Retirement Program  
32 Board shall select through a competitive bidding process a provider  
33 licensed or otherwise authorized to transact business in New Jersey.  
34 This provider shall be selected by competitive bidding in  
35 accordance with all applicable State laws and regulations.

36  
37 5. (New section) Participants in the Defined Contribution  
38 Retirement Program shall be allowed to allocate their own  
39 contributions and the contributions of their employer into  
40 investment alternatives as determined by the Defined Contribution  
41 Retirement Program Board, including, but not limited, to mutual  
42 funds, subject to such rules and regulations as the Division of  
43 Pensions and Benefits may adopt, in accordance with all Internal  
44 Revenue Code rules and regulations. All moneys which are  
45 deferred and deducted in accordance with the provisions of this act,  
46 P.L. , c. (C. ) (pending before the Legislature as this bill), and  
47 the program shall remain assets of the State and shall be invested in  
48 accordance with the provisions of this act and the program. The

1 obligation of the State to participating employees and contractors  
2 shall be contractual only and no preferred or special interest in the  
3 deferred moneys shall accrue to such employees or contractors,  
4 except that all assets and income of the program shall be held in  
5 trust for the exclusive benefit of participating employees and their  
6 beneficiaries.

7  
8 6. (New section) a. The retirement program shall, under a group  
9 contract or contracts, provide life insurance and disability benefits  
10 for all participants in the retirement program on a non-contributory  
11 basis.

12 b. The State Treasurer is hereby authorized and directed to  
13 purchase from one or more insurance companies, as the State  
14 Treasurer shall determine, group life insurance and disability  
15 benefit coverage to provide for the death benefits and disability  
16 benefits in the amounts specified in this act. Such group life  
17 insurance and disability benefit coverage may be provided under  
18 one or more policies issued to the State Treasurer specifically for  
19 this purpose or, in the discretion of the State Treasurer, under one  
20 or more policies issued to the State Treasurer which provide group  
21 life insurance coverage for members of one or more pension funds  
22 or retirement systems of the State of New Jersey. Any dividend or  
23 retrospective rate credit allowed by an insurance company  
24 attributable to the retirement program shall be credited to the funds  
25 available to meet the State's obligations under the retirement  
26 program.

27 Premiums for such group insurance coverage shall be paid from  
28 a special fund, hereby created, called the "Defined Contribution  
29 Retirement Program Group Insurance Premium Fund." The State  
30 Treasurer shall estimate annually the amount that will be required  
31 for premiums for such benefits for the ensuing fiscal year and shall  
32 certify such amounts that shall be applied to the total State and  
33 other employer contributions due on behalf of the participants in the  
34 retirement program from the State and other employers, depositing  
35 such amounts in the premium fund. Additionally, employers shall  
36 pay their share of the administrative costs of the program. The  
37 intervals for all payments and the allocation of administrative costs  
38 shall be determined by the Division of Pensions and Benefits  
39 including due dates and penalties for non compliance.

40 During the period such group insurance policy or policies are in  
41 effect with respect to participants in the retirement program, the  
42 State Treasurer shall not commingle moneys in this fund with any  
43 funds established under the retirement program.

44 c. A life insurance company shall meet the following  
45 requirements in order to provide coverage under this section:

46 (1) be licensed under the laws of the State of New Jersey to  
47 transact life and accidental death insurance, and the amount of its  
48 group life insurance in the State of New Jersey shall, at the time the

1 insurance is to be purchased, equal at least 1% of the total amount  
2 of such group life insurance in the State of New Jersey in all life  
3 insurance companies; or

4 (2) come within the exceptions provided in P.L.1968, c.234  
5 (C.17:32-16 et seq.).  
6

7 7. (New section) The benefit under a group contract or contracts  
8 providing life insurance shall be in an amount equal to one and one-  
9 half the base annual salary of the participant in the retirement  
10 program, except that in the event of death after retirement, the  
11 amount payable shall equal 3/16 of the participant's base annual  
12 salary. "Base annual salary" means the base salary upon which  
13 contributions by the participant and the participant's employer to  
14 the retirement program were based during the last year of creditable  
15 service.

16 For purposes of this section, a participant shall be deemed to be  
17 in service and covered by the group life insurance for a period of  
18 official leave of absence without pay when such leave is due to  
19 illness or any reason other than illness, with such period to be  
20 determined by the Division of Pensions and Benefits, if satisfactory  
21 evidence is presented to the division of such official leave of  
22 absence. A participant shall be deemed to be on an official leave of  
23 absence only if the leave is formally approved by the employer  
24 prior to the time the leave commenced and timely notice is filed by  
25 the employer with the division. If timely notice is not filed, the  
26 employer shall be responsible for the payment of any benefits  
27 pursuant to this section if the participant was otherwise eligible for  
28 such benefits.

29 In the event of the death of a participant in active service in the  
30 first year of participation as a result of an accident met in the actual  
31 performance of duty at some definite time and place, the death  
32 benefit payable pursuant to this section shall be computed at the  
33 annual rate of base salary.

34 No beneficiary of a retired participant shall be entitled to receive  
35 the death benefits payable in the event of death after retirement  
36 pursuant to this section unless the participant either: had at least 25  
37 years of credited participation in the retirement program established  
38 pursuant to this act; or had at least 10 years of such credited  
39 participation and had attained 60 years of age and was an actively  
40 employed participant in the program in the year immediately  
41 preceding initial receipt of a retirement annuity.  
42

43 8. (New section) Any group life insurance policy or policies  
44 shall include, with respect to any insurance terminating or reducing  
45 because the participant has ceased to be in service or has retired, the  
46 conversion privilege available upon termination of employment as  
47 prescribed by the law relating to group life insurance, and shall also  
48 include, with respect to life insurance terminating because of

1 termination of the group policy, the conversion privilege available  
2 upon termination of the group policy as prescribed by such law.  
3 Any such group policy or policies shall also provide that if the  
4 participant dies within the 31-day period during which the  
5 participant would be entitled to exercise the conversion privilege,  
6 the amount of life insurance with respect to which the participant  
7 could have exercised the conversion privilege shall be paid as a  
8 claim under the group policy. When benefits payable upon the  
9 death of a participant following retirement are determined as though  
10 the participant had not retired, the death benefits payable under the  
11 group policy or policies, together with the amount of life insurance  
12 paid under any individual policy obtained under the conversion  
13 privilege, shall in no event exceed the amount of insurance for  
14 which the participant was insured under the group policy or policies  
15 immediately prior to the date the right of conversion arose. If a  
16 participant who has exercised the conversion privilege under the  
17 group policy or policies while on leave of absence or upon  
18 termination of employment again becomes a participant of the  
19 retirement program and the individual policy obtained pursuant to  
20 the conversion privilege is still in force, the participant shall not  
21 again be eligible for any of the group life insurance provided under  
22 such policy or policies without furnishing satisfactory evidence of  
23 insurability.

24  
25 9. (New section) Death benefits under the group life insurance  
26 policy or policies shall be paid by the insurance company to such  
27 person, if living, as the participant shall have nominated by written  
28 designation duly executed and filed with the insurance company  
29 through the policyholder, otherwise to the executors or  
30 administrators of the participant's estate. A participant may file  
31 with the insurance company through the policyholder and alter from  
32 time to time during life, as desired, a duly attested written  
33 nomination of the payee for the death benefit.

34  
35 10. (New section) Any group life insurance policy or policies  
36 shall provide that payment of any death benefits payable by the  
37 insurance company may be made in one sum directly to the  
38 beneficiary as hereinafter provided, in equal installments over a  
39 period of years or as a life annuity or in such other manner as may  
40 be made available by the insurance company. A participant may  
41 make such arrangements for settlement, and may alter from time to  
42 time during life any arrangement previously made, by making  
43 written request to the insurance company through the policyholder.  
44 Upon the death of the participant, a beneficiary to whom a benefit is  
45 payable in one sum by the insurance company may likewise arrange  
46 for a settlement as described above.

47  
48 11. (New section) Any person entitled to become a participant



1 in the retirement program shall not be allowed any of the group life  
2 insurance and disability benefits if on the date of filing an  
3 application for participation the person is 60 or more years of age,  
4 or if the person makes application for participation in the retirement  
5 program beyond the year after first becoming eligible for  
6 participation, regardless of age, unless the participant furnishes  
7 satisfactory evidence of insurability and on the effective date of  
8 participation is actively at work and performing all regular duties at  
9 the customary place of employment.

10 The effective date of coverage for such benefits shall be the first  
11 day of the month which immediately follows the date when such  
12 evidence is determined to be satisfactory.

13 Such evidence of insurability shall not be required of any person  
14 enrolling in the retirement program upon transfer from another  
15 State-administered retirement system, if such retirement system  
16 provided a benefit of a similar nature and the transferring person  
17 was covered by such a benefit at the time of the transfer. If such  
18 transferring person was not covered by such a benefit at the time of  
19 the transfer, the person may be allowed the benefit under the group  
20 policy or policies; however, any such person shall furnish  
21 satisfactory evidence of insurability if he had been unable or failed  
22 to give such evidence as a member of the retirement system from  
23 which the person transferred.

24 Any person who must furnish satisfactory evidence of  
25 insurability under the provisions of this section and who ceases to  
26 be a participant in the retirement program without such evidence  
27 having been given shall continue to be subject to the same  
28 requirement if the person subsequently becomes a participant.

29

30 12. (New section) The designation of a death benefit  
31 beneficiary by a participant or retiree shall be made in writing on a  
32 form satisfactory to the Division of Pensions and Benefits and filed  
33 with the division. The participant or retiree may, from time to time  
34 and without the consent of the designee, change the beneficiary by  
35 filing a written notice of the change on a satisfactory form. The  
36 new nomination shall be effective on the date the notice, in proper  
37 form, is received and any prior nomination shall thereupon become  
38 void.

39 If more than one beneficiary is nominated and in such  
40 nomination the participant or retiree has failed to specify their  
41 respective interests, the beneficiaries shall share equally. If any  
42 beneficiary predeceases the participant or retiree, the interest of that  
43 beneficiary shall terminate and shall be shared equally by such of  
44 the beneficiaries as survive the participant or retiree, unless the  
45 participant or retiree has made written request to the contrary in the  
46 beneficiary nomination.

47 Any amounts due for which there is no beneficiary at the death  
48 of a participant, retiree or beneficiary shall be payable to the estate

1 of the participant, retiree or beneficiary.

2 Except with regard to the payment of the group life insurance  
3 death benefit upon the death of a retiree, a participant may elect, by  
4 making written request, that the whole or any part of the  
5 participant's group life insurance death benefits be made payable to  
6 the beneficiary either as a life annuity or in equal installments over  
7 a period of years specified in such election, and may alter such  
8 election from time to time during the participant's lifetime by again  
9 making such written request. In the event of a change of  
10 beneficiary, any previous arrangement by the participant or retiree  
11 under this paragraph shall be void. The election set forth in this  
12 paragraph shall not apply or be available when the beneficiary is an  
13 estate, or a corporation, partnership, association, institution, trustee,  
14 or any fiduciary.

15 If, at the participant's death, an amount of group life insurance  
16 death benefit would be payable to the beneficiary in a single sum,  
17 any election with regard to such amount that was available to the  
18 participant immediately prior to death in accordance with the  
19 preceding paragraph shall then be available to such beneficiary for  
20 the benefit of the beneficiary.

21 With respect to any death benefits payable on the basis of the  
22 individual retirement annuity contract or contracts, all settlement  
23 options shall be made available to the participant, retiree or  
24 beneficiary as are allowed by the insurer or insurers.

25 The provisions of this section shall be construed separately with  
26 respect to each of the death benefits for which a beneficiary is  
27 designated by the participant or retiree.

28

29 13. (New section) The disability benefit coverage provided  
30 under a group policy or policies shall provide a monthly income if  
31 the participant becomes totally disabled from occupational or  
32 nonoccupational causes for a period of at least six consecutive  
33 months following the effective date of the coverage. The monthly  
34 disability benefit may be paid by the insurance company so long as  
35 the participant remains disabled up to the seventieth birthday,  
36 provided the disability commenced prior to the sixtieth birthday.  
37 The benefit shall terminate when the participant is no longer  
38 considered totally disabled or begins to receive retirement benefits.

39 The participant shall be considered totally disabled if the  
40 participant is unable to perform each duty of the participant's  
41 occupation and is under the regular care of a physician. After the  
42 24 months following the commencement of such disability benefit  
43 payments, the participant shall be unable to engage in any gainful  
44 occupation for which the participant is reasonably fitted by  
45 education, training or experience. Total disability shall not be  
46 considered to exist if the participant is gainfully employed.  
47 Following an agreement with the insurance company and the  
48 policyholder, the participant may continue to receive disability

1 benefits for a limited time while performing some type of work.  
2 During the period of rehabilitation, the monthly benefit shall be the  
3 regular payment less 80% of the participant's earnings from such  
4 rehabilitative position.

5 A participant shall be deemed to be in service and covered by the  
6 disability benefit insurance provisions for a period of no more than  
7 six months while on official leave of absence without pay if  
8 satisfactory evidence is presented to the Division of Pensions and  
9 Benefits that such leave of absence without pay is due to illness and  
10 that the participant was not actively engaged in any gainful  
11 occupation during such period of leave of absence without pay.

12 Disability benefit insurance provisions of the group policy or  
13 policies shall not cover disability resulting from or contributed to  
14 by pregnancy, act of war, intentionally self-inflicted injury, or  
15 attempted suicide whether or not sane. For purposes of such  
16 disability benefit coverage, the participant shall not be considered  
17 to be disabled while the participant is imprisoned or while outside  
18 the United States, its territories or possessions, or Canada.

19 If the participant has recovered from the disability for which the  
20 member had received benefits and again becomes totally disabled  
21 while insured, the later disability shall be regarded as a continuation  
22 of the prior one unless the participant has returned to full-time  
23 covered employment for at least six months. If the later absence is  
24 due to an unrelated cause and the participant had returned to full-  
25 time work, it shall be considered a new disability. The disability  
26 benefit insurance cannot be converted to an individual policy.

27 No participant shall be covered by the disability benefit  
28 provision of the group policy or policies except upon the  
29 completion of one year of full-time continuous employment in a  
30 position eligible for participation in a retirement program.

31  
32 14. (New section) The disability benefit provided under a group  
33 policy or policies shall be in an amount equal to 60% of the  
34 participant's base monthly salary, reduced by periodic benefits to  
35 which the participant may be entitled during the period of total  
36 disability.

37 The periodic benefit by which the monthly disability benefit may  
38 be reduced shall include salary or wages, retirement benefits or  
39 benefits from any source for which the State or other public  
40 employer has paid any part of the cost or made payroll deductions,  
41 Social Security disability or other benefits, including dependents'  
42 benefits, and benefits paid by Social Security at the option of the  
43 participant before the age of 65, but not including any increase in  
44 Social Security benefits enacted after the disability benefit under  
45 such group policy or policies have commenced, and any other  
46 periodic benefits provided by law except on account of military  
47 service.

1 When a participant begins to receive a disability benefit under  
2 such group policy or policies, the insurance company shall pay an  
3 amount equal to the employee contribution which would have been  
4 required of the participant and deducted from the participant's base  
5 salary in order to meet the participant's obligation for the program.  
6 Such amount shall be paid by the insurance company without  
7 reduction by any other periodic benefit which the participant is  
8 eligible to receive. Such amount shall be paid by the insurance  
9 company to the insurer or insurers for the participant's retirement  
10 annuity.

11 Premiums for such disability coverage shall be paid from a  
12 special fund, hereby created, called the "Defined Contribution  
13 Retirement Program Disability Premium Fund." The State  
14 Treasurer shall estimate annually the amount that will be required  
15 for premiums for such benefits for the ensuing fiscal year and shall  
16 certify such amounts that shall be applied to the total State and  
17 other employer contributions due on behalf of the participants in the  
18 retirement program from the State and other employers, depositing  
19 such amounts in the premium fund. Additionally, employers will  
20 pay their share of the administrative costs of the program. The  
21 intervals for all payments and the allocation of administrative costs  
22 shall be determined by the Division of Pensions and Benefits  
23 including due dates and penalties for non compliance.  
24

25 15. (New section) Notwithstanding any other provision of law,  
26 an insurance company or companies issuing such policy or policies  
27 may credit the policyholder either directly or in the form of reduced  
28 premiums, with savings by the company or companies in the event  
29 that no brokerage commission or commissions are paid by the  
30 company or companies on the issuance of such policy or policies.

31 No employer obligations shall be paid when the participant is on  
32 a leave of absence without pay or when the participant no longer is  
33 enrolled in the retirement program.

34 The group disability insurance policy or policies shall provide a  
35 participant with an opportunity to purchase additional coverage.

36 A participant who is disabled and receiving a benefit shall  
37 remain eligible for employer-provided healthcare benefits coverage  
38 in the same manner as such coverage is provided by the employer to  
39 retirees of the retirement system.

40 The State Treasurer shall establish an appeals process to be used  
41 when an employer or employee disagree with the insurer on the  
42 employee's ability to return to employment or on issues related to  
43 physical examinations.  
44

45 16. Section 1 of P.L.1986, c.188 (C.43:3C-9) is amended to read  
46 as follows:

47 1. The mandatory contributions by members or participants to  
48 the Teachers' Pension and Annuity Fund required by N.J.S.18A:66-

31, to alternate benefit providers under the alternate benefit program required by section 8 of P.L.1969, c.242 (C.18A:66-174), to the Judicial Retirement System required by section 26 of P.L.1981, c.470 (C.43:6A-34.1), to the Prison Officers' Pension Fund required by section 7 of P.L.1941, c.220 (C.43:7-13), to the Public Employees' Retirement System required by section 25 of P.L.1954, c.84 (C.43:15A-25), to the Defined Contribution Retirement Program required by section 3 of P.L. , c. (C. ) (pending before the Legislature as this bill), to the Consolidated Police and Firemen's Pension Fund required by R.S.43:16-5, to the Police and Firemen's Retirement System required by section 15 of P.L.1944, c.255 (C.43:16A-15), and to the State Police Retirement System required by section 38 of P.L.1965, c.89 (C.53:5A-38), shall be picked up by their employers and shall be treated as employer contributions as provided by section 414(h) of the United States Internal Revenue Code. The amount of contributions on behalf of each member shall continue to be included as regular compensation for all other purposes, except that the amount shall not be included in the computation of federal income taxes withheld from the member's compensation.

(cf: P.L.1993, c.385, s.12)

17. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read as follows:

7. There is hereby established the Public Employees' Retirement System of New Jersey in the Division of Pensions and Benefits of the Department of the Treasury. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December 30, 1954, who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

b. Any person becoming an employee of the State or other employer after January 2, 1955 and every veteran, other than a retired member who returns to service pursuant to subsection b. of section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those whose appointments are seasonal, becoming an employee of the State or other employer after such date, including a temporary employee with at least one year's continuous service. The membership of the retirement system shall not include those persons appointed to serve full-time as described in paragraphs (3) and (4) of subsection a. of section 2 of P.L. , c. (C. )(pending before the Legislature as this bill), except a person who was a member of the retirement system prior to the effective date of sections 1 through 22 of P.L. , c. (C. )(pending before the Legislature as this bill) and continuously thereafter; and

1 c. Every employee veteran in the employ of the State or other  
2 employer on January 2, 1955, who is not a member of any  
3 retirement system supported wholly or partly by the State.

4 d. Membership in the retirement system shall be optional for  
5 elected officials other than veterans, and for school crossing guards,  
6 who having become eligible for benefits under other pension  
7 systems are so employed on a part-time basis. Elected officials  
8 commencing service on or after the effective date of sections 1  
9 through 22 of P.L. , c. (C. )(pending before the Legislature  
10 as this bill) shall not be eligible for membership in the retirement  
11 system based on service in the elective public office, except that an  
12 elected official enrolled in the retirement system as of that effective  
13 date who continues to hold that elective public office without a  
14 break in service shall be eligible to continue membership in the  
15 retirement system under the terms and conditions of enrollment.  
16 Service in the Legislature shall be considered a single elective  
17 public office. A school crossing guard who is employed on a part-  
18 time basis and commences service on or after the effective date of  
19 sections 1 through 22 of P.L. , c. (C. )(pending before the  
20 Legislature as this bill) shall not be eligible for membership in the  
21 retirement system, except a person who was a member of the  
22 retirement system prior to that effective date and continuously  
23 thereafter. Any [such] part-time school crossing guard who is  
24 eligible for benefits under any other pension system and who was  
25 hired as a part-time school crossing guard prior to March 4, 1976,  
26 may at any time terminate his membership in the retirement system  
27 by making an application in writing to the board of trustees of the  
28 retirement system. Upon receiving such application, the board of  
29 trustees shall terminate his enrollment in the system and direct the  
30 employer to cease accepting contributions from the member or  
31 deducting from the compensation paid to the member. State  
32 employees who become members of any other retirement system  
33 supported wholly or partly by the State as a condition of  
34 employment shall not be eligible for membership in this retirement  
35 system. Notwithstanding any other law to the contrary, all other  
36 persons accepting employment in the service of the State shall be  
37 required to enroll in the retirement system as a condition of their  
38 employment, regardless of age. No person in employment, office or  
39 position, for which the annual salary or remuneration is fixed at less  
40 than \$1,500.00, and no person in employment, office or position for  
41 which the service required is on a less than full-time basis for less  
42 than 35 hours per week if service in the employment, office or  
43 position commences on or after the effective date specified in  
44 P.L. , c. (C. )(pending before the Legislature as this bill)  
45 except a person who was a member of the retirement system prior to  
46 that effective date and continuously thereafter, shall be eligible to  
47 become a member of the retirement system.

1 e. Membership of any person in the retirement system shall  
2 cease if he shall discontinue his service for more than two  
3 consecutive years.

4 f. The accumulated deductions of the members of the former  
5 “State Employees’ Retirement System” which have been set aside  
6 in a trust fund designated as Fund A as provided in section 5 of this  
7 act and which have not been claimed for refund prior to February 1,  
8 1955 shall be transferred from said Fund A to the Annuity Savings  
9 Fund of the Retirement System, provided for in section 25 of this  
10 act. Each member whose accumulated deductions are so transferred  
11 shall receive the same prior service credit, pension credit, and  
12 membership credit in the retirement system as he previously had in  
13 the former “State Employees’ Retirement System” and shall have  
14 such accumulated deductions credited to his individual account in  
15 the Annuity Savings Fund. Any outstanding obligations of such  
16 member shall be continued.

17 g. Any school crossing guard electing to terminate his  
18 membership in the retirement system pursuant to subsection d. of  
19 this section shall, upon his request, receive a refund of his  
20 accumulated deductions as of the date of his appointment to the  
21 position of school crossing guard. Such refund of contributions  
22 shall serve as a waiver of all benefits payable to the employee, to  
23 his dependent or dependents, or to any of his beneficiaries under the  
24 retirement system.

25 h. A temporary employee who is employed under the federal  
26 **[Job Training Partnership Act, Pub.L. 97-300 (29 U.S.C. s.1501)]**  
27 Workforce Investment Act shall not be eligible for membership in  
28 the system. Membership for temporary employees employed under  
29 the federal Job Training Partnership Act, Pub.L. 97-300 (29 U.S.C.  
30 s.1501) who are in the system on September 19, 1986 shall be  
31 terminated, and affected employees shall receive a refund of their  
32 accumulated deductions as of the date of commencement of  
33 employment in a federal Job Training Partnership Act program.  
34 Such refund of contributions shall serve as a waiver of all benefits  
35 payable to the employee, to his dependent or dependents, or to any  
36 of his beneficiaries under the retirement system.

37 i. Membership in the retirement system shall be optional for a  
38 special service employee who is employed under the federal Older  
39 American Community Service Employment Act, Pub.L.94-135 (42  
40 U.S.C. s.3056). Any special service employee employed under the  
41 federal Older American Community Service Employment Act,  
42 Pub.L.94-135 (42 U.S.C. s.3056), who is in the retirement system  
43 on the effective date of P.L.1996, c.139 may terminate membership  
44 in the retirement system by making an application in writing to the  
45 board of trustees of the retirement system. Upon receiving the  
46 application, the board shall terminate enrollment in the system and  
47 the member shall receive a refund of accumulated deductions as of  
48 the date of commencement of employment in a federal Older

1 American Community Service Employment Act program. This  
2 refund of contributions shall serve as a waiver of all benefits  
3 payable to the employee, to any dependent or dependents, or to any  
4 beneficiary under the retirement system.

5 j. An employee of the South Jersey Port Corporation who was  
6 employed by the South Jersey Port Corporation as of the effective  
7 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-  
8 employed within 365 days of such effective date by a subsidiary  
9 corporation or other corporation, which has been established by the  
10 Delaware River Port Authority pursuant to subdivision (m) of  
11 Article I of the compact creating the Delaware River Port Authority  
12 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-  
13 146), shall be eligible to continue membership while an employee  
14 of such subsidiary or other corporation.  
15 (cf: P.L.1997, c.150, s.23)

16  
17 18. Section 39 of P.L.1954, c.84 (C.43:15A-39) is amended to  
18 read as follows:

19 39. In computing for retirement purposes the total service of a  
20 member about to be retired, the retirement system shall credit the  
21 member with the time of all service rendered by the member since  
22 that member's last enrollment, and in addition with all the service to  
23 which the member is entitled and with no other service. Except as  
24 otherwise provided in this act, this service credit shall be final and  
25 conclusive for retirement purposes unless the member shall  
26 discontinue service for more than two consecutive years.

27 For the purpose of computing service for retirement purposes,  
28 the board shall fix and determine by appropriate rules and  
29 regulations how much service in any year shall equal a year of  
30 service and a part of a year of service. Not more than one year shall  
31 be credited for all service in a calendar year. A member may  
32 purchase credit for time during which the member shall have been  
33 absent on an official leave without pay. The credit shall be  
34 purchased for a period of time equal to:

35 (1) three months or the duration of the leave, whichever is less;

36 or

37 (2) if the leave was due to the member's personal illness, two  
38 years or the duration of the leave, whichever is less; or

39 (3) the period of leave that is specifically allowed for retirement  
40 purposes by the provisions of any law of this State.

41 The purchase shall be made in the same manner and be subject to  
42 the same terms and conditions provided for the purchase of previous  
43 membership service credit by section 8 of P.L.1954, [c.54] c.84  
44 (C.43:15A-8). In computing the service or in computing final  
45 compensation, no time during which a member was in employment,  
46 office, or position for which the annual salary or remuneration was  
47 fixed at less than \$500.00 in the case of service rendered prior to  
48 November 6, 1986, or less than \$1,500.00 in the case of service



1 rendered on or after that date, and for which the service required is  
2 on a less than full-time basis for less than 35 hours per week for  
3 service commencing in the employment, office, or position on or  
4 after the effective date specified in P.L. , c. (C. )(pending  
5 before the Legislature as this bill) except in the case of a person  
6 who was a member of the retirement system prior to that effective  
7 date and continuously thereafter, shall be credited, except that in the  
8 case of a veteran member credit shall be given for service rendered  
9 prior to January 2, 1955, in an employment, office or position if the  
10 annual salary or remuneration therefor was fixed at not less than  
11 \$300.00 and such service consisted of the performance of the full  
12 duties of the employment, office or position.  
13 (cf: P.L.1991, c.138, s.10)

14  
15 19. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to  
16 read as follows:

17 65. (a) All employees of any public agency or organization of  
18 this State, which employs persons engaged in service to the public,  
19 shall be eligible to participate in the Public Employees' Retirement  
20 System; provided the employer consents thereto by resolution and  
21 files a certified copy of such resolution with the board of trustees of  
22 the Public Employees' Retirement System and the board of trustees  
23 approves thereof by resolution. Such organization shall be referred  
24 to in this act as the employer. If the participation of such  
25 employees is so approved then the employer shall contribute to the  
26 contingent reserve fund on account of its members at the same rate  
27 per centum as would be paid by employers other than the State.

28 (b) Notwithstanding the provisions of subsection (a) of this  
29 section, every person becoming an employee of a public agency or  
30 organization of this State, which employs persons engaged in  
31 service to the public, after June 30, 1966, who is not eligible to  
32 become a member of any other retirement system, shall be required  
33 to participate in the Public Employees' Retirement System.  
34 Notwithstanding the provisions of subsection (a) of this section,  
35 membership in the Public Employees' Retirement System shall be  
36 optional with any person in the employ of any such public agency  
37 or organization on June 30, 1966, provided such person is not  
38 required to be a member pursuant to another provision of this act,  
39 and provided further that such person is not eligible to be a member  
40 of any other retirement system. The provisions of this subsection  
41 shall not apply to any person whose position is temporary or  
42 seasonal, nor to any person in office, position or employment for  
43 which the annual salary or remuneration is fixed at less than  
44 \$1,500.00, nor to any person in office, position or employment for  
45 which the service required is on a less than full-time basis for less  
46 than 35 hours per week if service in the office, position or  
47 employment commences on or after the effective date specified in  
48 P.L. , c. (C. ) (pending before the Legislature as this bill) except

1 a person who was a member of the retirement system prior to that  
2 effective date and continuously thereafter, nor to any person whose  
3 position is not covered by the old-age and survivors' insurance  
4 provisions of the federal Social Security Act. The public agency or  
5 organization employing any such person who becomes a member of  
6 the retirement system pursuant to this subsection shall contribute to  
7 the contingent reserve fund on account of such employees at the  
8 same rate per centum as would be paid by employers other than the  
9 State.

10 (cf: P.L.1986, c.139, s.3)

11  
12 20. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to  
13 read as follows:

14 75. (a) If this act is so adopted it shall become effective in the  
15 county or municipality adopting it on June 30 of the following year.  
16 Membership in the Public Employees' Retirement System shall be  
17 optional with the employees of the county, board of education or  
18 municipality in the service on the day the act becomes effective or  
19 on June 30, 1966, whichever is earlier, in such county, board of  
20 education or municipality except in the case of public employee  
21 veterans who on such date are members. An employee who elects  
22 to become a member within one year after this act so takes effect  
23 shall be entitled to prior service covering service rendered to the  
24 county, board of education or municipality prior to July 1, 1966 or  
25 prior to the date this act so becomes effective, whichever is earlier.  
26 Membership shall be compulsory for all employees entering the  
27 service of the county, board of education or municipality on July 1,  
28 1966 or after the date this act becomes effective, whichever is  
29 earlier. Where any such employee entering the service of the  
30 county, board of education of education or municipality after the  
31 date this act so becomes effective has had prior service for which  
32 evidence satisfactory to the retirement system is presented, as an  
33 employee in such county, board of education or municipality before  
34 the date upon which this act so becomes effective, or July 1, 1966,  
35 whichever is earlier, such employee shall be entitled to prior service  
36 covering service rendered to the county, board of education or  
37 municipality prior to the date this act so becomes effective, or July  
38 1, 1966, whichever is earlier.

39 (b) Notwithstanding the provisions of section 74 of this act and  
40 subsection (a) of this section, every person, other than a non-veteran  
41 elected official, becoming an employee of a county, board of  
42 education, municipality or school district after June 30, 1966, who  
43 is not eligible to become a member of another retirement system,  
44 shall be required to become a member of the Public Employees'  
45 Retirement System. Notwithstanding the provisions of section 74  
46 of this act and subsection (a) of this section, membership in the  
47 retirement system shall be optional with any elected official who is  
48 not a veteran, regardless of the date he assumes office, and with any

1 other person in the employ of any county, board of education,  
2 municipality or school district on June 30, 1966, provided such  
3 elected official or other person is not then a member and is not  
4 required to be a member of the retirement system pursuant to  
5 another provision of this act, and provided further that such person  
6 is not eligible to be a member of another retirement system.  
7 Elected officials commencing service on or after the effective date  
8 of sections 1 through 22 of P.L. , c. (C. ) (pending before  
9 Legislature as this bill) shall not be eligible for membership in the  
10 retirement system based on service in the elective public office,  
11 except that an elected official enrolled in the retirement system as  
12 of that effective date who continues to hold that elective public  
13 office without a break in service shall be eligible to continue  
14 membership in the retirement system under the terms and  
15 conditions of enrollment.

16 The provisions of this subsection shall not apply to any person  
17 whose position is temporary or seasonal, nor to any person in  
18 office, position or employment for which the annual salary or  
19 remuneration is fixed at less than \$1,500.00, nor to any person in  
20 office, position or employment for which the service required is on  
21 a less than full-time basis for less than 35 hours per week if service  
22 in the office, position or employment commences on or after the  
23 effective date specified in P.L. , c. (C. )(pending before  
24 the Legislature as this bill) except a person who was a member of  
25 the retirement system prior to that effective date and continuously  
26 thereafter, nor to any person whose position is not covered by the  
27 old age and survivors' insurance provisions of the federal Social  
28 Security Act. No credit shall be allowed to any person becoming a  
29 member of the retirement system pursuant to this subsection for  
30 service rendered to the employer prior to July 1, 1966, until the  
31 provisions of section 74 of this act have been complied with, in  
32 which event such credit shall be allowed in accordance with the  
33 provisions of subsection (a) of this section; except that the  
34 governing body of any county, board of education or municipality  
35 may, by resolution, consent to the allowance of such credit and file  
36 a certified copy of such resolution with the board of trustees of the  
37 Public Employees' Retirement System.

38 (cf: P.L.1986, c.139, s.4)

39

40 21. N.J.S.18A:66-4 is amended to read as follows:

41 18A:66-4. The membership of the retirement system shall  
42 consist of:

43 (a) all members of the teachers' pension and annuity fund  
44 enrolled as such as of December 31, 1955;

45 (b) any person becoming a teacher on or after January 1, 1956,  
46 except any person who has attained the age of 60 years prior to  
47 becoming a teacher after June 30, 1958 but before July 1, 1968;

1 (c) every teacher veteran as of January 1, 1956, who is not a  
2 member of the "Teachers' Pension and Annuity Fund" as of such  
3 date and who shall not have notified the board of trustees within 30  
4 days of such date that he does not desire to become a member;

5 (d) any teacher employed on January 1, 1956, who is not a  
6 member of the Teachers' Pension and Annuity Fund and who elects  
7 to become a member under the provisions of section 18A:66-10.

8 No person in employment, office or position, for which the  
9 annual salary or remuneration is fixed at less than \$500.00, and no  
10 person in employment, office or position for which the service  
11 required is on a less than full-time basis for less than 30 hours per  
12 week if service in the employment, office or position commences  
13 on or after the effective date specified in  
14 P.L. , c. (C. )(pending before the Legislature as this bill)  
15 except a person who was a member of the system prior to that  
16 effective date and continuously thereafter, shall be eligible to  
17 become a member of the retirement system.

18 (cf: P.L.1968, c.229, s.1)

19  
20 22. N.J.S.18A:66-8 is amended to read as follows:

21 18A:66-8. a. If a teacher:

22 (1) is dismissed by an employer by reason of reduction in  
23 number of teachers employed in the school district, institution or  
24 department when in the judgment of the employer it is advisable to  
25 abolish any office, position or employment for reasons of a  
26 reduction in the number of pupils, economy, a change in the  
27 administrative or supervisory organization or other good cause; or  
28 becomes unemployed by reason of the creation of a regional school  
29 district or a consolidated school district; or has been discontinued  
30 from service without personal fault or through leave of absence  
31 granted by an employer or permitted by any law of this State; and

32 (2) has not withdrawn the accumulated member's contributions  
33 from the retirement system, the teacher's membership may  
34 continue, notwithstanding any provisions of this article, if the  
35 member returns to service within a period of 10 years from the date  
36 of discontinuance from service. No credit for retirement purposes  
37 shall be allowed to the member covering the period of  
38 discontinuance, except as provided in this section. In computing  
39 the service or in computing final compensation, no time after  
40 September 1, 1919, during which a member shall have been  
41 employed as a teacher at an annual salary or remuneration fixed at  
42 less than \$500.00, and during which a member shall have been  
43 employed as a teacher on a less than full-time basis for less than 30  
44 hours per week if service in the employment commences on or after  
45 the effective date specified in P.L. , c. (C. )(pending before  
46 the Legislature as this bill) except in the case of a person who was a  
47 member of the retirement system prior to that effective date and  
48 continuously thereafter, shall be credited, except that in the case of

1 a veteran member credit shall be given for service rendered prior to  
2 January 1, 1955, in an employment, office or position if the annual  
3 salary or remuneration therefor was fixed at not less than \$300.00  
4 and the service consisted of the performance of the full duties of the  
5 employment, office or position.

6 b. A teacher may purchase credit for time during which the  
7 teacher shall have been absent on an official leave without pay. The  
8 credit shall be purchased for a period of time equal to:

9 (1) three months or the duration of the leave, whichever is less;  
10 or

11 (2) if the leave was due to the member's personal illness, two  
12 years or the duration of the leave, whichever is less; or

13 (3) the period of leave that is specifically allowed for retirement  
14 purposes by the provisions of any law of this State.

15 The purchase shall be made in the same manner and be subject to  
16 the same terms and conditions provided for the purchase of previous  
17 membership service by N.J.S.18A:66-9.

18 (cf: P.L.1991, c.138, s.1)  
19

20 23. N.J.S.18A:66-2 is amended to read as follows:

21 18A:66-2. As used in this article:

22 a. "Accumulated deductions" means the sum of all the  
23 amounts, deducted from the compensation of a member or  
24 contributed by or in behalf of the member, including interest  
25 credited to January 1, 1956, standing to the credit of the member's  
26 individual account in the annuity savings fund.

27 b. "Annuity" means payments for life derived from the  
28 accumulated deductions of a member as provided in this article.

29 c. "Beneficiary" means any person receiving a retirement  
30 allowance or other benefit as provided in this article.

31 d. "Compensation" means the contractual base salary, for  
32 services as a teacher as defined in this article, which is in  
33 accordance with established salary policies of the member's  
34 employer for all employees in the same position but shall not  
35 include individual salary adjustments which are granted primarily in  
36 anticipation of the member's retirement or additional remuneration  
37 for performing temporary or extracurricular duties beyond the  
38 regular school day or the regular school year.

39 e. "Employer" means the State, the board of education or any  
40 educational institution or agency of or within the State by which a  
41 teacher is paid.

42 f. "Final compensation" means: in the case of a person who  
43 was a member of the retirement system prior to the effective date of  
44 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
45 continuously thereafter, the average annual compensation for which  
46 contributions are made for the three years of creditable service in  
47 New Jersey immediately preceding the member's retirement or  
48 death, or it shall mean the average annual compensation for New

1 Jersey service for which contributions are made during any three  
2 fiscal years of his or her membership providing the largest possible  
3 benefit to the member or the member's beneficiary; and in the case  
4 of a person who becomes a member of the retirement system on or  
5 after the effective date of P.L. , c. (C. )(pending before the  
6 Legislature as this bill), the average annual compensation for which  
7 contributions are made for the five years of creditable service in  
8 New Jersey immediately preceding the member's retirement or  
9 death, or it shall mean the average annual compensation for New  
10 Jersey service for which contributions are made during any five  
11 fiscal years of his or her membership providing the largest possible  
12 benefit to the member or the member's beneficiary.

13 g. "Fiscal year" means any year commencing with July 1, and  
14 ending with June 30, next following.

15 h. "Pension" means payments for life derived from  
16 appropriations made by the State or employers to the Teachers'  
17 Pension and Annuity Fund.

18 i. "Annuity reserve" means the present value of all payments  
19 to be made on account of any annuity or benefit in lieu of an  
20 annuity, granted under the provisions of this article, computed on  
21 the basis of such mortality tables recommended by the actuary as  
22 the board of trustees adopts, with regular interest.

23 j. "Pension reserve" means the present value of all payments to  
24 be made on account of any pension or benefit in lieu of a pension  
25 granted to a member from the Teachers' Pension and Annuity Fund,  
26 computed on the basis of such mortality tables recommended by the  
27 actuary as the board of trustees adopts, with regular interest.

28 k. "Present-entrant" means any member of the Teachers'  
29 Pension and Annuity Fund who had established status as a "present-  
30 entrant member" of said fund prior to January 1, 1956.

31 l. "Rate of contribution initially certified" means the rate of  
32 contribution certified by the retirement system in accordance with  
33 N.J.S.18A:66-29.

34 m. "Regular interest" shall mean interest as determined by the  
35 State Treasurer, after consultation with the Directors of the  
36 Divisions of Investment and Pensions, the board of trustees and the  
37 actuary. It shall bear a reasonable relationship to the percentage  
38 rate of earnings on investments based on the market value of assets  
39 but shall not exceed the assumed percentage rate of increase applied  
40 to salaries plus 3%, provided however that the board of trustees  
41 shall not set the average percentage rate of increase applied to  
42 salaries below 6%.

43 n. "Retirement allowance" means the pension plus the annuity.

44 o. "School service" means any service as a "teacher" as defined  
45 in this section.

46 p. "Teacher" means any regular teacher, special teacher,  
47 helping teacher, teacher clerk, principal, vice-principal, supervisor,  
48 supervising principal, director, superintendent, city superintendent,

1 assistant city superintendent, county superintendent, State  
2 Commissioner or Assistant Commissioner of Education, members  
3 of the State Department of Education who are certificated,  
4 unclassified professional staff and other members of the teaching or  
5 professional staff of any class, public school, high school, normal  
6 school, model school, training school, vocational school, truant  
7 reformatory school, or parental school, and of any and all classes or  
8 schools within the State conducted under the order and  
9 superintendence, and wholly or partly at the expense of the State  
10 Board of Education, of a duly elected or appointed board of  
11 education, board of school directors, or board of trustees of the  
12 State or of any school district or normal school district thereof, and  
13 any persons under contract or engagement to perform one or more  
14 of these functions. It shall also mean any person who serves, while  
15 on an approved leave of absence from regular duties as a teacher, as  
16 an officer of a local, county or State labor organization which  
17 represents, or is affiliated with an organization which represents,  
18 teachers as defined in this subsection. No person shall be deemed a  
19 teacher within the meaning of this article who is a substitute  
20 teacher. In all cases of doubt the board of trustees shall determine  
21 whether any person is a teacher as defined in this article.

22 q. "Teachers' Pension and Annuity Fund," hereinafter referred  
23 to as the "retirement system" or "system," is the corporate name of  
24 the arrangement for the payment of retirement allowances and other  
25 benefits under the provisions of this article, including the several  
26 funds placed under said system. By that name all its business shall  
27 be transacted, its funds invested, warrants for money drawn, and  
28 payments made and all of its cash and securities and other property  
29 held.

30 r. "Veteran" means any honorably discharged officer, soldier,  
31 sailor, airman, marine or nurse who served in any Army, Air Force  
32 or Navy of the Allies of the United States in World War I between  
33 July 14, 1914, and November 11, 1918, or who served in any Army,  
34 Air Force or Navy of the Allies of the United States in World War  
35 II, between September 1, 1939, and September 2, 1945, and who  
36 was inducted into such service through voluntary enlistment, and  
37 was a citizen of the United States at the time of such enlistment, and  
38 who did not, during or by reason of such service, renounce or lose  
39 United States citizenship, and any officer, soldier, sailor, marine,  
40 airman, nurse or army field clerk who has served in the active  
41 military or naval service of the United States and has or shall be  
42 discharged or released therefrom under conditions other than  
43 dishonorable, in any of the following wars, uprisings, insurrections,  
44 expeditions or emergencies, and who has presented to the retirement  
45 system evidence of such record of service in form and content  
46 satisfactory to said retirement system:

- 1 (1) The Indian wars and uprisings during any of the periods  
2 recognized by the War Department of the United States as periods  
3 of active hostility;
- 4 (2) The Spanish-American War between April 20, 1898, and  
5 April 11, 1899;
- 6 (3) The Philippine insurrections and expeditions during the  
7 periods recognized by the War Department of the United States as  
8 of active hostility from February 4, 1899, to the end of 1913;
- 9 (4) The Peking relief expedition between June 20, 1900, and  
10 May 27, 1902;
- 11 (5) The army of Cuban occupation between July 18, 1898, and  
12 May 20, 1902;
- 13 (6) The army of Cuban pacification between October 6, 1906,  
14 and April 1, 1909;
- 15 (7) The Mexican punitive expedition between March 14, 1916,  
16 and February 7, 1917;
- 17 (8) The Mexican border patrol, having actually participated in  
18 engagements against Mexicans between April 12, 1911, and June  
19 16, 1919;
- 20 (9) World War I, between April 6, 1917, and November 11,  
21 1918;
- 22 (10) World War II, between September 16, 1940, and December  
23 31, 1946, who shall have served at least 90 days in such active  
24 service, exclusive of any period of assignment (1) for a course of  
25 education or training under the Army Specialized Training Program  
26 or the Navy College Training Program, which course was a  
27 continuation of a civilian course and was pursued to completion, or  
28 (2) as a cadet or midshipman at one of the service academies, any  
29 part of which 90 days was served between said dates; provided that  
30 any person receiving an actual service-incurred injury or disability  
31 shall be classed as a veteran, whether or not that person has  
32 completed the 90-day service as herein provided;
- 33 (11) Korean conflict on or after June 23, 1950, and on or prior to  
34 January 31, 1955, who shall have served at least 90 days in such  
35 active service, exclusive of any period of assignment (1) for a  
36 course of education or training under the Army Specialized  
37 Training Program or the Navy College Training Program, which  
38 course was a continuation of a civilian course and was pursued to  
39 completion, or (2) as a cadet or midshipman at one of the service  
40 academies, any part of which 90 days was served between said  
41 dates; provided that any person receiving an actual service-incurred  
42 injury or disability shall be classed as a veteran, whether or not that  
43 person has completed the 90-day service as herein provided; and  
44 provided further that any member classed as a veteran pursuant to  
45 this subsection prior to August 1, 1966, shall continue to be classed  
46 as a veteran, whether or not that person completed the 90-day  
47 service between said dates as herein provided;



1       (12) Lebanon crisis, on or after July 1, 1958, who has served in  
2 Lebanon or on board any ship actively engaged in patrolling the  
3 territorial waters of that nation for a period, continuous or in the  
4 aggregate, of at least 14 days commencing on or before November  
5 1, 1958 or the date of termination of that conflict, as proclaimed by  
6 the President of the United States or Congress, whichever date of  
7 termination is the latest, in such active service; provided, that any  
8 person receiving an actual service-incurred injury or disability shall  
9 be classed as a veteran whether or not that person has completed the  
10 14 days' service as herein provided;

11       (13) Vietnam conflict, on or after December 31, 1960, and on or  
12 prior to May 7, 1975, who shall have served at least 90 days in such  
13 active service, exclusive of any period of assignment (1) for a  
14 course of education or training under the Army Specialized  
15 Training Program or the Navy College Training Program, which  
16 course was a continuation of a civilian course and was pursued to  
17 completion, or (2) as a cadet or midshipman at one of the service  
18 academies, any part of which 90 days was served between said  
19 dates; and exclusive of any service performed pursuant to the  
20 provisions of section 511(d) of Title 10, United States Code,  
21 pursuant to an enlistment in the Army National Guard or as a  
22 reserve for service in the Army Reserve, Naval Reserve, Air Force  
23 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided  
24 that any person receiving an actual service-incurred injury or  
25 disability shall be classed as a veteran, whether or not that person  
26 has completed the 90-day service as herein provided;

27       (14) Lebanon peacekeeping mission, on or after September 26,  
28 1982, who has served in Lebanon or on board any ship actively  
29 engaged in patrolling the territorial waters of that nation for a  
30 period, continuous or in the aggregate, of at least 14 days  
31 commencing on or before December 1, 1987 or the date of  
32 termination of that mission, as proclaimed by the President of the  
33 United States or Congress, whichever date of termination is the  
34 latest, in such active service; provided, that any person receiving an  
35 actual service-incurred injury or disability shall be classed as a  
36 veteran whether or not that person has completed the 14 days'  
37 service as herein provided;

38       (15) Grenada peacekeeping mission, on or after October 23,  
39 1983, who has served in Grenada or on board any ship actively  
40 engaged in patrolling the territorial waters of that nation for a  
41 period, continuous or in the aggregate, of at least 14 days  
42 commencing on or before November 21, 1983 or the date of  
43 termination of that mission, as proclaimed by the President of the  
44 United States or Congress, whichever date of termination is the  
45 latest, in such active service; provided, that any person receiving an  
46 actual service-incurred injury or disability shall be classed as a  
47 veteran whether or not that person has completed the 14 days'  
48 service as herein provided;

1 (16) Panama peacekeeping mission, on or after December 20,  
2 1989 or the date of inception of that mission, as proclaimed by the  
3 President of the United States or Congress, whichever date of  
4 inception is earliest, who has served in Panama or on board any ship  
5 actively engaged in patrolling the territorial waters of that nation for  
6 a period, continuous or in the aggregate, of at least 14 days  
7 commencing on or before January 31, 1990 or the date of  
8 termination of that mission, as proclaimed by the President of the  
9 United States or Congress, whichever date of termination is the  
10 latest, in such active service; provided, that any person receiving an  
11 actual service-incurred injury or disability shall be classed as a  
12 veteran whether or not that person has completed the 14 days'  
13 service as herein provided;

14 (17) Operation "Desert Shield/Desert Storm" mission in the  
15 Arabian peninsula and the Persian Gulf, on or after August 2, 1990  
16 or the date of inception of that operation, as proclaimed by the  
17 President of the United States or Congress, whichever date of  
18 inception is earliest, who has served in the Arabian peninsula or on  
19 board any ship actively engaged in patrolling the Persian Gulf for a  
20 period, continuous or in the aggregate, of at least 14 days  
21 commencing on or before the date of termination of that mission, as  
22 proclaimed by the President of the United States or Congress,  
23 whichever date of termination is the latest, in such active service;  
24 provided, that any person receiving an actual service-incurred injury  
25 or disability shall be classed as a veteran whether or not that person  
26 has completed the 14 days' service as herein provided;

27 (18) Operation Northern Watch and Operation Southern Watch,  
28 on or after August 27, 1992, or the date of inception of that  
29 operation, as proclaimed by the President of the United States,  
30 Congress or United States Secretary of Defense, whichever date of  
31 inception is earliest, who served in the theater of operation,  
32 including in the Arabian peninsula and the Persian Gulf, and in  
33 direct support of that operation for a period, continuously or in the  
34 aggregate, of at least 14 days in such active service, commencing on  
35 or before the date of termination of the operation, as proclaimed by  
36 the President of the United States, Congress or United States  
37 Secretary of Defense, whichever date of termination is latest;  
38 provided, that any person receiving an actual service-incurred injury  
39 or disability while engaged in such service shall be classed as a  
40 veteran whether or not that person has completed the 14 days'  
41 service as herein provided;

42 (19) Operation "Restore Hope" in Somalia, on or after December  
43 5, 1992, or the date of inception of that operation as proclaimed by  
44 the President of the United States or Congress, whichever date is  
45 earliest, who has served in Somalia or on board any ship actively  
46 engaged in patrolling the territorial waters of that nation for a  
47 period, continuously or in the aggregate, of at least 14 days in such  
48 active service commencing on or before March 31, 1994; provided

1 that any person receiving an actual service-incurred injury or  
2 disability shall be classed as a veteran whether or not that person  
3 has completed the 14-day service as herein provided;

4 (20) Operations “Joint Endeavor” and “Joint Guard” in the  
5 Republic of Bosnia and Herzegovina, on or after November 20,  
6 1995, who served in such active service in direct support of one or  
7 both of the operations for at least 14 days, continuously or in the  
8 aggregate, commencing on or before June 20, 1998, and (1) was  
9 deployed in that nation or in another area in the region, or (2) was  
10 on board a United States naval vessel operating in the Adriatic Sea,  
11 or (3) operated in airspace above the Republic of Bosnia and  
12 Herzegovina; provided that any person receiving an actual service-  
13 incurred injury or disability shall be classed as a veteran whether or  
14 not that person completed the 14-day service requirement;

15 (21) Operation “Enduring Freedom”, on or after September 11,  
16 2001, who served in a theater of operation and in direct support of  
17 that operation for a period, continuously or in the aggregate, of at  
18 least 14 days in such active service commencing on or before the  
19 date the President of the United States or the United States  
20 Secretary of Defense designates as the termination date of that  
21 operation; provided, that any person receiving an actual service-  
22 incurred injury or disability while engaged in such service shall be  
23 classed as a veteran whether or not that person has completed the 14  
24 days’ service as herein provided; and

25 (22) Operation “Iraqi Freedom”, on or after the date the  
26 President of the United States or the United States Secretary of  
27 Defense designates as the inception date of that operation, who  
28 served in Iraq or in another area in the region in direct support of  
29 that operation for a period, continuously or in the aggregate, of at  
30 least 14 days in such active service commencing on or before the  
31 date the President of the United States or the United States  
32 Secretary of Defense designates as the termination date of that  
33 operation; provided, that any person receiving an actual service-  
34 incurred injury or disability while engaged in such service shall be  
35 classed as a veteran whether or not that person has completed the 14  
36 days’ service as herein provided.

37 “Veteran” also means any honorably discharged member of the  
38 American Merchant Marine who served during World War II and is  
39 declared by the United States Department of Defense to be eligible  
40 for federal veterans’ benefits.

41 s. “Child” means a deceased member’s unmarried child either  
42 (a) under the age of 18 or (b) of any age who, at the time of the  
43 member’s death, is disabled because of mental retardation or  
44 physical incapacity, is unable to do any substantial, gainful work  
45 because of the impairment and the impairment has lasted or can be  
46 expected to last for a continuous period of not less than 12 months,  
47 as affirmed by the medical board.

1       t. (1) “Widower,” for employees of the State, means the man to  
2       whom a member was married, or a domestic partner as defined in  
3       section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
4       the date of her death and to whom she continued to be married or a  
5       domestic partner until the date of her death and who was receiving  
6       at least one-half of his support from the member in the 12-month  
7       period immediately preceding the member’s death or the accident  
8       which was the direct cause of the member’s death. The dependency  
9       of such a widower will be considered terminated by marriage of, or  
10      establishment of a domestic partnership by, the widower subsequent  
11      to the death of the member. In the event of the payment of an  
12      accidental death benefit, the five-year qualification shall be waived.

13      (2) Subject to the provisions of paragraph (3) of this subsection,  
14      “widower,” for employees of public employers other than the State,  
15      means the man to whom a member was married at least five years  
16      before the date of her death and to whom she continued to be  
17      married until the date of her death and who was receiving at least  
18      one-half of his support from the member in the 12-month period  
19      immediately preceding the member’s death or the accident which  
20      was the direct cause of the member’s death. The dependency of  
21      such a widower shall be considered terminated by marriage of the  
22      widower subsequent to the death of the member. In the event of the  
23      payment of an accidental death benefit, the five-year qualification  
24      shall be waived.

25      (3) A public employer other than the State may adopt a  
26      resolution providing that the term “widower” as defined in  
27      paragraph (2) of this subsection shall include domestic partners as  
28      provided in paragraph (1) of this subsection.

29      u. (1) “Widow,” for employees of the State, means the woman to  
30      whom a member was married, or a domestic partner as defined in  
31      section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
32      the date of his death and to whom he continued to be married or a  
33      domestic partner until the date of his death and who was receiving  
34      at least one-half of her support from the member in the 12-month  
35      period immediately preceding the member’s death or the accident  
36      which was the direct cause of the member’s death. The dependency  
37      of such a widow will be considered terminated by the marriage of,  
38      or establishment of a domestic partnership by, the widow  
39      subsequent to the member’s death. In the event of the payment of an  
40      accidental death benefit, the five-year qualification shall be waived.

41      (2) Subject to the provisions of paragraph (3) of this subsection,  
42      “widow,” for employees of public employers other than the State,  
43      means the woman to whom a member was married at least five  
44      years before the date of his death and to whom he continued to be  
45      married until the date of his death and who was receiving at least  
46      one-half of her support from the member in the 12-month period  
47      immediately preceding the member’s death or the accident which  
48      was the direct cause of the member’s death. The dependency of

1 such a widow shall be considered terminated by the marriage of the  
2 widow subsequent to the member's death. In the event of the  
3 payment of an accidental death benefit, the five-year qualification  
4 shall be waived.

5 (3) A public employer other than the State may adopt a  
6 resolution providing that the term "widower" as defined in  
7 paragraph (2) of this subsection shall include domestic partners as  
8 provided in paragraph (1) of this subsection.

9 v. "Parent" means the parent of a member who was receiving at  
10 least one-half of the parent's support from the member in the 12-  
11 month period immediately preceding the member's death or the  
12 accident which was the direct cause of the member's death. The  
13 dependency of such a parent will be considered terminated by  
14 marriage of the parent subsequent to the death of the member.

15 w. "Medical board" means the board of physicians provided for  
16 in N.J.S.18A:66-56.

17 x. (1) "Spouse," for employees of the State, means the husband  
18 or wife, or domestic partner as defined in section 3 of P.L.2003,  
19 c.246 (C.26:8A-3), of a member.

20 (2) Subject to the provisions of paragraph (1) of this subsection,  
21 "spouse," for employees of public employers other than the State,  
22 means the husband or wife of a member.

23 (3) A public employer other than the State may adopt a  
24 resolution providing that the term "spouse" as defined in paragraph  
25 (2) of this subsection shall include domestic partners as provided in  
26 paragraph (1) of this subsection.

27 (cf: P.L.2005, c.64, s.2)

28  
29 24. N.J.S.18A:66-71 is amended to read as follows:

30 18A:66-71. a. Any public employee veteran member in office,  
31 position or employment of this State or of a county, municipality, or  
32 school district, board of education or other employer who (1) has or  
33 shall have attained the age of 60 years and has or shall have been  
34 for 20 years continuously or in the aggregate in office, position or  
35 employment of this State or of a county, municipality or school  
36 district, board of education or other employer, or (2) has or shall  
37 have attained the age of 55 years and has or shall have been for 25  
38 years continuously or in the aggregate in that office, position or  
39 employment, shall have, in the case of a veteran who was a member  
40 of the retirement system prior to the effective date of  
41 P.L. , c. (C. )(pending before the Legislature as this bill) and  
42 continuously thereafter, the privilege of retiring for service and of  
43 receiving, instead of the retirement allowance provided under  
44 N.J.S.18A:66-44, a retirement allowance of 54.5% of the  
45 compensation for which contributions are made during the 12-  
46 month period of membership providing the largest possible benefit  
47 to the member or the member's beneficiary, but such a veteran who  
48 becomes a member of the retirement system on or after the effective

1 date of P.L. , c. (C. )(pending before the Legislature as  
2 this bill) shall have the privilege of retiring for service and of  
3 receiving, instead of the retirement allowance provided under  
4 N.J.S.18A:66-44, a retirement allowance of 54.5% of the average  
5 annual compensation for which contributions are made during the  
6 36-month period of membership providing the largest possible  
7 benefit to the member or the member's beneficiary.

8 b. (Deleted by amendment, P.L.1984, c.69.)

9 c. Any public employee veteran member who has been for 20  
10 years in the aggregate in office, position or employment of this  
11 State or of a county, municipality or school district, board of  
12 education or other employer as of January 1, 1955, shall have the  
13 privilege of retiring for ordinary disability and of receiving, instead  
14 of the retirement allowance provided under N.J.S.18A:66-41, a  
15 retirement allowance of one-half of the compensation received  
16 during the last year of employment upon which contributions to the  
17 annuity savings fund or contingent reserve fund are made. Such  
18 retirement shall be subject to the provisions governing ordinary  
19 disability retirement in N.J.S.18A:66-39 and N.J.S.18A:66-40.

20 d. Any public employee veteran member who shall be in office,  
21 position or employment of this State or of a county, municipality,  
22 school district, board of education or other employer and who shall  
23 have attained 55 years of age and who has at least 35 years of  
24 aggregate service credit in such office, position or employment,  
25 shall have, in the case of a veteran who was a member of the  
26 retirement system prior to the effective date of P.L. , c. (C. )  
27 (pending before the Legislature as this bill) and continuously  
28 thereafter, the privilege of retiring for service and receiving a  
29 retirement allowance of 1/55 of the compensation the member  
30 received during the 12-month period of membership providing the  
31 largest possible benefit to the member or the member's beneficiary  
32 for each year of creditable service, but such a veteran who becomes  
33 a member of the retirement system on or after the effective date of  
34 P.L. , c. (C. )(pending before the Legislature as this bill)  
35 shall have the privilege of retiring for service and receiving a  
36 retirement allowance of 1/55 of the average annual compensation  
37 the member received during the 36-month period of membership  
38 providing the largest possible benefit to the member or the  
39 member's beneficiary for each year of creditable service.

40 e. The death benefit provided in N.J.S.18A:66-44 shall apply in  
41 the case of any member retiring under the provisions of subsections  
42 a. and d. of this section and in the case of any member who has  
43 previously retired under the provisions of subsection b. of this  
44 section before said subsection was amended by P.L.1984, c.69. The  
45 death benefit provided in N.J.S.18A:66-41 shall apply in the case of  
46 any member retired under the provisions of subsection c. of this  
47 section.

1 f. A member who purchases service credit pursuant to any  
2 provision of the "Teachers' Pension and Annuity Fund Law"  
3 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the  
4 purpose of satisfying any of the service requirements of that act.  
5 (cf: P.L.2004, c.177, s.1)

6  
7 25. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read  
8 as follows:

9 6. As used in this act:

10 a. "Accumulated deductions" means the sum of all the  
11 amounts, deducted from the compensation of a member or  
12 contributed by or on behalf of the member, standing to the credit of  
13 the member's individual account in the annuity savings fund.

14 b. "Annuity" means payments for life derived from the  
15 accumulated deductions of a member as provided in this act.

16 c. "Annuity reserve" means the present value of all payments  
17 to be made on account of any annuity or benefit in lieu of an  
18 annuity, granted under the provisions of this act, computed on the  
19 basis of such mortality tables recommended by the actuary as the  
20 board of trustees adopts, with regular interest.

21 d. "Beneficiary" means any person receiving a retirement  
22 allowance or other benefit as provided in this act.

23 e. "Child" means a deceased member's unmarried child either  
24 (1) under the age of 18 or (2) of any age who, at the time of the  
25 member's death, is disabled because of mental retardation or  
26 physical incapacity, is unable to do any substantial, gainful work  
27 because of the impairment and the impairment has lasted or can be  
28 expected to last for a continuous period of not less than 12 months,  
29 as affirmed by the medical board.

30 f. "Parent" shall mean the parent of a member who was  
31 receiving at least 1/2 of the parent's support from the member in the  
32 12-month period immediately preceding the member's death or the  
33 accident which was the direct cause of the member's death. The  
34 dependency of such a parent will be considered terminated by  
35 marriage of the parent subsequent to the death of the member.

36 g. (1) "Widower," for employees of the State, means the man to  
37 whom a member was married, or a domestic partner as defined in  
38 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
39 the date of her death and to whom she continued to be married or a  
40 domestic partner until the date of her death and who was receiving  
41 at least 1/2 of his support from the member in the 12-month period  
42 immediately preceding the member's death or the accident which  
43 was the direct cause of the member's death. The dependency of  
44 such a widower will be considered terminated by marriage of, or  
45 establishment of a domestic partnership by, the widower subsequent  
46 to the death of the member. In the event of the payment of an  
47 accidental death benefit, the five-year qualification shall be waived.

1 (2) Subject to the provisions of paragraph (3) of this subsection,  
2 “widower,” for employees of public employers other than the State,  
3 means the man to whom a member was married at least five years  
4 before the date of her death and to whom she continued to be  
5 married until the date of her death and who was receiving at least  
6 1/2 of his support from the member in the 12-month period  
7 immediately preceding the member’s death or the accident which  
8 was the direct cause of the member’s death. The dependency of  
9 such a widower shall be considered terminated by marriage of the  
10 widower subsequent to the death of the member. In the event of the  
11 payment of an accidental death benefit, the five-year qualification  
12 shall be waived.

13 (3) A public employer other than the State may adopt a  
14 resolution providing that the term “widower” as defined in  
15 paragraph (2) of this subsection shall include domestic partners as  
16 provided in paragraph (1) of this subsection.

17 h. “Final compensation” means: in the case of a person who  
18 was a member of the retirement system prior to the effective date of  
19 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
20 continuously thereafter, the average annual compensation for which  
21 contributions are made for the three years of creditable service in  
22 New Jersey immediately preceding the member’s retirement or  
23 death, or it shall mean the average annual compensation for New  
24 Jersey service for which contributions are made during any three  
25 fiscal years of his or her membership providing the largest possible  
26 benefit to the member or the member’s beneficiary; and in the case  
27 of a person who becomes a member of the retirement system on or  
28 after the effective date of P.L. , c. (C. )(pending before the  
29 Legislature as this bill), the average annual compensation for which  
30 contributions are made for the five years of creditable service in  
31 New Jersey immediately preceding the member’s retirement or  
32 death, or the average annual compensation for New Jersey service  
33 for which contributions are made during any five fiscal years of his  
34 or her membership providing the largest possible benefit to the  
35 member or the member’s beneficiary.

36 i. “Fiscal year” means any year commencing with July 1 and  
37 ending with June 30 next following.

38 j. “Medical board” shall mean the board of physicians  
39 provided for in section 17 (C.43:15A-17).

40 k. “Pension” means payments for life derived from  
41 appropriations made by the employer as provided in this act.

42 l. “Pension reserve” means the present value of all payments to  
43 be made on account of any pension or benefit in lieu of a pension  
44 granted under the provisions of this act, computed on the basis of  
45 such mortality tables recommended by the actuary as the board of  
46 trustees adopts, with regular interest.

47 m. “Public Employees’ Retirement System of New Jersey,”  
48 hereinafter referred to as the “retirement system” or “system,” is the



1 corporate name of the arrangement for the payment of retirement  
2 allowances and other benefits under the provisions of this act  
3 including the several funds placed under said system. By that name  
4 all of its business shall be transacted, its funds invested, warrants  
5 for money drawn, and payments made and all of its cash and  
6 securities and other property held.

7 n. "Regular interest" shall mean interest as determined by the  
8 State Treasurer, after consultation with the Directors of the  
9 Divisions of Investment and Pensions, the board of trustees and the  
10 actuary. It shall bear a reasonable relationship to the percentage  
11 rate of earnings on investments based on the market value of the  
12 assets but shall not exceed the assumed percentage rate of increase  
13 applied to salaries plus 3%, provided however that the board of  
14 trustees shall not set the average percentage rate of increase applied  
15 to salaries below 6%.

16 o. "Retirement allowance" means the pension plus the annuity.

17 p. "Veteran" means any honorably discharged officer, soldier,  
18 sailor, airman, marine or nurse who served in any Army, Air Force  
19 or Navy of the Allies of the United States in World War I, between  
20 July 14, 1914, and November 11, 1918, or who served in any Army,  
21 Air Force or Navy of the Allies of the United States in World War  
22 II, between September 1, 1939, and September 2, 1945, and who  
23 was inducted into such service through voluntary enlistment, and  
24 was a citizen of the United States at the time of such enlistment, and  
25 who did not, during or by reason of such service, renounce or lose  
26 United States citizenship, and any officer, soldier, sailor, marine,  
27 airman, nurse or army field clerk, who has served in the active  
28 military or naval service of the United States and has or shall be  
29 discharged or released therefrom under conditions other than  
30 dishonorable, in any of the following wars, uprisings, insurrections,  
31 expeditions, or emergencies, and who has presented to the  
32 retirement system evidence of such record of service in form and  
33 content satisfactory to said retirement system:

34 (1) The Indian wars and uprisings during any of the periods  
35 recognized by the War Department of the United States as periods  
36 of active hostility;

37 (2) The Spanish-American War between April 20, 1898, and  
38 April 11, 1899;

39 (3) The Philippine insurrections and expeditions during the  
40 periods recognized by the War Department of the United States as  
41 of active hostility from February 4, 1899, to the end of 1913;

42 (4) The Peking relief expedition between June 20, 1900, and  
43 May 27, 1902;

44 (5) The army of Cuban occupation between July 18, 1898, and  
45 May 20, 1902;

46 (6) The army of Cuban pacification between October 6, 1906,  
47 and April 1, 1909;

1 (7) The Mexican punitive expedition between March 14, 1916,  
2 and February 7, 1917;

3 (8) The Mexican border patrol, having actually participated in  
4 engagements against Mexicans between April 12, 1911, and June  
5 16, 1919;

6 (9) World War I, between April 6, 1917, and November 11,  
7 1918;

8 (10) World War II, between September 16, 1940, and December  
9 31, 1946, who shall have served at least 90 days in such active  
10 service, exclusive of any period of assignment (1) for a course of  
11 education or training under the Army Specialized Training Program  
12 or the Navy College Training Program which course was a  
13 continuation of a civilian course and was pursued to completion, or  
14 (2) as a cadet or midshipman at one of the service academies any  
15 part of which 90 days was served between said dates; provided, that  
16 any person receiving an actual service-incurred injury or disability  
17 shall be classed as a veteran whether or not that person has  
18 completed the 90-day service as herein provided;

19 (11) Korean conflict on or after June 23, 1950, and on or prior to  
20 January 31, 1955, who shall have served at least 90 days in such  
21 active service, exclusive of any period of assignment (1) for a  
22 course of education or training under the Army Specialized  
23 Training Program or the Navy College Training Program which  
24 course was a continuation of a civilian course and was pursued to  
25 completion, or (2) as a cadet or midshipman at one of the service  
26 academies, any part of which 90 days was served between said  
27 dates; provided, that any person receiving an actual service-incurred  
28 injury or disability shall be classed as a veteran whether or not that  
29 person has completed the 90-day service as herein provided; and  
30 provided further, that any member classed as a veteran pursuant to  
31 this paragraph prior to August 1, 1966, shall continue to be classed  
32 as a veteran whether or not that person completed the 90-day  
33 service between said dates as herein provided;

34 (12) Lebanon crisis, on or after July 1, 1958, who has served in  
35 Lebanon or on board any ship actively engaged in patrolling the  
36 territorial waters of that nation for a period, continuous or in the  
37 aggregate, of at least 14 days commencing on or before November  
38 1, 1958 or the date of termination of that conflict, as proclaimed by  
39 the President of the United States or Congress, whichever date of  
40 termination is the latest, in such active service; provided, that any  
41 person receiving an actual service-incurred injury or disability shall  
42 be classed as a veteran whether or not that person has completed the  
43 14 days' service as herein provided;

44 (13) Vietnam conflict on or after December 31, 1960, and on or  
45 prior to May 7, 1975, who shall have served at least 90 days in such  
46 active service, exclusive of any period of assignment (1) for a  
47 course of education or training under the Army Specialized  
48 Training Program or the Navy College Training Program which

1 course was a continuation of a civilian course and was pursued to  
2 completion, or (2) as a cadet or midshipman at one of the service  
3 academies, any part of which 90 days was served between said  
4 dates; and exclusive of any service performed pursuant to the  
5 provisions of section 511(d) of Title 10, United States Code,  
6 pursuant to an enlistment in the Army National Guard or as a  
7 reserve for service in the Army Reserve, Naval Reserve, Air Force  
8 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,  
9 that any person receiving an actual service-incurred injury or  
10 disability shall be classed as a veteran whether or not that person  
11 has completed the 90 days' service as herein provided;

12 (14) Lebanon peacekeeping mission, on or after September 26,  
13 1982, who has served in Lebanon or on board any ship actively  
14 engaged in patrolling the territorial waters of that nation for a  
15 period, continuous or in the aggregate, of at least 14 days  
16 commencing on or before December 1, 1987 or the date of  
17 termination of that mission, as proclaimed by the President of the  
18 United States or Congress, whichever date of termination is the  
19 latest, in such active service; provided, that any person receiving an  
20 actual service-incurred injury or disability shall be classed as a  
21 veteran whether or not that person has completed the 14 days'  
22 service as herein provided;

23 (15) Grenada peacekeeping mission, on or after October 23,  
24 1983, who has served in Grenada or on board any ship actively  
25 engaged in patrolling the territorial waters of that nation for a  
26 period, continuous or in the aggregate, of at least 14 days  
27 commencing on or before November 21, 1983 or the date of  
28 termination of that mission, as proclaimed by the President of the  
29 United States or Congress, whichever date of termination is the  
30 latest, in such active service; provided, that any person receiving an  
31 actual service-incurred injury or disability shall be classed as a  
32 veteran whether or not that person has completed the 14 days'  
33 service as herein provided;

34 (16) Panama peacekeeping mission, on or after December 20,  
35 1989 or the date of inception of that mission, as proclaimed by the  
36 President of the United States or Congress, whichever date of  
37 inception is earliest, who has served in Panama or on board any ship  
38 actively engaged in patrolling the territorial waters of that nation for  
39 a period, continuous or in the aggregate, of at least 14 days  
40 commencing on or before January 31, 1990 or the date of  
41 termination of that mission, as proclaimed by the President of the  
42 United States or Congress, whichever date of termination is the  
43 latest, in such active service; provided, that any person receiving an  
44 actual service-incurred injury or disability shall be classed as a  
45 veteran whether or not that person has completed the 14 days'  
46 service as herein provided;

47 (17) Operation "Desert Shield/Desert Storm" mission in the  
48 Arabian peninsula and the Persian Gulf, on or after August 2, 1990

1 or the date of inception of that operation, as proclaimed by the  
2 President of the United States or Congress, whichever date of  
3 inception is earliest, who has served in the Arabian peninsula or on  
4 board any ship actively engaged in patrolling the Persian Gulf for a  
5 period, continuous or in the aggregate, of at least 14 days  
6 commencing on or before the date of termination of that mission, as  
7 proclaimed by the President of the United States or Congress,  
8 whichever date of termination is the latest, in such active service;  
9 provided, that any person receiving an actual service-incurred injury  
10 or disability shall be classed as a veteran whether or not that person  
11 has completed the 14 days' service as herein provided;

12 (18) Operation Northern Watch and Operation Southern Watch,  
13 on or after August 27, 1992, or the date of inception of that  
14 operation, as proclaimed by the President of the United States,  
15 Congress or United States Secretary of Defense, whichever date of  
16 inception is earliest, who served in the theater of operation,  
17 including in the Arabian peninsula and the Persian Gulf, and in  
18 direct support of that operation for a period, continuously or in the  
19 aggregate, of at least 14 days in such active service, commencing on  
20 or before the date of termination of that operation, as proclaimed by  
21 the President of the United States, Congress or United States  
22 Secretary of Defense, whichever date of termination is the latest;  
23 provided, that any person receiving an actual service-incurred injury  
24 or disability while engaged in such service shall be classed as a  
25 veteran whether or not that person has completed the 14 days'  
26 service as herein provided;

27 (19) Operation "Restore Hope" in Somalia, on or after December  
28 5, 1992, or the date of inception of that operation as proclaimed by  
29 the President of the United States or Congress, whichever date is  
30 earliest, who has served in Somalia or on board any ship actively  
31 engaged in patrolling the territorial waters of that nation for a  
32 period, continuously or in the aggregate, of at least 14 days in such  
33 active service commencing on or before March 31, 1994; provided  
34 that any person receiving an actual service-incurred injury or  
35 disability shall be classed as a veteran whether or not that person  
36 has completed the 14-day service as herein provided;

37 (20) Operations "Joint Endeavor" and "Joint Guard" in the  
38 Republic of Bosnia and Herzegovina, on or after November 20,  
39 1995, who served in such active service in direct support of one or  
40 both of the operations for at least 14 days, continuously or in the  
41 aggregate, commencing on or before June 20, 1998 and (1) was  
42 deployed in that nation or in another area in the region, or (2) was  
43 on board a United States naval vessel operating in the Adriatic Sea,  
44 or (3) operated in airspace above the Republic of Bosnia and  
45 Herzegovina; provided that any person receiving an actual service-  
46 incurred injury or disability shall be classed as a veteran whether or  
47 not that person completed the 14-day service requirement;

1       (21) Operation “Enduring Freedom”, on or after September 11,  
2       2001, who served in a theater of operation and in direct support of  
3       that operation for a period, continuously or in the aggregate, of at  
4       least 14 days in such active service commencing on or before the  
5       date the President of the United States or the United States  
6       Secretary of Defense designates as the termination date of that  
7       operation; provided, that any person receiving an actual service-  
8       incurred injury or disability while engaged in such service shall be  
9       classed as a veteran whether or not that person has completed the 14  
10      days’ service as herein provided; and

11      (22) Operation “Iraqi Freedom”, on or after the date the  
12      President of the United States or the United States Secretary of  
13      Defense designates as the inception date of that operation, who  
14      served in Iraq or in another area in the region in direct support of  
15      that operation for a period, continuously or in the aggregate, of at  
16      least 14 days in such active service commencing on or before the  
17      date the President of the United States or the United States  
18      Secretary of Defense designates as the termination date of that  
19      operation; provided, that any person receiving an actual service-  
20      incurred injury or disability while engaged in such service shall be  
21      classed as a veteran whether or not that person has completed the 14  
22      days’ service as herein provided.

23      “Veteran” also means any honorably discharged member of the  
24      American Merchant Marine who served during World War II and is  
25      declared by the United States Department of Defense to be eligible  
26      for federal veterans’ benefits.

27      q. (1) “Widow,” for employees of the State, means the woman to  
28      whom a member was married, or a domestic partner as defined in  
29      section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
30      the date of his death and to whom he continued to be married or a  
31      domestic partner until the date of his death and who was receiving  
32      at least 1/2 of her support from the member in the 12-month period  
33      immediately preceding the member’s death or the accident which  
34      was the direct cause of the member’s death. The dependency of  
35      such a widow will be considered terminated by the marriage of, or  
36      establishment of a domestic partnership by, the widow subsequent  
37      to the member’s death. In the event of the payment of an accidental  
38      death benefit, the five-year qualification shall be waived.

39      (2) Subject to the provisions of paragraph (3) of this subsection,  
40      “widow,” for employees of public employers other than the State,  
41      means the woman to whom a member was married at least five  
42      years before the date of his death and to whom he continued to be  
43      married until the date of his death and who was receiving at least  
44      1/2 of her support from the member in the 12-month period  
45      immediately preceding the member’s death or the accident which  
46      was the direct cause of the member’s death. The dependency of  
47      such a widow shall be considered terminated by the marriage of the  
48      widow subsequent to the member’s death. In the event of the

1 payment of an accidental death benefit, the five-year qualification  
2 shall be waived.

3 (3) A public employer other than the State may adopt a  
4 resolution providing that the term “widow” as defined in paragraph  
5 (2) of this subsection shall include domestic partners as provided in  
6 paragraph (1) of this subsection.

7 r. “Compensation” means the base or contractual base salary,  
8 for services as an employee, which is in accordance with  
9 established salary policies of the member’s employer for all  
10 employees in the same position but shall not include individual  
11 salary adjustments which are granted primarily in anticipation of  
12 the member’s retirement or additional remuneration for performing  
13 temporary or extracurricular duties beyond the regular workday or  
14 the regular work year.

15 In cases where salary includes maintenance, the retirement  
16 system shall fix the value of that part of the salary not paid in  
17 money which shall be considered under this act.

18 (cf: P.L.2005, c.64, s.3)

19

20 26. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to  
21 read as follows:

22 61. a. (Deleted by amendment, P.L.1995, c.332.)

23 b. Any public employee veteran member in office, position or  
24 employment of this State or of a county, municipality, public  
25 agency, school district or board of education and who (1) shall have  
26 attained 60 years of age and who has 20 years of aggregate service  
27 credit in such office, position or employment, or (2) shall have  
28 attained 55 years of age and who has 25 years of aggregate service  
29 credit in such office, position or employment, shall have, in the case  
30 of a veteran who was a member of the retirement system prior to the  
31 effective date of P.L. , c. (C. ) (pending before the Legislature  
32 as this bill) and continuously thereafter, the privilege of retiring for  
33 service and receiving, instead of the retirement allowance provided  
34 under section 48 of this act, a retirement allowance of 54.5% of the  
35 compensation for which contributions are made during the 12-  
36 month period of membership providing the largest possible benefit  
37 to the member or the member’s beneficiary, but such a veteran who  
38 becomes a member of the retirement system on or after the effective  
39 date of P.L. , c. (C. )(pending before the Legislature as  
40 this bill) shall have the privilege of retiring for service and  
41 receiving, instead of the retirement allowance provided under  
42 section 48, a retirement allowance of 54.5% of the average annual  
43 compensation for which contributions are made during the 36-  
44 month period of membership providing the largest possible benefit  
45 to the member or the member’s beneficiary.

46 c. Any public employee veteran member who has been for 20  
47 years in the aggregate in office, position or employment of this  
48 State or of a county, municipality, public agency, school district or

1 board of education as of January 2, 1955, shall have the privilege of  
2 retiring for ordinary disability and of receiving, instead of the  
3 retirement allowance provided under section 45 of this act, a  
4 retirement allowance of one-half of the compensation received  
5 during the last year of employment upon which contributions to the  
6 annuity savings fund or contingent reserve fund are made. Such  
7 retirement shall be subject to the provisions governing ordinary  
8 disability retirement in sections 42 and 44 of this act.

9 d. Any public employee veteran member who shall be in office,  
10 position or employment of this State or of a county, municipality,  
11 public agency, school district or board of education and who shall  
12 have attained 55 years of age and who has at least 35 years of  
13 aggregate service credit in such office, position or employment,  
14 shall have, in the case of a veteran who was a member of the  
15 retirement system prior to the effective date of P.L. , c. (C. )  
16 (pending before the Legislature as this bill) and continuously  
17 thereafter, the privilege of retiring for service and receiving a  
18 retirement allowance of 1/55 of the compensation the member  
19 received during the 12-month period of membership providing the  
20 largest possible benefit to the member or the member's beneficiary  
21 for each year of creditable service, but such a veteran who becomes  
22 a member of the retirement system on or after the effective date of  
23 P.L. , c. (C. )(pending before the Legislature as this  
24 bill) shall have the privilege of retiring for service and receiving a  
25 retirement allowance of 1/55 of the average annual compensation  
26 the member received during the 36-month period of membership  
27 providing the largest possible benefit to the member or the  
28 member's beneficiary for each year of creditable service.

29 e. The death benefit provided in section 48 shall apply in the  
30 case of any member retiring under the provisions of subsections a.,  
31 b. and d. of this section. The death benefit provided in section 45  
32 shall apply in the case of any member retired under the provisions  
33 of subsection c. of this section.

34 f. The State shall be liable for any increased cost to local  
35 government employers participating in the retirement system as a  
36 result of the amendment of this section by P.L.2001, c.353, except  
37 as provided in section 16 of P.L.2001, c.353.

38 (cf: P.L. 2004, c.177, s.2)

39  
40 27. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to  
41 read as follows:

42 1. As used in this act:

43 (1) "Retirement system" or "system" shall mean the Police and  
44 Firemen's Retirement System of New Jersey as defined in section 2  
45 of this act.

46 (2) (a) "Policeman" shall mean a permanent, full-time employee  
47 of a law enforcement unit as defined in section 2 of P.L.1961, c.56  
48 (C.52:17B-67) or the State, other than an officer or trooper of the

1 Division of State Police whose position is covered by the State  
2 Police Retirement System, whose primary duties include the  
3 investigation, apprehension or detention of persons suspected or  
4 convicted of violating the criminal laws of the State and who:

5 (i) is authorized to carry a firearm while engaged in the actual  
6 performance of his official duties;

7 (ii) has police powers;

8 (iii) is required to complete successfully the training  
9 requirements prescribed by P.L.1961, c.56 (C.52:17B-66 et seq.) or  
10 comparable training requirements as determined by the board of  
11 trustees; and

12 (iv) is subject to the physical and mental fitness requirements  
13 applicable to the position of municipal police officer established by  
14 an agency authorized to establish these requirements on a Statewide  
15 basis, or comparable physical and mental fitness requirements as  
16 determined by the board of trustees.

17 The term shall also include an administrative or supervisory  
18 employee of a law enforcement unit or the State whose duties  
19 include general or direct supervision of employees engaged in  
20 investigation, apprehension or detention activities or training  
21 responsibility for these employees and a requirement for  
22 engagement in investigation, apprehension or detention activities if  
23 necessary, and who is authorized to carry a firearm while in the  
24 actual performance of his official duties and has police powers.

25 (b) "Fireman" shall mean a permanent, full-time employee of a  
26 firefighting unit whose primary duties include the control and  
27 extinguishment of fires and who is subject to the training and  
28 physical and mental fitness requirements applicable to the position  
29 of municipal firefighter established by an agency authorized to  
30 establish these requirements on a Statewide basis, or comparable  
31 training and physical and mental fitness requirements as determined  
32 by the board of trustees. The term shall also include an  
33 administrative or supervisory employee of a firefighting unit whose  
34 duties include general or direct supervision of employees engaged  
35 in fire control and extinguishment activities or training  
36 responsibility for these employees and a requirement for  
37 engagement in fire control and extinguishment activities if  
38 necessary. As used in this paragraph, "firefighting unit" shall mean  
39 a municipal fire department, a fire district, or an agency of a county  
40 or the State which is responsible for control and extinguishment of  
41 fires.

42 (3) "Member" shall mean any policeman or fireman included in  
43 the membership of the retirement system pursuant to this  
44 amendatory and supplementary act, P.L.1989, c.204 (C.43:16A-15.6  
45 et al.).

46 (4) "Board of trustees" or "board" shall mean the board  
47 provided for in section 13 of this act.



1 (5) "Medical board" shall mean the board of physicians  
2 provided for in section 13 of this act.

3 (6) "Employer" shall mean the State of New Jersey, the county,  
4 municipality or political subdivision thereof which pays the  
5 particular policeman or fireman.

6 (7) "Service" shall mean service as a policeman or fireman paid  
7 for by an employer.

8 (8) "Creditable service" shall mean service rendered for which  
9 credit is allowed as provided under section 4 of this act.

10 (9) "Regular interest" shall mean interest as determined by the  
11 State Treasurer, after consultation with the Directors of the  
12 Divisions of Investment and Pensions, the board of trustees and the  
13 actuary. It shall bear a reasonable relationship to the percentage  
14 rate of earnings on investments based on the market value of assets  
15 but shall not exceed the assumed percentage rate of increase applied  
16 to salaries plus 3%, provided however that the board of trustees  
17 shall not set the average percentage rate of increase applied to  
18 salaries below 6%.

19 (10) "Aggregate contributions" shall mean the sum of all the  
20 amounts, deducted from the compensation of a member or  
21 contributed by him or on his behalf, standing to the credit of his  
22 individual account in the annuity savings fund.

23 (11) "Annuity" shall mean payments for life derived from the  
24 aggregate contributions of a member.

25 (12) "Pension" shall mean payments for life derived from  
26 contributions by the employer.

27 (13) "Retirement allowance" shall mean the pension plus the  
28 annuity.

29 (14) "Earnable compensation" shall mean the full rate of the  
30 salary that would be payable to an employee if he worked the full  
31 normal working time for his position. In cases where salary  
32 includes maintenance, the retirement system shall fix the value of  
33 that part of the salary not paid in money which shall be considered  
34 under this act.

35 (15) "Average final compensation" shall mean the average  
36 annual salary upon which contributions are made for the three years  
37 of creditable service immediately preceding his retirement or death,  
38 or it shall mean the average annual salary for which contributions  
39 are made during any three fiscal years of his or her membership  
40 providing the largest possible benefit to the member or his  
41 beneficiary.

42 (16) "Retirement" shall mean the termination of the member's  
43 active service with a retirement allowance granted and paid under  
44 the provisions of this act.

45 (17) "Annuity reserve" shall mean the present value of all  
46 payments to be made on account of any annuity or benefit in lieu of  
47 any annuity computed upon the basis of such mortality tables

1 recommended by the actuary as shall be adopted by the board of  
2 trustees, and regular interest.

3 (18) "Pension reserve" shall mean the present value of all  
4 payments to be made on account of any pension or benefit in lieu of  
5 any pension computed upon the basis of such mortality tables  
6 recommended by the actuary as shall be adopted by the board of  
7 trustees, and regular interest.

8 (19) "Actuarial equivalent" shall mean a benefit of equal value  
9 when computed upon the basis of such mortality tables  
10 recommended by the actuary as shall be adopted by the board of  
11 trustees, and regular interest.

12 (20) "Beneficiary" shall mean any person receiving a retirement  
13 allowance or other benefit as provided by this act.

14 (21) "Child" shall mean a deceased member's or retirant's  
15 unmarried child (a) under the age of 18, or (b) 18 years of age or  
16 older and enrolled in a secondary school, or (c) under the age of 24  
17 and enrolled in a degree program in an institution of higher  
18 education for at least 12 credit hours in each semester, provided that  
19 the member died in active service as a result of an accident met in  
20 the actual performance of duty at some definite time and place, and  
21 the death was not the result of the member's willful misconduct, or  
22 (d) of any age who, at the time of the member's or retirant's death,  
23 is disabled because of mental retardation or physical incapacity, is  
24 unable to do any substantial, gainful work because of the  
25 impairment and his impairment has lasted or can be expected to last  
26 for a continuous period of not less than 12 months, as affirmed by  
27 the medical board.

28 (22) "Parent" shall mean the parent of a member who was  
29 receiving at least one-half of his support from the member in the  
30 12-month period immediately preceding the member's death or the  
31 accident which was the direct cause of the member's death. The  
32 dependency of such a parent will be considered terminated by  
33 marriage of the parent subsequent to the death of the member.

34 (23) (a) "Widower," for employees of the State, means the man  
35 to whom a member or retirant was married, or a domestic partner as  
36 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of  
37 her death and who has not since remarried or established a domestic  
38 partnership. In the event of the payment of accidental death  
39 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),  
40 the restriction concerning remarriage or establishment of a domestic  
41 partnership shall be waived.

42 (b) Subject to the provisions of paragraph (c) of this subsection,  
43 "widower," for employees of public employers other than the State,  
44 means the man to whom a member or retirant was married on the  
45 date of her death and who has not remarried.

46 (c) A public employer other than the State may adopt a  
47 resolution providing that the term "widower" as defined in

1 paragraph (b) of this subsection shall include domestic partners as  
2 provided in paragraph (a) of this subsection.

3 (24) (a) "Widow," for employees of the State, means the woman  
4 to whom a member or retirant was married, or a domestic partner as  
5 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of  
6 his death and who has not since remarried or established a domestic  
7 partnership. In the event of the payment of accidental death  
8 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),  
9 the restriction concerning remarriage or establishment of a domestic  
10 partnership shall be waived.

11 (b) Subject to the provisions of paragraph (c) of this subsection,  
12 "widow," for employees of public employers other than the State,  
13 means the woman to whom a member or retirant was married on the  
14 date of his death and who has not remarried.

15 (c) A public employer other than the State may adopt a  
16 resolution providing that the term "widow" as defined in paragraph  
17 (b) of this subsection shall include domestic partners as provided in  
18 paragraph (a) of this subsection.

19 (25) "Fiscal year" shall mean any year commencing with July 1,  
20 and ending with June 30, next following.

21 (26) "Compensation" shall mean the base salary, for services as a  
22 member as defined in this act, which is in accordance with  
23 established salary policies of the member's employer for all  
24 employees in the same position but shall not include individual  
25 salary adjustments which are granted primarily in anticipation of  
26 the member's retirement or additional remuneration for performing  
27 temporary duties beyond the regular workday.

28 (27) "Department" shall mean any police or fire department of a  
29 municipality or a fire department of a fire district located in a  
30 township or a county police or park police department or the  
31 appropriate department of the State or instrumentality thereof.

32 (28) "Final compensation" means: in the case of a person who  
33 was a member of the retirement system prior to the effective date of  
34 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
35 continuously thereafter, the compensation received by the member  
36 in the last 12 months of creditable service preceding his retirement  
37 or death; and in the case of a person who becomes a member on or  
38 after the effective date of P.L. , c. (C. )(pending before the  
39 Legislature as this bill), the average annual compensation for  
40 service for which contributions are made during any three fiscal  
41 years of membership providing the largest possible benefit to the  
42 member or the member's beneficiary.

43 (29) (Deleted by amendment, P.L.1992, c.78).

44 (30) (Deleted by amendment, P.L.1992, c.78).

45 (31) (a) "Spouse," for employees of the State, means the husband  
46 or wife, or domestic partner as defined in section 3 of P.L.2003,  
47 c.246 (C.26:8A-3), of a member.

1 (b) Subject to the provisions of paragraph (c) of this subsection,  
2 “spouse,” for employees of public employers other than the State,  
3 means the husband or wife of a member.

4 (c) A public employer other than the State may adopt a  
5 resolution providing that the term “spouse” as defined in paragraph  
6 (b) of this subsection shall include domestic partners as provided in  
7 paragraph (a) of this subsection.

8 (cf: P.L.2003, c.246, s.43)

9  
10 28. Section 3 of P.L.1965, c.89 (C.53:5A-3) is amended to read  
11 as follows:

12 3. As used in this act:

13 a. “Aggregate contributions” means the sum of all the amounts,  
14 deducted from the salary of a member or contributed by him or on  
15 his behalf, standing to the credit of his individual account in the  
16 Annuity Savings Fund. Interest credited on contributions to the  
17 former “State Police Retirement and Benevolent Fund” shall be  
18 included in a member’s aggregate contributions.

19 b. “Annuity” means payments for life derived from the  
20 aggregate contributions of a member.

21 c. “Annuity reserve” means the present value of all payments  
22 to be made on account of any annuity or benefit in lieu of an  
23 annuity, computed upon the basis of such mortality tables  
24 recommended by the actuary as the board of trustees adopts and  
25 regular interest.

26 d. “Beneficiary” means any person entitled to receive any  
27 benefit pursuant to the provisions of this act by reason of the death  
28 of a member or retirant.

29 e. “Board of trustees” or “board” means the board provided for  
30 in section 30 of this act.

31 f. “Child” means a deceased member’s or retirant’s unmarried  
32 child either (a) under the age of 18 or (b) of any age who, at the  
33 time of the member’s or retirant’s death, is disabled because of  
34 mental retardation or physical incapacity, is unable to do any  
35 substantial, gainful work because of the impairment and his  
36 impairment has lasted or can be expected to last for a continuous  
37 period of not less than 12 months, as affirmed by the medical board.

38 g. “Creditable service” means service rendered for which credit  
39 is allowed on the basis of contributions made by the member or the  
40 State.

41 h. “Parent” means the parent of a member who was receiving at  
42 least one-half of his support from the member in the 12-month  
43 period immediately preceding the member’s death or the accident  
44 which was the direct cause of the member’s death. The dependency  
45 of such a parent will be considered terminated by marriage of the  
46 parent subsequent to the death of the member.

47 i. “Final compensation” means: in the case of a person who  
48 was a member of the retirement system prior to the effective date of

1 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
2 continuously thereafter, the average compensation received by the  
3 member in the last 12 months of creditable service preceding his  
4 retirement or death; and in the case of a person who becomes a  
5 member on or after the effective date of  
6 P.L. , c. (C. )(pending before the Legislature as this bill),  
7 the average annual compensation for service for which  
8 contributions are made during any three fiscal years of membership  
9 providing the largest possible benefit to the member or the  
10 member's beneficiary.

11 j. "Final salary" means: in the case of a person who was a  
12 member of the retirement system prior to the effective date of  
13 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
14 continuously thereafter, the average salary received by the member  
15 in the last 12 months of creditable service preceding his retirement  
16 or death; and in the case of a person who becomes a member on or  
17 after the effective date of P.L. , c. (C. )(pending before  
18 the Legislature as this bill), the average annual salary for service for  
19 which contributions are made during any three fiscal years of  
20 membership providing the largest possible benefit to the member or  
21 the member's beneficiary. Such term shall not include the value of  
22 the member's maintenance allowance.

23 k. "Fiscal year" means any year commencing with July 1 and  
24 ending with June 30 next following.

25 l. "Medical board" means the board of physicians provided for  
26 in section 30 of this act.

27 m. "Member" means any full-time, commissioned officer, non-  
28 commissioned officer or trooper of the Division of State Police of  
29 the Department of Law and Public Safety of the State of New Jersey  
30 enrolled in the retirement system established by this act.

31 n. "Pension" means payment for life derived from  
32 contributions by the State.

33 o. "Pension reserve" means the present value of all payments to  
34 be made on account of any pension or benefit in lieu of any pension  
35 computed on the basis of such mortality tables recommended by the  
36 actuary as shall be adopted by the board of trustees and regular  
37 interest.

38 p. "Regular interest" means interest as determined by the State  
39 Treasurer, after consultation with the Directors of the Divisions of  
40 Investment and Pensions, the board of trustees and the actuary. It  
41 shall bear a reasonable relationship to the percentage rate of  
42 earnings on investments based on the market value of the assets but  
43 shall not exceed the assumed percentage rate of increase applied to  
44 salaries plus 3%, provided however that the board of trustees shall  
45 not set the average percentage rate of increase applied to salaries  
46 below 6%.

47 q. "Retirant" means any former member receiving a retirement  
48 allowance as provided by this act.

1       r. "Retirement allowance" means the pension plus the annuity.  
2       s. "State Police Retirement System of New Jersey," herein also  
3 referred to as the "retirement system" or "system," is the corporate  
4 name of the arrangement for the payment of retirement allowances  
5 and of the benefits under the provisions of this act including the  
6 several funds placed under said system. By that name, all of its  
7 business shall be transacted, its funds invested, warrants for moneys  
8 drawn, and payments made and all of its cash and securities and  
9 other property held. All assets held in the name of the former  
10 "State Police Retirement and Benevolent Fund" shall be transferred  
11 to the retirement system established by this act.

12       t. "Surviving spouse" means the person to whom a member or  
13 a retirant was married, or a domestic partner as defined in section 3  
14 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the  
15 member or retirant. The dependency of such a surviving spouse will  
16 be considered terminated by the marriage of, or establishment of a  
17 domestic partnership by, the surviving spouse subsequent to the  
18 member's or the retirant's death, except that in the event of the  
19 payment of accidental death benefits, pursuant to section 14 of  
20 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving  
21 spouse or domestic partner will not be considered terminated by the  
22 marriage of, or establishment of a domestic partnership by, the  
23 surviving spouse subsequent to the member's death.

24       u. "Compensation" for purposes of computing pension  
25 contributions means the base salary, for services as a member as  
26 defined in this act, which is in accordance with established salary  
27 policies of the State for all employees in the same position but shall  
28 not include individual salary adjustments which are granted  
29 primarily in anticipation of the member's retirement or additional  
30 remuneration for performing temporary duties beyond the regular  
31 workday or shift.

32 (cf: P.L.2003, c.246, s.46)

33

34       29. N.J.S.18A:66-19 is amended to read as follows:

35       18A:66-19. a. The annuity savings fund shall be the fund in  
36 which shall be credited accumulated deductions and contributions  
37 by members or on their behalf to provide for their allowances.

38       A single account shall be established in this fund for each person  
39 who is or shall become a member and all contributions deducted  
40 from each [such] member's compensation shall be credited to  
41 [his] this single account regardless of the number of positions a  
42 member might hold or the number of employers he might have.

43       b. A person who becomes a member on or after the effective  
44 date of P.L. , c. (C. )(pending before the Legislature as  
45 this bill) shall be eligible for membership and shall contribute on  
46 the basis of a single covered position. A member who holds more  
47 than one position covered by the retirement system shall be eligible  
48 for membership in the retirement system based upon a single

1 position, which shall be the position with the higher or highest  
2 compensation. A person who was a member of the retirement  
3 system prior to the effective date of P.L. , c. (C. )(pending  
4 before the Legislature as this bill) and continuously thereafter shall  
5 not be required to designate a single position for membership in the  
6 system and may continue to contribute on the basis of all positions  
7 held.

8 (cf: P.L.1971, c.121, s.9)

9  
10 30. Section 25 of P.L.1954, c.84 (C.43:15A-25) is amended to  
11 read as follows:

12 25. a. The annuity savings fund shall be the fund in which shall  
13 be credited accumulated deductions and contributions by members  
14 or on their behalf to provide for their allowances. A single account  
15 shall be established in this fund for each person who is or shall  
16 become a member and all contributions deducted from each [such]  
17 member's compensation shall be credited to [his] this single  
18 account regardless of the number of positions a member might hold  
19 or the number of employers as he might have.

20 b. A person who becomes a member on or after the effective  
21 date of P.L. , c. (C. )(pending before the Legislature as this  
22 bill) shall be eligible for membership and shall contribute on the  
23 basis of a single covered position. A member who holds more than  
24 one position covered by the retirement system shall be eligible for  
25 membership in the retirement system based upon a single position,  
26 which shall be the position with the higher or highest compensation.  
27 A person who was a member of the retirement system prior to the  
28 effective date of P.L. , c. (C. )(pending before the  
29 Legislature as this bill) and continuously thereafter shall not be  
30 required to designate a single position for membership in the system  
31 and may continue to contribute on the basis of all positions held.

32 c. Members enrolled in the retirement system on or after July 1,  
33 1994 shall contribute 5% of compensation to the system. Members  
34 enrolled in the system prior to July 1, 1994 shall contribute 5% of  
35 compensation to the system effective with the payroll period for  
36 which the beginning date is closest to July 1, 1995, provided,  
37 however, that any member enrolled before July 1, 1994, whose full  
38 contribution rate under the system prior to the revisions by this act  
39 was less than 6%, shall pay 4% of compensation to the system  
40 effective with the payroll period for which the beginning date is  
41 closest to July 1, 1995, and 5% of compensation to the system  
42 effective with the payroll period for which the beginning date is  
43 closest to July 1, 1996.

44 d. The retirement system shall certify to each State department  
45 or subdivision thereof, and to each branch of the State service not  
46 included in a State department, and to every other employer, the  
47 proportion of each member's compensation to be deducted and to  
48 facilitate the making of deductions the retirement system may

1 modify the deduction required by a member by such an amount as  
2 shall not exceed 1/10 of 1% of the compensation upon the basis of  
3 which the deduction is to be made.

4 If payment in full, representing the monthly or biweekly  
5 transmittal and report of salary deductions, is not made within 15  
6 days of the due date established by the retirement system, interest at  
7 the rate of 6% per annum shall commence to run against the total  
8 transmittal of salary deductions for the period on the first day after  
9 such fifteenth day.

10 e. Every employee to whom this act applies shall be deemed to  
11 consent and agree to any deduction from his compensation required  
12 by this act and to all other provisions of this act. Notwithstanding  
13 any other law, rule or regulation affecting the salary, pay,  
14 compensation, other perquisites, or tenure of a person to whom this  
15 act applies, or shall apply, and notwithstanding that the minimum  
16 salary, pay, or compensation or other perquisites provided by law  
17 for him shall be reduced thereby, payment, less such deductions,  
18 shall be a full and complete discharge and acquittance of all claims  
19 and demands for service rendered by him during the period covered  
20 by such payment.

21 (cf: P.L.1994, c.62, s.9)

22  
23 31. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to  
24 read as follows:

25 1. [Notwithstanding the provisions of P.L.1954, c. 84, s. 7d (C.  
26 43:15A-7d), all members of the Legislature shall become members  
27 of the retirement system, subject to all benefits and requirements of  
28 membership] Members of the Legislature commencing service on  
29 or after the effective date of sections 1 through 22 of  
30 P.L. , c. (C. )(pending before the Legislature as this bill) shall  
31 not be eligible for membership in the retirement system based on  
32 service in that elective office. A member of the Legislature  
33 enrolled in the retirement system as of that effective date who  
34 continues to hold office as a member of the Legislature without a  
35 break in service shall be eligible to continue membership in the  
36 retirement system under the terms and conditions of the member's  
37 enrollment.

38 (cf: P.L.1972, c.167, s.1)

39  
40 32. (New section) a. Notwithstanding any other provision of  
41 law to the contrary, a person who commences service in an  
42 employment, office or position that makes the person eligible to be  
43 a member of the Teachers' Pension and Annuity Fund, the Judicial  
44 Retirement System, the Public Employees' Retirement System, the  
45 Police and Firemen's Retirement System, or the State Police  
46 Retirement System, or a member with less than 10 years of  
47 creditable service in these retirement systems, shall have the option  
48 to choose, on or after the effective date of sections 1 through 22 of



1 P.L. , c. (C. ) (pending before the Legislature as this bill)  
2 either to be enrolled in the relevant retirement system or enrolled in  
3 the Defined Contribution Retirement Program established pursuant  
4 to P.L. , c. (C. ) (pending before the Legislature as this bill)  
5 by waiving all rights and benefits which would otherwise be  
6 provided by the relevant retirement system.

7 b. When a member of the Teachers' Pension and Annuity Fund,  
8 the Judicial Retirement System, the Public Employees' Retirement  
9 System, the Police and Firemen's Retirement System, or the State  
10 Police Retirement System elects to transfer to the Defined  
11 Contribution Retirement Program by filing the proper application  
12 form declaring the election to participate in the program, the  
13 respective retirement system shall transfer the amount of all of the  
14 member's accumulated deductions standing to the credit of the  
15 member's individual account in the annuity savings fund, plus  
16 regular interest, less any outstanding loan, except that no interest  
17 shall be payable in the case of a member who has less than three  
18 years of membership credit for which the member has made  
19 contributions. The interest payable shall be such proportion of the  
20 interest determined at the regular rate of 2% per annum bears to the  
21 regular rate of interest.

22  
23 33. (New section) An officer or employee of a political  
24 subdivision of this State or of a board of education, or of any  
25 agency, authority or instrumentality thereof, shall not be eligible for  
26 membership in the Public Employees' Retirement System or shall  
27 be terminated from such membership, as appropriate, and including  
28 an officer or employee who is a member as of the effective date of  
29 P.L. , c. (C. )(pending before the Legislature as this bill),  
30 if that officer or employee, knowingly himself, or through partners  
31 or associates or through any corporation in which the officer or  
32 employee holds a key principal position or owns or controls more  
33 than 1% of the stock, or through any other person for the officer's  
34 or employee's use or benefit or on his account, undertakes,  
35 executes, or performs, in whole or in part, any contract to provide  
36 professional services to the political subdivision or board of  
37 education, or agency, authority or instrumentality thereof, in which  
38 the officer or employee serves. Nothing contained in this paragraph  
39 shall be construed as affecting the provisions of any collective  
40 negotiations agreement or individual contract of employment in  
41 effect on the effective date of P.L. , c. (C. )(pending  
42 before the Legislature as this bill).

43 As used in this section, "professional services" means services  
44 rendered or performed by a person authorized by law to practice a  
45 recognized profession, whose practice is regulated by law, and the  
46 performance of which services requires knowledge of an advanced  
47 type in a field of learning acquired by a prolonged formal course of  
48 specialized instruction and study as distinguished from general

1 academic instruction or apprenticeship and training. Professional  
2 services may also mean services rendered in the provision or  
3 performance of goods or services that are original and creative in  
4 character in a recognized field of artistic endeavor.

5  
6 34. (New section) a. With respect to all claims for benefits  
7 under the Teachers' Pension and Annuity Fund, the Public  
8 Employees' Retirement System, the Judicial Retirement System, the  
9 Police and Firemen's Retirement System, or the State Police  
10 Retirement System submitted on or after the effective date of  
11 P.L. , c. (C. )(pending before the Legislature as this bill),  
12 the Division of Pensions and Benefits shall investigate increases in  
13 compensation reported for credit that exceed reasonably anticipated  
14 annual compensation increases for members of the retirement  
15 system based upon consideration of the Consumer Price Index for  
16 the time period of the increases, the table of assumed salary  
17 increases recommended by the system's actuary and adopted by the  
18 board of trustees of the retirement system, and the annual  
19 percentage increases of salaries as indicated in data from the Public  
20 Employment Relations Commission established pursuant to  
21 P.L.1941, c.100 (C.34:13A-1 et seq.) or through other reliable  
22 industry sources of information regarding average annual salary  
23 increases.

24 b. Those cases in which a violation of the relevant statute or  
25 regulation is suspected shall be referred to the board of trustees of  
26 the relevant retirement system for further action.

27  
28 35. Section 2 of P.L.2001, c.259 (C.43:15A-143) is amended to  
29 read as follows:

30 2. Notwithstanding the provisions of any other law, workers  
31 compensation judges shall be members of the Workers  
32 Compensation Judges Part, established pursuant to this act,  
33 P.L.2001, c.259 (C.43:15A-142 et seq.), of the Public Employees'  
34 Retirement System, established pursuant to P.L.1954, c.84  
35 (C.43:15A-1 et seq.), if enrolled in the part prior to the effective  
36 date of P.L. , c. (C. )(pending before the Legislature as  
37 this bill) and shall be subject to the same membership and benefit  
38 provisions as State employees, except as provided by P.L.2001,  
39 c.259. Membership in the retirement system shall be a condition of  
40 employment for service as a judge of compensation for a judge  
41 enrolled in the part prior to the effective date of  
42 P.L. , c. (C. )(pending before the Legislature as this  
43 bill).

44 A workers compensation judge who becomes a member of the  
45 retirement system on or after the effective date of  
46 P.L. , c. (C. )(pending before the Legislature as this bill)  
47 shall not be a member of the Workers Compensation Judges Part

1 and the provisions of P.L.2001, c.259 (C.43:15A-142 et seq.) shall  
2 not apply to such judge or the judge's survivors.

3 (cf: P.L.2001, c.259, s.2)

4  
5 36. Section 2 of P.L.2001, c.366 (C.43:15A-156) is amended to  
6 read as follows:

7 2. a. Notwithstanding the provisions of any other law,  
8 prosecutors shall be members of the Prosecutors Part, established  
9 pursuant to P.L.2001, c.366 (C.43:15A-155 et seq.), of the Public  
10 Employees' Retirement System, established pursuant to P.L.1954,  
11 c.84 (C.43:15A-1 et seq.) if enrolled in the part prior to the effective  
12 date of P.L. , c. (C. )(pending before the Legislature as  
13 this bill), and shall be subject to the same membership and benefit  
14 provisions as State employees, except as provided by P.L.2001,  
15 c.366. Membership in the retirement system shall be a condition of  
16 employment for service as a prosecutor for a prosecutor enrolled in  
17 the part prior to the effective date of P.L. , c. (C. )(pending  
18 before the Legislature as this bill). Any service credit which has  
19 been established in the Public Employees' Retirement System by a  
20 prosecutor prior to the effective date of this act shall be established  
21 in the Prosecutors Part without further assessment of cost to the  
22 prosecutor; provided, however, any service credit which has been  
23 established in the Public Employees' Retirement System by a  
24 member of the retirement system in any position prior to service as  
25 a county prosecutor, nominated and appointed pursuant to Article  
26 VII, Section II, paragraph 1 of the New Jersey Constitution, shall be  
27 established in the Prosecutors Part without further assessment of  
28 cost to the prosecutor.

29 A prosecutor who becomes a member of the retirement system  
30 on or after the effective date of P.L. , c. (C. )(pending  
31 before the Legislature as this bill) shall not be a member of the  
32 Prosecutors Part and the provisions of P.L.2001, c.366 (C.43:15A-  
33 155 et seq.) shall not apply to such prosecutor.

34 b. All outstanding obligations, such as loans, purchases and  
35 other arrearage, shall be satisfied by a prosecutor as previously  
36 scheduled for payment to the Public Employees' Retirement  
37 System.

38 (cf: P.L.2003, c.140, s. 1)

39  
40 37. Section 16 of P.L.1964, c.241 (C.43:16A-11.1) is amended  
41 to read as follows:

42 16. a. Should a member resign after having established 25 years  
43 of creditable service, he may elect "special retirement," provided,  
44 that such election is communicated by such member to the  
45 retirement system by filing a written application, duly attested,  
46 stating at what time subsequent to the execution and filing thereof  
47 he desires to be retired. He shall receive, in lieu of the payment

1 provided in section 11, a retirement allowance which shall consist  
2 of:

3 (1) An annuity which shall be the actuarial equivalent of his  
4 aggregate contributions, and

5 (2) A pension in the amount which, when added to the  
6 member's annuity, will provide a total retirement allowance of 65%  
7 of his final compensation, plus 1% of his final compensation  
8 multiplied by the number of years of creditable service over 25 but  
9 not over 30]; or, beginning in the fiscal year immediately following  
10 the adoption of the valuation report by the retirement system board  
11 of trustees in which the funded level is in excess of 104%, a pension  
12 in the amount which, when added to the member's annuity, will  
13 provide a total retirement allowance of 70% of final compensation,  
14 plus 1% of final compensation multiplied by the number of years of  
15 creditable service over 25 but not over 30]; provided, however, that  
16 any member who has earned, prior to July 1, 1979, more than 30  
17 years of creditable service, shall receive an additional 1% of his  
18 final compensation for each year of his creditable service over 30.

19 The board of trustees shall retire him at the time specified or at  
20 such other time within one month after the date so specified as the  
21 board finds advisable.

22 Upon the receipt of proper proofs of the death of such a retired  
23 member, there shall be paid to his beneficiary an amount equal to  
24 one-half of the final compensation received by the member.

25 b. The "special retirement" allowance payable under subsection  
26 a. of this section to any person who retired under the retirement  
27 system prior to December 20, 1989 shall be increased by an amount  
28 equal to 5% of the person's final compensation or by such lesser  
29 amount as would, if added to the allowance payable at the time of  
30 retirement, provide a total retirement allowance of 70% of final  
31 compensation, except that in the case of such a retirant who retired  
32 on or after July 1, 1979 and had earned prior to that date more than  
33 30 years of creditable service, the amount of the increase shall be  
34 equal to 5% of the person's final compensation irrespective of the  
35 total retirement allowance which such an increase would provide.  
36 The provisions of this subsection shall not be construed either to  
37 require a reduction in the retirement allowance payable to any  
38 retirant or to provide for the payment of any adjustment in such an  
39 allowance with respect to any period of time prior to the first day of  
40 the month following that effective date.

41 (cf: P.L.2003, c.108, s.2)

42  
43 38. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to  
44 read as follows:

45 15. (1) The contributions required for the support of the  
46 retirement system shall be made by members and their employers.

47 (2) The uniform percentage contribution rate for members shall  
48 be 8.5% of compensation.

1 (3) (Deleted by amendment, P.L.1989, c.204).

2 (4) Upon the basis of the tables recommended by the actuary  
3 which the board adopts and regular interest, the actuary shall  
4 compute annually, beginning as of June 30, 1991, the amount of  
5 contribution which shall be the normal cost as computed under the  
6 projected unit credit method attributable to service rendered under  
7 the retirement system for the year beginning on July 1 immediately  
8 succeeding the date of the computation. This shall be known as the  
9 “normal contribution.”

10 (5) (Deleted by amendment, P.L.1989, c.204).

11 (6) (Deleted by amendment, P.L.1994, c.62.)

12 (7) Each employer shall cause to be deducted from the salary of  
13 each member the percentage of earnable compensation prescribed in  
14 subsection (2) of this section. To facilitate the making of  
15 deductions, the retirement system may modify the amount of  
16 deduction required of any member by an amount not to exceed 1/10  
17 of 1% of the compensation upon which the deduction is based.

18 (8) The deductions provided for herein shall be made  
19 notwithstanding that the minimum salary provided for by law for  
20 any member shall be reduced thereby. Every member shall be  
21 deemed to consent and agree to the deductions made and provided  
22 for herein, and payment of salary or compensation less said  
23 deduction shall be a full and complete discharge and acquittance of  
24 all claims and demands whatsoever for the service rendered by such  
25 person during the period covered by such payment, except as to the  
26 benefits provided under this act. The chief fiscal officer of each  
27 employer shall certify to the retirement system in such manner as  
28 the retirement system may prescribe, the amounts deducted; and  
29 when deducted shall be paid into said annuity savings fund, and  
30 shall be credited to the individual account of the member from  
31 whose salary said deduction was made.

32 (9) With respect to employers other than the State, upon the  
33 basis of the tables recommended by the actuary which the board  
34 adopts and regular interest, the actuary shall compute the amount of  
35 the accrued liability as of June 30, 1991 under the projected unit  
36 credit method, which is not already covered by the assets of the  
37 retirement system, valued in accordance with the asset valuation  
38 method established in this section. Using the total amount of this  
39 unfunded accrued liability, the actuary shall compute the initial  
40 amount of contribution which, if the contribution is increased at a  
41 specific rate and paid annually for a specific period of time, will  
42 amortize this liability. The State Treasurer shall determine, upon  
43 the advice of the Director of the Division of Pensions and Benefits,  
44 the board of trustees and the actuary, the rate of increase for the  
45 contribution and the time period for full funding of this liability,  
46 which shall not exceed 40 years on initial application of this section  
47 as amended by this act, P.L.1994, c.62. This shall be known as the  
48 “accrued liability contribution.” Any increase or decrease in the

1 unfunded accrued liability as a result of actuarial losses or gains for  
2 the 10 valuation years following valuation year 1991 shall serve to  
3 increase or decrease, respectively, the unfunded accrued liability  
4 contribution. Thereafter, any increase or decrease in the unfunded  
5 accrued liability as a result of actuarial losses or gains for  
6 subsequent valuation years shall serve to increase or decrease,  
7 respectively, the amortization period for the unfunded accrued  
8 liability, unless an increase in the amortization period will cause it  
9 to exceed 30 years. If an increase in the amortization period as a  
10 result of actuarial losses for a valuation year would exceed 30 years,  
11 the accrued liability contribution shall be computed for the  
12 valuation year in the same manner provided for the computation of  
13 the initial accrued liability contribution under this section.

14 With respect to the State, upon the basis of the tables  
15 recommended by the actuary which the board adopts and regular  
16 interest, the actuary shall annually determine if there is an amount  
17 of the accrued liability, computed under the projected unit credit  
18 method, which is not already covered by the assets of the retirement  
19 system, valued in accordance with the asset valuation method  
20 established in this section. This shall be known as the "unfunded  
21 accrued liability." If there was no unfunded accrued liability for the  
22 valuation period immediately preceding the current valuation  
23 period, the actuary, using the total amount of this unfunded accrued  
24 liability, shall compute the initial amount of contribution which, if  
25 the contribution is increased at a specific rate and paid annually for  
26 a specific period of time, will amortize this liability. The State  
27 Treasurer shall determine, upon the advice of the Director of the  
28 Division of Pensions and Benefits, the board of trustees and the  
29 actuary, the rate of increase for the contribution and the time period  
30 for full funding of this liability, which shall not exceed 30 years.  
31 This shall be known as the "accrued liability contribution."  
32 Thereafter, any increase or decrease in the unfunded accrued  
33 liability as a result of actuarial losses or gains for subsequent  
34 valuation years shall serve to increase or decrease, respectively, the  
35 amortization period for the unfunded accrued liability, unless an  
36 increase in the amortization period will cause it to exceed 30 years.  
37 If an increase in the amortization period as a result of actuarial  
38 losses for a valuation year would exceed 30 years, the accrued  
39 liability contribution shall be computed for the valuation year in the  
40 same manner provided for the computation of the initial accrued  
41 liability contribution under this section. The State may pay all or  
42 any portion of its unfunded accrued liability under the retirement  
43 system from any source of funds legally available for the purpose,  
44 including, without limitation, the proceeds of bonds authorized by  
45 law for this purpose.

46 The value of the assets to be used in the computation of the  
47 contributions provided for under this section for valuation periods  
48 shall be the value of the assets for the preceding valuation period

1 increased by the regular interest rate, plus the net cash flow for the  
2 valuation period (the difference between the benefits and expenses  
3 paid by the system and the contributions to the system) increased by  
4 one half of the regular interest rate, plus 20% of the difference  
5 between this expected value and the full market value of the assets  
6 as of the end of the valuation period. This shall be known as the  
7 “valuation assets.” Notwithstanding the first sentence of this  
8 paragraph, the valuation assets for the valuation period ending June  
9 30, 1995 shall be the full market value of the assets as of that date  
10 and, with respect to the valuation assets allocated to the State, shall  
11 include the proceeds from the bonds issued pursuant to the “Pension  
12 Bond Financing Act of 1997,” P.L.1997, c.114 (C.34:1B-7.45 et  
13 seq.), paid to the system by the New Jersey Economic Development  
14 Authority to fund the unfunded accrued liability of the system.  
15 Notwithstanding the first sentence of this paragraph, the percentage  
16 of the difference between the expected value and the full market  
17 value of the assets to be added to the expected value of the assets  
18 for the valuation period ending June 30, 1998 for the State shall be  
19 100% and for other employers shall be 57% plus such additional  
20 percentage as is equivalent to \$150,000,000. Notwithstanding the  
21 first sentence of this paragraph, the amount of the difference  
22 between the expected value and the full market value of the assets  
23 to be added to the expected value of the assets for the valuation  
24 period ending June 30, 1999 shall include an additional amount of  
25 the market value of the assets sufficient to fund (1) the unfunded  
26 accrued liability for the supplementary “special retirement”  
27 allowances provided under subsection b. of section 16 of P.L.1964,  
28 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the  
29 full credit toward benefits under the retirement system for service  
30 credited in the Public Employees’ Retirement System and  
31 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)  
32 and the reimbursement of the cost of any credit purchase pursuant  
33 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under  
34 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

35 “Excess valuation assets” means, with respect to the valuation  
36 assets allocated to the State, the valuation assets allocated to the  
37 State for a valuation period less the actuarial accrued liability of the  
38 State for the valuation period, and beginning with the valuation  
39 period ending June 30, 1998, less the present value of the expected  
40 additional normal cost contributions attributable to the provisions of  
41 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the  
42 active members employed by the State as of the valuation period  
43 over the expected working lives of the active members in  
44 accordance with the tables of actuarial assumptions applicable to  
45 the valuation period[, and less the present value of the expected  
46 additional normal cost contributions attributable to the provisions of  
47 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241  
48 (C.43:16A-11.1) payable on behalf of the active members employed

1 by the State as of the valuation period over the expected working  
2 lives of the active members in accordance with the tables of  
3 actuarial assumptions applicable to the valuation period], if the sum  
4 is greater than zero. “Excess valuation assets” means, with respect  
5 to the valuation assets allocated to other employers, the valuation  
6 assets allocated to the other employers for a valuation period less  
7 the actuarial accrued liability of the other employers for the  
8 valuation period, excluding the unfunded accrued liability for early  
9 retirement incentive benefits pursuant to P.L.1993, c.99 for the  
10 other employers, and beginning with the valuation period ending  
11 June 30, 1998, less the present value of the expected additional  
12 normal cost contributions attributable to the provisions of P.L.1999,  
13 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active  
14 members employed by other employers as of the valuation period  
15 over the expected working lives of the active members in  
16 accordance with the tables of actuarial assumptions applicable to  
17 the valuation period], and less the present value of the expected  
18 additional normal cost contributions attributable to the provisions of  
19 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241  
20 (C.43:16A-11.1) payable on behalf of the active members employed  
21 by other employers as of the valuation period over the expected  
22 working lives of the active members in accordance with the tables  
23 of actuarial assumptions applicable to the valuation period], if the  
24 sum is greater than zero.

25 If there are excess valuation assets allocated to the State or to the  
26 other employers for the valuation period ending June 30, 1995, the  
27 normal contributions payable by the State or by the other employers  
28 for the valuation periods ending June 30, 1995, and June 30, 1996  
29 which have not yet been paid to the retirement system shall be  
30 reduced to the extent possible by the excess valuation assets  
31 allocated to the State or to the other employers, respectively,  
32 provided that with respect to the excess valuation assets allocated to  
33 the State, the General Fund balances that would have been paid to  
34 the retirement system except for this provision shall first be  
35 allocated as State aid to public schools to the extent that additional  
36 sums are required to comply with the May 14, 1997 decision of the  
37 New Jersey Supreme Court in *Abbott v. Burke*.

38 If there are excess valuation assets allocated to the other  
39 employers for the valuation period ending June 30, 1998, the  
40 accrued liability contributions payable by the other employers for  
41 the valuation period ending June 30, 1997 shall be reduced to the  
42 extent possible by the excess valuation assets allocated to the other  
43 employers.

44 If there are excess valuation assets allocated to the State or to the  
45 other employers for a valuation period ending after June 30, 1998,  
46 the State Treasurer may reduce the normal contribution payable by  
47 the State or by other employers for the next valuation period as  
48 follows:



1 (1) for valuation periods ending June 30, 1996 through June 30,  
2 2000, to the extent possible by up to 100% of the excess valuation  
3 assets allocated to the State or to the other employers, respectively;

4 (2) for the valuation period ending June 30, 2001, to the extent  
5 possible by up to 84% of the excess valuation assets allocated to the  
6 State or to the other employers, respectively;

7 (3) for the valuation period ending June 30, 2002, to the extent  
8 possible by up to 68% of the excess valuation assets allocated to the  
9 State or to the other employers, respectively; and

10 (4) for valuation periods ending **【on or after】** June 30, 2003  
11 through June 30, 2007, to the extent possible by up to 50% of the  
12 excess valuation assets allocated to the State or to the other  
13 employers, respectively.

14 Notwithstanding the discretion provided to the State Treasurer in  
15 the previous paragraph to reduce the amount of the normal  
16 contribution payable by employers other than the State, the State  
17 Treasurer shall reduce the amount of the normal contribution  
18 payable by employers other than the State by \$150,000,000 in the  
19 aggregate for the valuation period ending June 30, 1998, and then  
20 the State Treasurer may reduce further pursuant to the provisions of  
21 the previous paragraph the normal contribution payable by such  
22 employers for that valuation period.

23 **【As of the valuation report in which the funded level is in excess**  
24 **of 104%, an amount equal to the present value of the future normal**  
25 **contributions for the benefits provided by P.L.2003, c.108 as**  
26 **amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be**  
27 **credited to the benefit enhancement fund. If there are excess**  
28 **valuation assets after reductions in normal contributions as**  
29 **authorized in the preceding paragraphs, for a valuation period**  
30 **beginning with the valuation period in which the benefits provided**  
31 **by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by**  
32 **P.L.2003, c.108 apply, an amount of excess valuation assets not to**  
33 **exceed the amount of the member contributions for the fiscal year**  
34 **in which the normal contributions are payable shall be credited to**  
35 **the benefit enhancement fund. The amount of excess valuation**  
36 **assets credited to the benefit enhancement fund shall not exceed the**  
37 **present value of the expected additional normal and accrued**  
38 **liability contributions attributable to the provisions of section 16 of**  
39 **P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,**  
40 **payable on behalf of the active members over the expected working**  
41 **lives of the active members in accordance with the tables of**  
42 **actuarial assumptions for the valuation period. No additional**  
43 **excess valuation assets shall be credited to the benefit enhancement**  
44 **fund after the maximum amount is attained. Interest shall be**  
45 **credited to the benefit enhancement fund.**

46 The normal and accrued liability contributions for the increased  
47 benefits for active employees under section 16 of P.L.1964, c.241  
48 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid

1 from the benefit enhancement fund. If assets in the benefit  
2 enhancement fund are insufficient to pay the normal and accrued  
3 liability contributions for the increased benefits for a valuation  
4 period, the retirement system shall pay the amount of normal and  
5 accrued liability contributions for the increased benefits not covered  
6 by assets from the benefit enhancement fund.】

7 The normal and accrued liability contributions shall be certified  
8 annually by the retirement system and shall be included in the  
9 budget of the employer and levied and collected in the same manner  
10 as any other taxes are levied and collected for the payment of the  
11 salaries of members.

12 Notwithstanding the preceding sentence, the normal and accrued  
13 liability contributions to be included in the budget of and paid by  
14 the employer other than the State shall be as follows: for the  
15 payment due in the State fiscal year ending on June 30, 2004, 20%  
16 of the amount certified by the retirement system; for the payment  
17 due in the State fiscal year ending on June 30, 2005, a percentage of  
18 the amount certified by the retirement system as the State Treasurer  
19 shall determine but not more than 40%; for the payment due in the  
20 State fiscal year ending on June 30, 2006, a percentage of the  
21 amount certified by the retirement system as the State Treasurer  
22 shall determine but not more than 60%; and for the payment due in  
23 the State fiscal year ending on June 30, 2007, a percentage of the  
24 amount certified by the retirement system as the State Treasurer  
25 shall determine but not more than 80%.

26 (10)The treasurer or corresponding officer of the employer shall  
27 pay to the State Treasurer no later than April 1 of the State's fiscal  
28 year in which payment is due the amount so certified as payable by  
29 the employer, and shall pay monthly to the State Treasurer the  
30 amount of the deductions from the salary of the members in the  
31 employ of the employer, and the State Treasurer shall credit such  
32 amount to the appropriate fund or funds, of the retirement system.

33 If payment of the full amount of the employer's obligation is not  
34 made within 30 days of the due date established by this act, interest  
35 at the rate of 10% per annum shall commence to run against the  
36 unpaid balance thereof on the first day after such 30th day.

37 If payment in full, representing the monthly transmittal and  
38 report of salary deductions, is not made within 15 days of the due  
39 date established by the retirement system, interest at the rate of 10%  
40 per annum shall commence to run against the total transmittal of  
41 salary deductions for the period on the first day after such 15th day.

42 (11)The expenses of administration of the retirement system  
43 shall be paid by the State of New Jersey. Each employer shall  
44 reimburse the State for a proportionate share of the amount paid by  
45 the State for administrative expense. This proportion shall be  
46 computed as the number of members under the jurisdiction of such  
47 employer bears to the total number of members in the system. The  
48 pro rata share of the cost of administrative expense shall be

1 included with the certification by the retirement system of the  
2 employer's contribution to the system.

3 (12)Notwithstanding anything to the contrary, the retirement  
4 system shall not be liable for the payment of any pension or other  
5 benefits on account of the employees or beneficiaries of any  
6 employer participating in the retirement system, for which reserves  
7 have not been previously created from funds, contributed by such  
8 employer or its employees for such benefits.

9 (13)(Deleted by amendment, P.L.1992, c.125.)

10 (14)Commencing with valuation year 1991, with payment to be  
11 made in Fiscal Year 1994, the Legislature shall annually  
12 appropriate and the State Treasurer shall pay into the pension  
13 accumulation fund of the retirement system an amount equal to  
14 1.1% of the compensation of the members of the system for the  
15 valuation year to fund the benefits provided by section 16 of  
16 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

17 (15) If the valuation assets are insufficient to fund the normal  
18 and accrued liability costs attributable to P.L.1999, c.428  
19 (C.43:16A-15.8 et al.) as provided hereinabove, the normal and  
20 unfunded accrued liability contributions required to fund these costs  
21 for the State and other employers shall be paid by the State.

22 (16) The savings realized as a result of the amendments to this  
23 section by P.L.2001, c.44 in the payment of normal contributions  
24 computed by the actuary for the valuation periods ending June 30,  
25 1998 for employers other than the State shall be used solely and  
26 exclusively by a county or municipality for the purpose of reducing  
27 the amount that is required to be raised by the local property tax  
28 levy by the county for county purposes or by the municipality for  
29 municipal purposes, as appropriate. The Director of the Division of  
30 Local Government Services in the Department of Community  
31 Affairs shall certify for each year that each county or municipality  
32 has complied with the requirements set forth herein. If the director  
33 finds that a county or municipality has not used the savings solely  
34 and exclusively for the purpose of reducing the amount that is  
35 required to be raised by the local property tax levy by the county for  
36 county purposes or by the municipality for municipal purposes, as  
37 appropriate, the director shall direct the county or municipal  
38 governing body, as appropriate, to make corrections to its budget.  
39 (cf: P.L.2003, c.108, s.3)

40

41 39. Section 16 of P.L.1944, c.255 (C.43:16A-16) is amended to  
42 read as follows:

43 16. (1) All the assets of the retirement system shall be credited  
44 according to the purpose for which they are held to one of **five**  
45 four funds, namely, the annuity savings fund, the pension  
46 accumulation fund, the retirement reserve fund, and the special  
47 reserve fund[, and the benefit enhancement fund].

48 (2) The annuity savings fund shall be a fund in which shall be

1 credited accumulated contributions by members or on their behalf  
2 to provide for their allowances. The aggregate contributions of a  
3 member withdrawn by him or paid to his estate or his designated  
4 beneficiary in event of his death as provided in this act shall be paid  
5 from the annuity savings fund. Upon the retirement of a member  
6 where the aggregate contributions of the member are to be provided  
7 in the form of an annuity, the aggregate contributions of the  
8 member shall be transferred from the annuity savings fund to the  
9 retirement reserve fund.

10 (3) The pension accumulation fund shall be the fund in which  
11 shall be credited contributions made by employers. Upon the death  
12 of a member either before or after retirement any lump sum benefit  
13 payable shall be charged to the pension accumulation fund. Upon  
14 the retirement or death of a member the reserve of any pension  
15 payable to or on his account shall be transferred to the retirement  
16 reserve fund. The retirement system at the end of each fiscal year  
17 shall allow interest on the balance of the retirement reserve fund as  
18 of the beginning of said fiscal year at the regular interest rate  
19 applicable thereto to cover the interest creditable for the year. The  
20 amount so allowed shall be due and payable and shall be credited  
21 annually. All other income received on the securities, funds and  
22 investments of the retirement system shall be credited to the  
23 pension accumulation fund, except as provided by subsection (5) of  
24 this section. The retirement system, upon the advice of the actuary,  
25 shall transfer to and from the pension accumulation fund any  
26 surplus or deficit in the retirement reserve fund.

27 (4) The retirement reserve fund shall be the fund from which all  
28 retirement allowances and benefits in lieu thereof shall be paid. If  
29 the retirement allowance of a member who has been retired is  
30 subsequently canceled, the appropriate reserve shall be transferred  
31 to the pension accumulation fund and the annuity savings fund.

32 (5) The special reserve fund shall be the fund to which any  
33 earnings in excess of the amounts annually allowed under the  
34 provisions of subsection (3) of this section shall be transferred. No  
35 additional amounts shall be credited to the special reserve fund at  
36 any time when the total accumulations in such fund equal 1% of the  
37 book value of the investments of the retirement system. In this  
38 event, any such excess shall be credited to the pension accumulation  
39 fund. All losses from the sale of securities shall be charged against  
40 the special reserve fund. The special reserve fund shall be  
41 considered for valuation purposes by the actuary as an asset of the  
42 retirement system.

43 (cf: P.L.2003, c.108, s.4)

44  
45 40. Section 1 of P.L.1995, c.408 (C.43:1-3) is amended to read  
46 as follows:

47 1. a. The receipt of a public pension or retirement benefit is  
48 hereby expressly conditioned upon the rendering of honorable

1 service by a public officer or employee.

2 b. The board of trustees of any State or locally-administered  
3 pension fund or retirement system created under the laws of this  
4 State is authorized to order the forfeiture of all or part of the earned  
5 service credit or pension or retirement benefit of any member of the  
6 fund or system for misconduct occurring during the member's  
7 public service which renders the member's service or part thereof  
8 dishonorable and to implement any pension forfeiture ordered by a  
9 court pursuant to section 41 of P.L. , c. (C. )(pending before  
10 the Legislature as this bill).

11 c. In evaluating a member's misconduct to determine whether it  
12 constitutes a breach of the condition that public service be  
13 honorable and whether forfeiture or partial forfeiture of earned  
14 service credit or earned pension or retirement benefits is  
15 appropriate, the board of trustees shall consider and balance the  
16 following factors in view of the goals to be achieved under the  
17 pension laws:

- 18 (1) the member's length of service;
- 19 (2) the basis for retirement;
- 20 (3) the extent to which the member's pension has vested;
- 21 (4) the duties of the particular member;
- 22 (5) the member's public employment history and record covered  
23 under the retirement system;
- 24 (6) any other public employment or service;
- 25 (7) the nature of the misconduct or crime, including the gravity  
26 or substantiality of the offense, whether it was a single or multiple  
27 offense and whether it was continuing or isolated;
- 28 (8) the relationship between the misconduct and the member's  
29 public duties;
- 30 (9) the quality of moral turpitude or the degree of guilt or  
31 culpability, including the member's motives and reasons, personal  
32 gain and similar considerations;
- 33 (10) the availability and adequacy of other penal sanctions; and
- 34 (11) other personal circumstances relating to the member which  
35 bear upon the justness of forfeiture.

36 d. Whenever a board of trustees determines, pursuant to this  
37 section, that a partial forfeiture of earned service credit or earned  
38 pension or retirement benefits is warranted, it shall order that  
39 benefits be calculated as if the accrual of pension rights terminated  
40 as of the date the misconduct first occurred or, if termination as of  
41 that date would in light of the nature and extent of the misconduct  
42 result in an excessive pension or retirement benefit or in an  
43 excessive forfeiture, a date reasonably calculated to impose a  
44 forfeiture that reflects the nature and extent of the misconduct and  
45 the years of honorable service.

46 (cf: P.L.1995, c.408, s.1)

47

48 41. (New section) a. A person who holds or has held any public

1 office, position, or employment, elective or appointive, under the  
2 government of this State or any agency or political subdivision  
3 thereof, who is convicted of any crime set forth in subsection b. of  
4 this section, or of a substantially similar offense under the laws of  
5 another state or the United States which would have been such a  
6 crime under the laws of this State, which crime or offense involves  
7 or touches such office, position or employment, shall forfeit all of  
8 the pension or retirement benefit earned as a member of any State  
9 or locally-administered pension fund or retirement system in which  
10 he participated at the time of the commission of the offense and  
11 which covered the office, position or employment involved in the  
12 offense. As used in this section, a crime or offense that “involves  
13 or touches such office, position or employment” means that the  
14 crime or offense was related directly to the person’s performance in,  
15 or circumstances flowing from, the specific public office or  
16 employment held by the person.

17 b. Subsection a. of this section applies to a conviction of any of  
18 the following crimes:

19 (1) Paragraph (4) of subsection a. of N.J.S.2C:13-5, criminal  
20 coercion;

21 (2) N.J.S.2C:20-4, theft by deception, if the amount involved  
22 exceeds \$10,000;

23 (3) Subsection d. of N.J.S.2C:20-5, theft by extortion;

24 (4) N.J.S.2C:20-9, theft by failure to make required disposition  
25 of property received, if the amount involved exceeds \$10,000;

26 (5) N.J.S.2C:21-10, commercial bribery;

27 (6) Section 3 of P.L.1994, c.121 (C.2C:21-25), money  
28 laundering;

29 (7) Section 97 of P.L.1999, c.440 (C.2C:21-34), false contract  
30 payment claims;

31 (8) N.J.S.2C:27-2, bribery in official matters;

32 (9) N.J.S.2C:27-3, threats and other improper influence in  
33 official and political matters;

34 (10) Section 100 of P.L.1999, c.440 (C.2C:27-9), unlawful  
35 official business transaction where interest is involved;

36 (11) Section 5 of P.L.2003, c.255 (C.2C:27-10), acceptance or  
37 receipt of unlawful benefit by public servant for official behavior;

38 (12) Section 6 of P.L.2003, c.255 (C.2C:27-11), offer of  
39 unlawful benefit to public servant for official behavior;

40 (13) N.J.S.2C:28-1, perjury;

41 (14) N.J.S.2C:28-5, tampering with witnesses;

42 (15) N.J.S.2C:28-7, tampering with public records or  
43 information;

44 (16) N.J.S.2C:29-4, compounding;

45 (17) N.J.S.2C:30-2, official misconduct;

46 (18) N.J.S.2C:30-3, speculating or wagering on official action or  
47 information; or

48 (19) Section 3 of P.L.2003, c.31 (C.2C:30-7), pattern of official

1 misconduct.

2 c. A court of this State shall enter an order of pension forfeiture  
3 pursuant to this section:

4 (1) Immediately upon a finding of guilt by the trier of fact or a  
5 plea of guilty entered in any court of this State unless the court, for  
6 good cause shown, orders a stay of the pension forfeiture pending a  
7 hearing on the merits at the time of sentencing; or

8 (2) Upon application of the county prosecutor or the Attorney  
9 General, when the pension forfeiture is based upon a conviction of  
10 an offense under the laws of another state or of the United States.  
11 An order of pension forfeiture pursuant to this paragraph shall be  
12 deemed to have taken effect on the date the person was found guilty  
13 by the trier of fact or pled guilty to the offense.

14 d. No court shall grant a stay of an order of pension forfeiture  
15 pending appeal of a conviction or pension forfeiture order unless  
16 the court is clearly convinced that there is a substantial likelihood of  
17 success on the merits. If the conviction be reversed or the order of  
18 pension forfeiture be overturned, his pension rights and benefits  
19 shall be restored from the date of pension forfeiture.

20 e. Nothing in this section shall be deemed to preclude the  
21 authority of the board of trustees of any State or locally-  
22 administered pension fund or retirement system created under the  
23 laws of this State from ordering the forfeiture of all or part of the  
24 earned service credit or pension or retirement benefit of any  
25 member of the fund or system for misconduct occurring during the  
26 member's public service pursuant to the provisions of P.L.1995,  
27 c.408 (C.43:1-3 et seq.), including in a case where the court does  
28 not enter an order of forfeiture pursuant to this section.

29

30 42. (New section) The board of trustees of any State or locally-  
31 administered pension fund or retirement system created under the  
32 laws of this State may subpoena witnesses and compel their  
33 attendance, and also may require the production of books, papers or  
34 documents in a matter concerning the rendering of honorable  
35 service by a public officer or employee seeking to receive a public  
36 pension or retirement benefit. If any person shall refuse to obey  
37 any subpoena so issued, or shall refuse to testify or produce any  
38 books, papers or documents, the board may apply ex parte to the  
39 Superior Court to compel the person to comply forthwith with the  
40 subpoena.

41

42 43. (New section) A State, county or local employer participating  
43 in a State or locally-administered pension fund or retirement system  
44 shall be responsible for reimbursement to the pension fund or  
45 retirement system of all pension costs incurred by a State or locally-  
46 administered pension fund or retirement system following any  
47 settlement agreement between the employer and an employee that  
48 provides for the employer not to pursue any civil or criminal

1 charges or an action for misconduct against the employee in  
2 exchange for the employee's resignation in good standing.

3  
4 44. N.J.S.2C:51-2 is amended to read as follows:

5 2C:51-2. Forfeiture of Public Office, Position, or Employment.

6 a. A person holding any public office, position, or employment,  
7 elective or appointive, under the government of this State or any  
8 agency or political subdivision thereof, who is convicted of an  
9 offense shall forfeit such office ~~or~~, position or employment if:

10 (1) He is convicted under the laws of this State of an offense  
11 involving dishonesty or of a crime of the third degree or above or  
12 under the laws of another state or of the United States of an offense  
13 or a crime which, if committed in this State, would be such an  
14 offense or crime;

15 (2) He is convicted of an offense involving or touching such  
16 office, position or employment; or

17 (3) The Constitution so provides.

18 As used in this subsection, "involving or touching such office,  
19 position or employment" means that the offense was related directly  
20 to the person's performance in, or circumstances flowing from, the  
21 specific public office, position or employment held by the person.

22 b. A court of this State shall enter an order of forfeiture pursuant  
23 to subsection a.:

24 (1) Immediately upon a finding of guilt by the trier of fact or a  
25 plea of guilty entered in any court of this State unless the court, for  
26 good cause shown, orders a stay of such forfeiture pending a  
27 hearing on the merits at the time of sentencing; or

28 (2) Upon application of the county prosecutor or the Attorney  
29 General, when the forfeiture is based upon a conviction of an  
30 offense under the laws of another state or of the United States. An  
31 order of forfeiture pursuant to this paragraph shall be deemed to  
32 have taken effect on the date the person was found guilty by the  
33 trier of fact or pled guilty to the offense.

34 c. No court shall grant a stay of an order of forfeiture pending  
35 appeal of a conviction or forfeiture order unless the court is clearly  
36 convinced that there is a substantial likelihood of success on the  
37 merits. If the conviction be reversed or the order of forfeiture be  
38 overturned, he shall be restored, if feasible, to his office, position or  
39 employment with all the rights, emoluments and salary thereof from  
40 the date of forfeiture.

41 Any official action taken by the convicted person on or after the  
42 date as of which a forfeiture of the person's office shall take effect  
43 shall, during a period of 60 days following the date on which an  
44 order of forfeiture shall have been issued hereunder, be voidable by  
45 the person's successor in office or, if the office of the person was  
46 that of member of the governing body of a county, municipality or  
47 independent authority, by that governing body.

48 d. In addition to the punishment prescribed for the offense, and



1 the forfeiture set forth in subsection a. of N.J.S.2C:51-2, any person  
2 convicted of an offense involving or touching on his public office,  
3 position or employment shall be forever disqualified from holding  
4 any office or position of honor, trust or profit under this State or  
5 any of its administrative or political subdivisions. As used in this  
6 subsection, “involving or touching on his public office, position or  
7 employment” means that the offense was related directly to the  
8 person’s performance in, or circumstances flowing from, the  
9 specific public office, position or employment held by the person.

10 e. Any forfeiture or disqualification under subsection a., b. or d.  
11 which is based upon a conviction of a disorderly persons or petty  
12 disorderly persons offense may be waived by the court upon  
13 application of the county prosecutor or the Attorney General and for  
14 good cause shown.

15 f. Except as may otherwise be ordered by the Attorney General  
16 as the public need may require, any person convicted of an offense  
17 under **[section]** section 97 of P.L.1999, c.440 (C.2C:21-34), N.J.S.  
18 2C:27-2, [2C:27-4, 2C:27-6, 2C:27-7,] N.J.S.2C:27-3,  
19 N.J.S.2C:27-5, section 100 of P.L.1999, c. 440 (C.2C:27-9), section  
20 5 of P.L.2003, c.255 (C.2C:27-10), section 6 of P.L.2003, c.255  
21 (C.2C:27-11), N.J.S.2C:29-4, N.J.S.2C:30-2, or N.J.S.2C:30-3 of  
22 this Title shall be ineligible, either directly or indirectly, to submit a  
23 bid, enter into any contract, or to conduct any business with any  
24 board, agency, authority, department, commission, public  
25 corporation, or other body of this State, of this or one or more other  
26 states, or of one or more political subdivisions of this State for a  
27 period of, but not more than, 10 years from the date of conviction  
28 for a crime of the second degree, or five years from the date of  
29 conviction for a crime of the third degree. It is the purpose of this  
30 subsection to bar any individual convicted of any of the above  
31 enumerated offenses and any business, including any corporation,  
32 partnership, association or proprietorship in which such individual  
33 is a principal, or with respect to which such individual owns,  
34 directly or indirectly, or controls 5% or more of the stock or other  
35 equity interest of such business, from conducting business with  
36 public entities.

37 The State Treasurer shall keep and maintain a list of all  
38 corporations barred from conducting such business pursuant to this  
39 section.

40 g. In any case in which the issue of forfeiture is not raised in a  
41 court of this State at the time of a finding of guilt, entry of guilty  
42 plea or sentencing, a forfeiture of public office, position or  
43 employment required by this section may be ordered by a court of  
44 this State upon application of the county prosecutor or the Attorney  
45 General or upon application of the public officer or public entity  
46 having authority to remove the person convicted from his public  
47 office, position or employment. The fact that a court has declined  
48 to order forfeiture shall not preclude the public officer or public

1 entity having authority to remove the person convicted from  
2 seeking to remove or suspend the person from his office, position or  
3 employment on the ground that the conduct giving rise to the  
4 conviction demonstrates that the person is unfit to hold the office,  
5 position or employment.

6 (cf: P.L.2003, c.145, s.1)

7  
8 45. (New section) a. Notwithstanding the provisions of  
9 subsection a. of N.J.S.2C:43-6 and except as otherwise provided in  
10 subsection c. of this section, a person who serves or has served as a  
11 public officer or employee under the government of this State, or  
12 any political subdivision thereof, who is convicted of a crime that  
13 involves or touches such office or employment as set forth in  
14 subsection b. of this section, shall be sentenced to a mandatory  
15 minimum term of imprisonment without eligibility for parole as  
16 follows: for a crime of the fourth degree, the mandatory minimum  
17 term shall be one year; for a crime of the third degree, two years;  
18 for a crime of the second degree, five years, and for a crime of the  
19 first degree, 10 years, unless the provisions of any other law  
20 provide for a higher mandatory minimum term. As used in this  
21 subsection, "a crime that involves or touches such office or  
22 employment" means that the crime was related directly to the  
23 person's performance in, or circumstances flowing from, the  
24 specific public office or employment held by the person.

25 b. Subsection a. of this section applies to a conviction of any of  
26 the following crimes:

27 (1) Paragraph (4) of subsection a. of N.J.S.2C:13-5, criminal  
28 coercion;

29 (2) N.J.S.2C:20-4, theft by deception, if the amount involved  
30 exceeds \$10,000;

31 (3) Subsection d. of N.J.S.2C:20-5, theft by extortion;

32 (4) N.J.S.2C:20-9, theft by failure to make required disposition  
33 of property received, if the amount involved exceeds \$10,000;

34 (5) N.J.S.2C:21-10, commercial bribery;

35 (6) Section 3 of P.L.1994, c.121 (C.2C:21-25), money  
36 laundering;

37 (7) Section 97 of P.L.1999, c.440 (C.2C:21-34), false contract  
38 payment claims;

39 (8) N.J.S.2C:27-2, bribery in official matters;

40 (9) N.J.S.2C:27-3, threats and other improper influence in  
41 official and political matters;

42 (10) Section 100 of P.L.1999, c.440 (C.2C:27-9), unlawful  
43 official business transaction where interest is involved;

44 (11) Section 5 of P.L.2003, c.255 (C.2C:27-10), acceptance or  
45 receipt of unlawful benefit by public servant for official behavior;

46 (12) Section 6 of P.L.2003, c.255 (C.2C:27-11), offer of  
47 unlawful benefit to public servant for official behavior;

48 (13) N.J.S.2C:28-1, perjury;

1 (14) N.J.S.2C:28-5, tampering with witnesses;

2 (15) N.J.S.2C:28-7, tampering with public records or  
3 information;

4 (16) N.J.S.2C:29-4, compounding;

5 (17) N.J.S.2C:30-2, official misconduct;

6 (18) N.J.S.2C:30-3, speculating or wagering on official action or  
7 information; or

8 (19) Section 3 of P.L.2003, c.31 (C.2C:30-7), pattern of official  
9 misconduct.

10 c. (1) On motion by the prosecutor stating that the defendant has  
11 provided substantial assistance in a criminal investigation or  
12 prosecution of another person, the court may waive or reduce the  
13 mandatory minimum term of imprisonment required by subsection  
14 a. of this section. The appropriate waiver or reduction shall be  
15 determined by the court for reasons stated that may include, but are  
16 not limited to, consideration of the following:

17 (i) the court's evaluation of the significance and usefulness of the  
18 defendant's assistance, giving substantial weight to the prosecutor's  
19 evaluation of the assistance rendered;

20 (ii) the truthfulness, completeness, and reliability of any  
21 information or testimony provided by the defendant;

22 (iii) the nature and extent of the defendant's assistance;

23 (iv) any injury suffered, or any danger or risk of injury to the  
24 defendant or his family resulting for his assistance;

25 (v) the timeliness of the defendant's assistance.

26 In making such a determination, the court shall give substantial  
27 weight to the prosecutor's evaluation of the extent of the  
28 defendant's assistance, particularly where the extent and value of  
29 the assistance are difficult to ascertain.

30 (2) If the court finds by clear and convincing evidence that  
31 extraordinary circumstances exist such that imposition of a  
32 mandatory minimum term would be a serious injustice which  
33 overrides the need to deter such conduct in others, the court may  
34 waive or reduce the mandatory minimum term of imprisonment  
35 required by subsection a. of this section. In making any such  
36 finding, the court must state with specificity its reasons for waiving  
37 or reducing the mandatory minimum sentence that would otherwise  
38 apply.

39 (3) If, pursuant to paragraph (1) or (2) of this subsection, the  
40 court waives or reduces the mandatory minimum term required by  
41 subsection a. of this section, such sentence shall not become final  
42 for 10 days in order to permit the appeal of the sentence by the  
43 prosecution.

44 d. (1) a prosecutor shall not recommend the admission into or  
45 consent to the referral to a pretrial intervention program of a person  
46 who serves or has served as a public officer or employee under the  
47 government of this State, or any political subdivision thereof, who  
48 is charged with a crime that involves or touches such office or

1 employment as set forth in subsection b. of this section, without the  
2 prior approval of the Attorney General.

3 (2) A person who serves or has served as a public officer or  
4 employee under the government of this State, or any political  
5 subdivision thereof, who is convicted of a crime that involves or  
6 touches such office or employment as set forth in subsection b. of  
7 this section shall be ineligible for participation in any program of  
8 intensive supervision during any period of parole ineligibility.

9 e. The Attorney General shall develop guidelines to ensure the  
10 uniform exercise of discretion in making determinations regarding  
11 the waiver or reduction of a mandatory minimum term of  
12 imprisonment pursuant to paragraph (1) of this subsection c. of this  
13 section and participation in a pretrial intervention program pursuant  
14 to paragraph (1) of subsection d. of this section.

15

16 46. (New section) a. The provisions of section 41 of  
17 P.L. , c. (C. ) (pending before the Legislature as this bill)  
18 concerning the forfeiture of all of the pension or retirement benefit  
19 for a member of any State or locally-administered pension fund or  
20 retirement system shall be prospective in application for any crime  
21 or offense committed after the effective date of  
22 P.L. c. (C. )(pending before the Legislature as this bill).

23 b. The provisions of section 45 of P.L. c. (C. )(pending  
24 before the Legislature as this bill) concerning mandatory terms of  
25 imprisonment shall be prospective in application for any crime  
26 committed after the effective date of P.L. , c. (C. ) (pending  
27 before the Legislature as this bill).

28

29 47. N.J.S.18A:66-39 is amended to read as follows:

30 18A:66-39. a. Before June 9, 1971, a member, who shall have  
31 been a teacher and a member of the retirement system for each of  
32 the 10 years next preceding his retirement, shall, upon the  
33 application of his employer or upon his own application or the  
34 application of one acting in his behalf, be retired for ordinary  
35 disability by the board of trustees, on a regular disability allowance  
36 if he is under 60 years of age and on a service allowance if he has  
37 reached or passed that age. The physician or physicians designated  
38 by the board shall have first made a medical examination of him at  
39 his residence or at any other place mutually agreed upon and shall  
40 have certified to the board that the member is physically or  
41 mentally incapacitated for the performance of duty and should be  
42 retired.

43 b. On and after June 9, 1971, a member, under 60 years of age,  
44 who has 10 or more years of credit for New Jersey service, shall,  
45 upon the application of his employer or upon his own application or  
46 the application of one acting in his behalf, be retired for ordinary  
47 disability by the board of trustees. The physician or physicians  
48 designated by the board shall have first made a medical examination

1 of him at his residence or at any other place mutually agreed upon  
2 and shall have certified to the board that the member is physically  
3 or mentally incapacitated for the performance of duty and should be  
4 retired. No person who becomes a member of the retirement system  
5 on or after the effective date specified in  
6 P.L. , c. (C. )(pending before the Legislature as this bill)  
7 shall be eligible for retirement pursuant to this subsection.

8 c. A member, under 65 years of age, shall, upon the application  
9 of his employer or upon his own application or the application of  
10 one acting in his behalf, be retired by the board of trustees, if said  
11 member is permanently and totally disabled as a direct result of a  
12 traumatic event occurring during and as a result of the performance  
13 of his regular or assigned duties, on an accidental disability  
14 allowance. A traumatic event occurring during voluntary  
15 performance of regular or assigned duties at a place of employment  
16 before or after required hours of employment which is not in  
17 violation of any valid work rule of the employer or otherwise  
18 prohibited by the employer shall be deemed as occurring during the  
19 performance of regular or assigned duties. No person who becomes  
20 a member of the retirement system on or after the effective date  
21 specified in P.L. , c. (C. )(pending before the Legislature  
22 as this bill) shall be eligible for retirement pursuant to this  
23 subsection.

24 The application to accomplish such retirement must be filed  
25 within five years of the original traumatic event, but the board of  
26 trustees may consider an application filed after the five-year period  
27 if it can be factually demonstrated to the satisfaction of the board of  
28 trustees that the disability is due to the accident and the filing was  
29 not accomplished within the five-year period due to a delayed  
30 manifestation of the disability or to circumstances beyond the  
31 control of the member.

32 Permanent and total disability resulting from a cardiovascular,  
33 pulmonary or musculo-skeletal condition which was not a direct  
34 result of a traumatic event occurring in the performance of duty  
35 shall be deemed an ordinary disability.

36 Before consideration of an application for accidental disability  
37 allowance by the board of trustees, the physician or physicians  
38 designated by the board shall have first made a medical examination  
39 of the member at his residence or at any other place mutually  
40 agreed upon and shall have certified to the board that he is  
41 physically or mentally incapacitated for the performance of duty,  
42 and should be retired, and the employer shall have certified to the  
43 board that the member is permanently and totally disabled as a  
44 direct result of a traumatic event occurring during and as a result of  
45 the performance of his regular and assigned duties, the time and  
46 place where the duty causing the disability was performed, that the

1 disability was not the result of his willful negligence and that the  
2 member should be retired.

3 (cf: P.L.1986, c.51, s.1)  
4

5 48. Section 42 of P.L.1954, c.84 (C.43:15A-42) is amended to  
6 read as follows:

7 42. A member, under 60 years of age, who has 10 or more years  
8 of credit for New Jersey service, shall, upon the application of the  
9 head of the department in which he shall have been employed or  
10 upon his own application or the application of one acting in his  
11 behalf, be retired for ordinary disability by the board of trustees.  
12 The physician or physicians designated by the board shall have first  
13 made a medical examination of him at his residence or at any other  
14 place mutually agreed upon and shall have certified to the board  
15 that the member is physically or mentally incapacitated for the  
16 performance of duty and should be retired.

17 The service requirement provisions of this amendatory and  
18 supplementary act shall not become effective for 5 years following  
19 the effective date of the act.

20 No person who becomes a member of the retirement system on  
21 or after the effective date specified in  
22 P.L. , c. (C. )(pending before the Legislature as this bill)  
23 shall be eligible for retirement pursuant to this section.

24 (cf: P.L.1966, c.67, s.3)  
25

26 49. Section 43 of P.L.1954, c.84 (C.43:15A-43) is amended to  
27 read as follows:

28 43. A member who has not attained age 65 shall, upon the  
29 application of the head of the department in which he is employed  
30 or upon his own application or the application of one acting in his  
31 behalf, be retired by the board of trustees, if said employee is  
32 permanently and totally disabled as a direct result of a traumatic  
33 event occurring during and as a result of the performance of his  
34 regular or assigned duties, on an accidental disability allowance. A  
35 traumatic event occurring during voluntary performance of regular  
36 or assigned duties at a place of employment before or after required  
37 hours of employment which is not in violation of any valid work  
38 rule of the employer or otherwise prohibited by the employer shall  
39 be deemed as occurring during the performance of regular or  
40 assigned duties.

41 The application to accomplish such retirement must be filed  
42 within five years of the original traumatic event, but the board of  
43 trustees may consider an application filed after the five-year period  
44 if it can be factually demonstrated to the satisfaction of the board of  
45 trustees that the disability is due to the accident and the filing was  
46 not accomplished within the five-year period due to a delayed  
47 manifestation of the disability or to circumstances beyond the  
48 control of the member.

1 Permanent and total disability resulting from a cardiovascular,  
2 pulmonary or musculo-skeletal condition which was not a direct  
3 result of a traumatic event occurring in the performance of duty  
4 shall be deemed an ordinary disability.

5 Before consideration of the application by the board of trustees,  
6 the physician or physicians designated by the board shall have first  
7 made a medical examination of the member at his residence or at  
8 any other place mutually agreed upon and shall have certified to the  
9 board that he is physically or mentally incapacitated for the  
10 performance of duty, and should be retired, and the appointing  
11 authority shall have certified to the board that the member is  
12 permanently and totally disabled as a direct result of a traumatic  
13 event occurring during and as a result of the performance of his  
14 regular or assigned duties, the time and place where the duty  
15 causing the disability was performed, that the disability was not the  
16 result of his willful negligence and that the member should be  
17 retired.

18 No person who becomes a member of the retirement system on  
19 or after the effective date specified in  
20 P.L. , c. (C. )(pending before the Legislature as this bill)  
21 shall be eligible for retirement pursuant to this section.

22 (cf: P.L.1986, c.51, s.2)  
23

24 50. (New section) a. A person who becomes a member of the  
25 Teachers' Pension and Annuity Fund, N.J.S.18A:66-1 et seq., on or  
26 after the effective date specified in P.L. , c. (C. )(pending  
27 before the Legislature as this bill) shall not be eligible for an  
28 ordinary or accidental disability retirement allowance, but shall be  
29 eligible for disability insurance coverage pursuant to this section.

30 b. The State Treasurer is hereby authorized and permitted to  
31 purchase from one or more insurance companies, as determined by  
32 him, group disability benefit coverage to provide for the disability  
33 benefit in the amounts specified herein. The group disability  
34 benefit coverage may be provided under one or more policies  
35 issued to the State Treasurer specifically for this purpose or, in the  
36 discretion of the State Treasurer, under one or more policies issued  
37 to the State Treasurer which provide group life insurance coverage  
38 for members of the retirement system designated in subsection a. of  
39 this section. Any dividend or retrospective rate credit allowed by  
40 an insurance company attributable to this program shall be credited  
41 in an equitable manner to the funds available to meet the  
42 employers' obligations under such retirement system.

43 Premiums for such group insurance coverage shall be paid from  
44 a special fund, hereby created, called the "Teachers Group  
45 Disability Insurance Premium Fund." The State Treasurer shall  
46 estimate annually the amount which shall be required for premiums  
47 for such benefits for the ensuing fiscal year and shall certify such  
48 amounts which shall be applied against the total employer

1 contributions due for the members of the retirement system whose  
2 members are covered, depositing such amounts in the premium  
3 fund.

4 During the period such group insurance policy or policies are in  
5 effect with respect to members of the retirement system, the State  
6 Treasurer shall in no way commingle moneys in this fund with any  
7 retirement system.

8 c. A person shall not be allowed the group disability benefit  
9 coverage if on the date the person enrolls in the retirement system,  
10 the person is 60 or more years of age, unless the person furnishes  
11 satisfactory evidence of insurability and, on the effective date of  
12 the person's enrollment, is actively at work and performing all the  
13 regular duties at the customary place of employment.

14 The effective date of coverage for such a benefit shall be the first  
15 day of the month which immediately follows the date when such  
16 evidence is determined to be satisfactory.

17 Such evidence of insurability shall not be required of any person  
18 enrolling in the retirement system upon transfer from another  
19 retirement system, if such retirement system provided a benefit of a  
20 similar nature and the transferring person was covered by such a  
21 benefit at the time of the transfer. If such transferring person was  
22 not covered by such a benefit at the time of the transfer, the person  
23 may be allowed the benefit under the group policy or policies;  
24 however, any such person shall furnish satisfactory evidence of  
25 insurability if he had been unable or failed to give such evidence as  
26 a member of the retirement system from which the person  
27 transferred. Such evidence of insurability shall not be required of  
28 any person enrolled in the retirement system prior to the effective  
29 date specified in P.L. , c. (C. )(pending before the  
30 Legislature as this bill).

31 Any person who must furnish satisfactory evidence of  
32 insurability, and who ceases to be enrolled in the retirement system  
33 without such evidence having been given, shall continue to be  
34 subject to the same requirement if the person subsequently becomes  
35 a member.

36 d. The disability benefit coverage provided under such group  
37 policy or policies shall provide a monthly income if the member  
38 becomes totally disabled from occupational or nonoccupational  
39 causes for a period of at least six consecutive months following the  
40 effective date of the coverage. The monthly disability benefit may  
41 be paid by the insurance company so long as the member remains  
42 disabled up to the seventieth birthday, provided the disability  
43 commenced prior to the sixtieth birthday. The benefit shall  
44 terminate when the member is no longer considered totally disabled  
45 or begins to receive retirement benefits.

46 The member shall be considered totally disabled if the member is  
47 unable to perform each duty of the member's occupation and is  
48 under the regular care of a physician. After the 24 months



1 following the commencement of such disability benefit payments,  
2 the member shall be unable to engage in any gainful occupation for  
3 which the member is reasonably fitted by education, training or  
4 experience. Total disability shall not be considered to exist if the  
5 member is gainfully employed. Following an agreement with the  
6 insurance company and the policyholder, the member may continue  
7 to receive disability benefits for a limited time while performing  
8 some type of work. During the period of rehabilitation, the monthly  
9 benefit shall be the regular payment less 80% of the member's  
10 earnings from such rehabilitative position.

11 e. A member shall be deemed to be in service and covered by  
12 the disability benefit insurance provisions for a period of no more  
13 than six months while on official leave of absence without pay if  
14 satisfactory evidence is presented to the Division of Pensions and  
15 Benefits that such leave of absence without pay is due to illness and  
16 that the member was not actively engaged in any gainful occupation  
17 during such period of leave of absence without pay.

18 Disability benefit insurance provisions of the group policy or  
19 policies shall not cover disability resulting from or contributed to  
20 by pregnancy, act of war, intentionally self-inflicted injury, or  
21 attempted suicide whether or not sane. For purposes of such  
22 disability benefit coverage, the member shall not be considered to  
23 be disabled while the member is imprisoned or while outside the  
24 United States, its territories or possessions, or Canada.

25 If the member has recovered from the disability for which the  
26 member had received benefits and again becomes totally disabled  
27 while insured, the later disability shall be regarded as a continuation  
28 of the prior one unless the member has returned to full-time covered  
29 employment for at least six months. If the later absence is due to an  
30 unrelated cause and the member had returned to full-time work, it  
31 shall be considered a new disability. The disability benefit  
32 insurance cannot be converted to an individual policy.

33 No person shall be covered by the disability benefit provision of  
34 the group policy or policies except upon the completion of one year  
35 of full-time continuous employment in a position eligible for  
36 participation in a retirement system designated in subsection a. of  
37 this section.

38 f. The disability benefit provided under such group policy or  
39 policies shall be in an amount equal to 60% of the member's base  
40 monthly salary, reduced by periodic benefits to which the member  
41 may be entitled during the period of total disability.

42 The periodic benefit by which the monthly disability benefit may  
43 be reduced shall include salary or wages, retirement benefits or  
44 benefits from any source for which the State or other public  
45 employer has paid any part of the cost or made payroll deductions,  
46 Social Security disability or other benefits, including dependents'  
47 benefits, and benefits paid by Social Security at the option of the  
48 participant before the age of 65, but not including any increase in

1 Social Security benefits enacted after the disability benefit under  
2 such group policy or policies have commenced, and any other  
3 periodic benefits provided by law except on account of military  
4 service.

5 When a member begins to receive a disability benefit under such  
6 group policy or policies, the insurance company shall pay an  
7 amount equal to the employee contribution which would have been  
8 required of the member and deducted from the member's base  
9 salary in order to meet the member's obligation for the purchase of  
10 the member's individual retirement annuity. Such amount shall be  
11 paid by the insurance company without reduction by any other  
12 periodic benefit which the member is eligible to receive. Such  
13 amount shall be paid by the insurance company to the insurer or  
14 insurers for the member's retirement annuity.

15 g. Notwithstanding any other provision of law, an insurance  
16 company or companies issuing such policy or policies may credit  
17 the policyholder either directly or in the form of reduced premiums,  
18 with savings by the company or companies in the event that no  
19 brokerage commission or commissions are paid by the company or  
20 companies on the issuance of such policy or policies.

21 No employer obligations shall be paid when the member is on a  
22 leave of absence without pay or when the member no longer is  
23 enrolled in the retirement system designated in subsection a. of this  
24 section.

25 h. The group disability insurance policy or policies shall provide  
26 a member with an opportunity to purchase additional coverage.

27 i. A member who is disabled and receiving a benefit under this  
28 section shall remain eligible for employer-provided healthcare  
29 benefits coverage in the same manner as such coverage is provided  
30 by the employer to retirees of the retirement system.

31 j. The State Treasurer shall establish an appeals process to be  
32 used when an employer or employee disagree with the insurer on  
33 the employee's ability to return to employment or on issues related  
34 to physical examinations.

35  
36 51. (New section) a. A person who becomes a member of the  
37 Public Employees' Retirement System of New Jersey, P.L.1954,  
38 c.84 (C.43:15A-6 et seq.), on or after the effective date specified in  
39 P.L. , c. (C. )(pending before the Legislature as this bill)  
40 shall not be eligible for an ordinary or accidental disability  
41 retirement allowance, but shall be eligible for disability insurance  
42 coverage pursuant to this section.

43 b. The State Treasurer is hereby authorized and permitted to  
44 purchase from one or more insurance companies, as determined by  
45 him, group disability benefit coverage to provide for the disability  
46 benefit in the amounts specified herein. The group disability  
47 benefit coverage may be provided under one or more policies  
48 issued to the State Treasurer specifically for this purpose or, in the

1 discretion of the State Treasurer, under one or more policies issued  
2 to the State Treasurer which provide group life insurance coverage  
3 for members of the retirement system designated in subsection a. of  
4 this section. Any dividend or retrospective rate credit allowed by  
5 an insurance company attributable to this program shall be credited  
6 in an equitable manner to the funds available to meet the  
7 employers' obligations under such retirement system.

8 Premiums for such group insurance coverage shall be paid from  
9 a special fund, hereby created, called the "Public Employees Group  
10 Disability Insurance Premium Fund." The State Treasurer shall  
11 estimate annually the amount which shall be required for premiums  
12 for such benefits for the ensuing fiscal year and shall certify such  
13 amounts which shall be applied against the total employer  
14 contributions due for the members of the retirement system whose  
15 members are covered, depositing such amounts in the premium  
16 fund.

17 During the period such group insurance policy or policies are in  
18 effect with respect to members of the retirement system, the State  
19 Treasurer shall in no way commingle moneys in this fund with any  
20 retirement system.

21 c. A person shall not be allowed the group disability benefit  
22 coverage if on the date the person enrolls in the retirement system,  
23 the person is 60 or more years of age, unless the person furnishes  
24 satisfactory evidence of insurability and, on the effective date of  
25 the person's enrollment, is actively at work and performing all the  
26 regular duties at the customary place of employment.

27 The effective date of coverage for such a benefit shall be the first  
28 day of the month which immediately follows the date when such  
29 evidence is determined to be satisfactory.

30 Such evidence of insurability shall not be required of any person  
31 enrolling in the retirement system upon transfer from another  
32 retirement system, if such retirement system provided a benefit of a  
33 similar nature and the transferring person was covered by such a  
34 benefit at the time of the transfer. If such transferring person was  
35 not covered by such a benefit at the time of the transfer, the person  
36 may be allowed the benefit under the group policy or policies;  
37 however, any such person shall furnish satisfactory evidence of  
38 insurability if he had been unable or failed to give such evidence as  
39 a member of the retirement system from which the person  
40 transferred. Such evidence of insurability shall not be required of  
41 any person enrolled in the retirement system prior to the effective  
42 date specified in P.L. , c. (C. )(pending before the Legislature  
43 as this bill).

44 Any person who must furnish satisfactory evidence of  
45 insurability, and who ceases to be enrolled in the retirement system  
46 without such evidence having been given, shall continue to be  
47 subject to the same requirement if the person subsequently becomes  
48 a member.

1       d. The disability benefit coverage provided under such group  
2 policy or policies shall provide a monthly income if the member  
3 becomes totally disabled from occupational or nonoccupational  
4 causes for a period of at least six consecutive months following the  
5 effective date of the coverage. The monthly disability benefit may  
6 be paid by the insurance company so long as the member remains  
7 disabled up to the seventieth birthday, provided the disability  
8 commenced prior to the sixtieth birthday. The benefit shall  
9 terminate when the member is no longer considered totally disabled  
10 or begins to receive retirement benefits.

11       The member shall be considered totally disabled if the member is  
12 unable to perform each duty of the member's occupation and is  
13 under the regular care of a physician. After the 24 months  
14 following the commencement of such disability benefit payments,  
15 the member shall be unable to engage in any gainful occupation for  
16 which the member is reasonably fitted by education, training or  
17 experience. Total disability shall not be considered to exist if the  
18 member is gainfully employed. Following an agreement with the  
19 insurance company and the policyholder, the member may continue  
20 to receive disability benefits for a limited time while performing  
21 some type of work. During the period of rehabilitation, the monthly  
22 benefit shall be the regular payment less 80% of the member's  
23 earnings from such rehabilitative position.

24       e. A member shall be deemed to be in service and covered by  
25 the disability benefit insurance provisions for a period of no more  
26 than six months while on official leave of absence without pay if  
27 satisfactory evidence is presented to the Division of Pensions and  
28 Benefits that such leave of absence without pay is due to illness and  
29 that the member was not actively engaged in any gainful occupation  
30 during such period of leave of absence without pay.

31       Disability benefit insurance provisions of the group policy or  
32 policies shall not cover disability resulting from or contributed to  
33 by pregnancy, act of war, intentionally self-inflicted injury, or  
34 attempted suicide whether or not sane. For purposes of such  
35 disability benefit coverage, the member shall not be considered to  
36 be disabled while the member is imprisoned or while outside the  
37 United States, its territories or possessions, or Canada.

38       If the member has recovered from the disability for which the  
39 member had received benefits and again becomes totally disabled  
40 while insured, the later disability shall be regarded as a continuation  
41 of the prior one unless the member has returned to full-time covered  
42 employment for at least six months. If the later absence is due to an  
43 unrelated cause and the member had returned to full-time work, it  
44 shall be considered a new disability. The disability benefit  
45 insurance cannot be converted to an individual policy.

46       No person shall be covered by the disability benefit provision of  
47 the group policy or policies except upon the completion of one year  
48 of full-time continuous employment in a position eligible for

1 participation in a retirement system designated in subsection a. of  
2 this section.

3 f. The disability benefit provided under such group policy or  
4 policies shall be in an amount equal to 60% of the member's base  
5 monthly salary, reduced by periodic benefits to which the member  
6 may be entitled during the period of total disability.

7 The periodic benefit by which the monthly disability benefit may  
8 be reduced shall include salary or wages, retirement benefits or  
9 benefits from any source for which the State or other public  
10 employer has paid any part of the cost or made payroll deductions,  
11 Social Security disability or other benefits, including dependents'  
12 benefits, and benefits paid by Social Security at the option of the  
13 participant before the age of 65, but not including any increase in  
14 Social Security benefits enacted after the disability benefit under  
15 such group policy or policies have commenced, and any other  
16 periodic benefits provided by law except on account of military  
17 service.

18 When a member begins to receive a disability benefit under such  
19 group policy or policies, the insurance company shall pay an  
20 amount equal to the employee contribution which would have been  
21 required of the member and deducted from the member's base  
22 salary in order to meet the member's obligation for the purchase of  
23 the member's individual retirement annuity. Such amount shall be  
24 paid by the insurance company without reduction by any other  
25 periodic benefit which the member is eligible to receive. Such  
26 amount shall be paid by the insurance company to the insurer or  
27 insurers for the member's retirement annuity.

28 g. Notwithstanding any other provision of law, an insurance  
29 company or companies issuing such policy or policies may credit  
30 the policyholder either directly or in the form of reduced premiums,  
31 with savings by the company or companies in the event that no  
32 brokerage commission or commissions are paid by the company or  
33 companies on the issuance of such policy or policies.

34 No employer obligations shall be paid when the member is on a  
35 leave of absence without pay or when the member no longer is  
36 enrolled in the retirement system designated in subsection a. of this  
37 section.

38 h. The group disability insurance policy or policies shall provide  
39 a member with an opportunity to purchase additional coverage.

40 i. A member who is disabled and receiving a benefit under this  
41 section shall remain eligible for employer-provided healthcare  
42 benefits coverage in the same manner as such coverage is provided  
43 by the employer to retirees of the retirement system.

44 j. The State Treasurer shall establish an appeals process to be  
45 used when an employer or employee disagree with the insurer on  
46 the employee's ability to return to employment or on issues related  
47 to physical examinations.

1       52. N.J.S.18A:66-18 is amended to read as follows:

2       18A:66-18. The contingent reserve fund shall be the fund in  
3       which shall be credited contributions made by the State and other  
4       employers.

5       a. Upon the basis of the tables recommended by the actuary  
6       which the board of trustees adopts and regular interest, the actuary  
7       of the board shall compute annually, beginning as of March 31,  
8       1992, the amount of contribution which shall be the normal cost as  
9       computed under the projected unit credit method attributable to  
10      service rendered under the retirement system for the year beginning  
11      on July 1 immediately succeeding the date of the computation. This  
12      shall be known as the "normal contribution."

13      b. Upon the basis of the tables recommended by the actuary  
14      which the board of trustees adopts and regular interest, the actuary  
15      of the board shall annually determine if there is an amount of the  
16      accrued liability of the retirement system, computed under the  
17      projected unit credit method, including the liability for pension  
18      adjustment benefits for active employees funded pursuant to section  
19      2 of P.L.1987, c.385 (C.18A:66-18.1), which is not already covered  
20      by the assets of the retirement system, valued in accordance with  
21      the asset valuation method established in this section. This shall be  
22      known as the "unfunded accrued liability." If there was no  
23      unfunded accrued liability for the valuation period immediately  
24      preceding the current valuation period, the actuary, using the total  
25      amount of this unfunded accrued liability, shall compute the initial  
26      amount of contribution which, if the contribution is increased at a  
27      specific rate and paid annually for a specific period of time, will  
28      amortize this liability. The State Treasurer shall determine, upon  
29      the advice of the Director of the Division of Pensions and Benefits,  
30      the board of trustees and the actuary, the rate of increase for the  
31      contribution and the time period for full funding of this liability,  
32      which shall not exceed 30 years. This shall be known as the  
33      "accrued liability contribution." Thereafter, any increase or  
34      decrease in the unfunded accrued liability as a result of actuarial  
35      losses or gains for subsequent valuation years shall serve to increase  
36      or decrease, respectively, the amortization period for the unfunded  
37      accrued liability, unless an increase in the amortization period will  
38      cause it to exceed 30 years. If an increase in the amortization  
39      period as a result of actuarial losses for a valuation year would  
40      exceed 30 years, the accrued liability contribution shall be  
41      computed for the valuation year in the same manner provided for  
42      the computation of the initial accrued liability contribution under  
43      this section. The State may pay all or any portion of its unfunded  
44      accrued liability under the retirement system from any source of  
45      funds legally available for the purpose, including, without  
46      limitation, the proceeds of bonds authorized by law for this purpose.  
47      The value of the assets to be used in the computation of the  
48      contributions provided for under this section for valuation periods

1 shall be the value of the assets for the preceding valuation period  
2 increased by the regular interest rate, plus the net cash flow for the  
3 valuation period (the difference between the benefits and expenses  
4 paid by the system and the contributions to the system) increased by  
5 one half of the regular interest rate, plus 20% of the difference  
6 between this expected value and the full market value of the assets  
7 as of the end of the valuation period. This shall be known as the  
8 “valuation assets.” Notwithstanding the first sentence of this  
9 paragraph, the valuation assets for the valuation period ending  
10 March 31, 1996 shall be the full market value of the assets as of that  
11 date and shall include the proceeds from the bonds issued pursuant  
12 to the Pension Bond Financing Act of 1997, P.L.1997, c.114  
13 (C.34:1B-7.45 et seq.), paid to the system by the New Jersey  
14 Economic Development Authority to fund the unfunded accrued  
15 liability of the system. Notwithstanding the first sentence of this  
16 paragraph, the valuation assets for the valuation period ending June  
17 30, 1999 shall be the full market value of the assets as of that date.

18 “Excess valuation assets” for a valuation period means:

19 (1) the valuation assets; less

20 (2) the actuarial accrued liability for basic benefits and pension  
21 adjustment benefits, excluding the unfunded accrued liability for  
22 early retirement incentive benefits pursuant to P.L.1991, c.231 and  
23 P.L.1993, c.163 for employers other than the State; less

24 (3) the contributory group insurance premium fund created by  
25 N.J.S.18A:66-77; less

26 (4) the post-retirement medical premium fund created pursuant  
27 to section 2 of P.L.1987, c.385 (C.18A:66-18.1), as amended by  
28 section 3 of P.L.1994, c.62; less

29 (5) the present value of the projected total normal cost for  
30 pension adjustment benefits in excess of the projected total phased-  
31 in normal cost for pension adjustment benefits as originally  
32 authorized by section 2 of P.L.1987, c.385 (C.18A:66-18.1) over  
33 the full phase-in period, determined in the manner prescribed for  
34 the determination and amortization of the unfunded accrued liability  
35 of the system, if the sum of the foregoing items is greater than zero.

36 If there are excess valuation assets for the valuation period  
37 ending March 31, 1996, the normal contributions for the valuation  
38 periods ending March 31, 1996 and March 31, 1997 which have not  
39 yet been paid to the retirement system shall be reduced to the extent  
40 possible by the excess valuation assets, provided that the General  
41 Fund balances that would have been paid to the retirement system  
42 except for this provision shall first be allocated as State aid to  
43 public schools to the extent that additional sums are required to  
44 comply with the May 14, 1997 decision of the New Jersey Supreme  
45 Court in Abbott v. Burke, and provided further that the normal  
46 contribution for the valuation period ending March 31, 1996 shall  
47 not be less than \$54,000,000. If there are excess valuation assets  
48 for a valuation period ending after March 31, 1996, the State

1     Treasurer may reduce the normal contribution payable for the next  
2     valuation period as follows:

3         (1) for valuation periods ending March 31, 1997 through March  
4         31, 2001, to the extent possible by up to 100% of the excess  
5         valuation assets;

6         (2) for the valuation period ending March 31, 2002, to the extent  
7         possible by up to 84% of the excess valuation assets;

8         (3) for the valuation period ending March 31, 2003, to the extent  
9         possible by up to 68% of the excess valuation assets; and

10        (4) for valuation periods ending **[on or after]** March 31, 2004  
11        through June 30, 2007, to the extent possible by up to 50% of the  
12        excess valuation assets.

13        For calendar years 1998 and 1999, the rate of contribution of  
14        members of the retirement system under N.J.S.18A:66-29 shall be  
15        reduced by 1/2 of 1% from excess valuation assets. For calendar  
16        years 2000 and 2001, the rate of contribution of members of the  
17        retirement system shall be reduced equally with normal  
18        contributions to the extent possible, but not more than 1/2 of 1%,  
19        from excess valuation assets. Thereafter, through calendar year  
20        2007, the rate of contribution of members of the retirement system  
21        under that section for a calendar year shall be reduced equally with  
22        normal contributions to the extent possible, but not by more than  
23        2%, from excess valuation assets if the State Treasurer determines  
24        that excess valuation assets shall be used to reduce normal  
25        contributions by the State for the fiscal year beginning immediately  
26        prior to the calendar year, and excess valuation assets above the  
27        amount necessary to fund the reduction for that calendar year in the  
28        member contribution rate plus an equal reduction in the normal  
29        contribution shall be available for the further reduction of normal  
30        contributions, subject to the limitations prescribed by this  
31        subsection.

32        If there are excess valuation assets after reductions in normal  
33        contributions and member contributions as authorized in the  
34        preceding paragraphs for a valuation period beginning with the  
35        valuation period ending June 30, 1999, an amount of excess  
36        valuation assets not to exceed the amount of the member  
37        contributions for the fiscal year in which the normal contributions  
38        are payable shall be credited to the benefit enhancement fund. The  
39        amount of excess valuation assets credited to the benefit  
40        enhancement fund shall not exceed the present value of the  
41        expected additional normal contributions attributable to the  
42        provisions of P.L.2001, c.133 payable on behalf of the active  
43        members over the expected working lives of the active members in  
44        accordance with the tables of actuarial assumptions for the  
45        valuation period. No additional excess valuation assets shall be  
46        credited to the benefit enhancement fund after the maximum  
47        amount is attained. Interest shall be credited to the benefit  
48        enhancement fund as provided under N.J.S.18A:66-25.



1 The normal contribution for the increased benefits for active  
2 members under P.L.2001, c.133 shall be paid from the benefit  
3 enhancement fund. If assets in the benefit enhancement fund are  
4 insufficient to pay the normal contribution for the increased benefits  
5 for a valuation period, the State shall pay the amount of normal  
6 contribution for the increased benefits not covered by assets from  
7 the benefit enhancement fund.

8 c. (Deleted by amendment, P.L.1992, c.125.)

9 d. The retirement system shall certify annually the aggregate  
10 amount payable to the contingent reserve fund in the ensuing year,  
11 which amount shall be equal to the sum of the amounts described in  
12 this section, and which shall be paid into the contingent reserve  
13 fund in the manner provided by section 18A:66-33.

14 e. Except as provided in sections 18A:66-26 and 18A:66-53,  
15 the death benefits payable under the provisions of this article upon  
16 the death of an active or retired member shall be paid from the  
17 contingent reserve fund.

18 f. The disbursements for benefits not covered by reserves in  
19 the system on account of veterans shall be met by direct  
20 contribution of the State.

21 (cf: P.L.2001, c.133, s.2)

22  
23 53. Section 33 of P.L.1973, c.140 (C.43:6A-33) is amended to  
24 read as follows:

25 33. a. Upon the basis of the tables recommended by the actuary  
26 which the commission adopts and regular interest, the actuary shall  
27 compute annually, beginning as of June 30, 1992, the amount of the  
28 contribution which shall be the normal cost as computed under the  
29 projected unit credit method attributable to service rendered under  
30 the retirement system for the year beginning on July 1 immediately  
31 succeeding the date of the computation. This shall be known as the  
32 “normal contribution.”

33 b. Upon the basis of the tables recommended by the actuary  
34 which the commission adopts and regular interest, the actuary shall  
35 annually determine if there is an amount of the accrued liability of  
36 the retirement system, computed under the projected unit credit  
37 method, which is not already covered by the assets of the retirement  
38 system, valued in accordance with the asset valuation method  
39 established in this section. This shall be known as the “unfunded  
40 accrued liability.” If there was no unfunded accrued liability for the  
41 valuation period immediately preceding the current valuation  
42 period, the actuary, using the total amount of this unfunded accrued  
43 liability, shall compute the initial amount of contribution which, if  
44 the contribution is increased at a specific rate and paid annually for  
45 a specific period of time, will amortize this liability. The State  
46 Treasurer shall determine, upon the advice of the Director of the  
47 Division of Pensions and Benefits, the commission and the actuary,  
48 the rate of increase for the contribution and the time period for full

1 funding of this liability, which shall not exceed 30 years. This shall  
2 be known as the “accrued liability contribution.” Thereafter, any  
3 increase or decrease in the unfunded accrued liability as a result of  
4 actuarial losses or gains for subsequent valuation years shall serve  
5 to increase or decrease, respectively, the amortization period for the  
6 unfunded accrued liability, unless an increase in the amortization  
7 period will cause it to exceed 30 years. If an increase in the  
8 amortization period as a result of actuarial losses for a valuation  
9 year would exceed 30 years, the accrued liability contribution shall  
10 be computed for the valuation year in the same manner provided for  
11 the computation of the initial accrued liability contribution under  
12 this section. The State may pay all or any portion of its unfunded  
13 accrued liability under the retirement system from any source of  
14 funds legally available for the purpose, including, without  
15 limitation, the proceeds of bonds authorized by law for this purpose.

16 The value of the assets to be used in the computation of the  
17 contributions provided for under this section for valuation periods  
18 shall be the value of the assets for the preceding valuation period  
19 increased by the regular interest rate, plus the net cash flow for the  
20 valuation period (the difference between the benefits and expenses  
21 paid by the system and the contributions to the system) increased by  
22 one half of the regular interest rate, plus 20% of the difference  
23 between this expected value and the full market value of the assets  
24 as of the end of the valuation period. This shall be known as the  
25 “valuation assets.” Notwithstanding the first sentence of this  
26 paragraph, the valuation assets for the valuation period ending June  
27 30, 1996 shall be the full market value of the assets as of that date  
28 and shall include the proceeds from the bonds issued pursuant to the  
29 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-  
30 7.45 et seq.), paid to the system by the New Jersey Economic  
31 Development Authority to fund the unfunded accrued liability of  
32 the system.

33 “Excess valuation assets” means the valuation assets for a  
34 valuation period less the actuarial accrued liability for the valuation  
35 period, if the sum is greater than zero. If there are excess valuation  
36 assets for the valuation period ending June 30, 1996, the normal  
37 contributions for the valuation periods ending June 30, 1996 and  
38 June 30, 1997 which have not yet been paid to the retirement  
39 system shall be reduced to the extent possible by the excess  
40 valuation assets, provided that the General Fund balances that  
41 would have been paid to the retirement system except for this  
42 provision shall first be allocated as State aid to public schools to the  
43 extent that additional sums are required to comply with the May 14,  
44 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.  
45 If there are excess valuation assets for a valuation period ending  
46 after June 30, 1996, the State Treasurer may reduce the normal  
47 contribution payable for the next valuation period as follows:

1 (1) for valuation periods ending June 30, 1997 through June 30,  
2 2001, to the extent possible by up to 100% of the excess valuation  
3 assets;

4 (2) for the valuation period ending June 30, 2002, to the extent  
5 possible by up to 84% of the excess valuation assets;

6 (3) for the valuation period ending June 30, 2003, to the extent  
7 possible by up to 68% of the excess valuation assets; and

8 (4) for valuation periods ending **【on or after】** June 30, 2004  
9 through June 30, 2007, to the extent possible by up to 50% of the  
10 excess valuation assets.

11 c. The actuary shall certify annually the aggregate amount  
12 payable to the contingent reserve fund in the ensuing year, which  
13 amount shall be equal to the sum of the amounts described in this  
14 section. The State shall pay into the contingent reserve fund during  
15 the ensuing year the amount so determined.

16 The cash death benefits, payable as the result of contribution by  
17 the State under the provisions of this act upon the death of a  
18 member in active service and after retirement, shall be paid from  
19 the contingent reserve fund.

20 d. (Deleted by amendment, P.L.1992, c.125.)  
21 (cf: P.L.1997, c.115, s.3)

22  
23 54. Section 24 of P.L.1954, c.84 (C.43:15A-24) is amended to  
24 read as follows:

25 24. The contingent reserve fund shall be the fund in which shall  
26 be credited contributions made by the State and other employers.

27 a. Upon the basis of the tables recommended by the actuary  
28 which the board adopts and regular interest, the actuary shall  
29 compute annually, beginning as of March 31, 1992, the amount of  
30 contribution which shall be the normal cost as computed under the  
31 projected unit credit method attributable to service rendered under  
32 the retirement system for the year beginning on July 1 immediately  
33 succeeding the date of the computation. This shall be known as the  
34 “normal contribution.”

35 b. With respect to employers other than the State, upon the  
36 basis of the tables recommended by the actuary which the board  
37 adopts and regular interest, the actuary shall compute the amount of  
38 the accrued liability of the retirement system as of March 31, 1992  
39 under the projected unit credit method, excluding the liability for  
40 pension adjustment benefits for active employees funded pursuant  
41 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already  
42 covered by the assets of the retirement system, valued in accordance  
43 with the asset valuation method established in this section. Using  
44 the total amount of this unfunded accrued liability, the actuary shall  
45 compute the initial amount of contribution which, if the  
46 contribution is increased at a specific rate and paid annually for a  
47 specific period of time, will amortize this liability. The State  
48 Treasurer shall determine, upon the advice of the Director of the

1 Division of Pensions and Benefits, the board of trustees and the  
2 actuary, the rate of increase for the contribution and the time period  
3 for full funding of this liability, which shall not exceed 40 years on  
4 initial application of this section as amended by this act, P.L.1994,  
5 c.62. This shall be known as the "accrued liability contribution."  
6 Any increase or decrease in the unfunded accrued liability as a  
7 result of actuarial losses or gains for the 10 valuation years  
8 following valuation year 1992 shall serve to increase or decrease,  
9 respectively, the unfunded accrued liability contribution.  
10 Thereafter, any increase or decrease in the unfunded accrued  
11 liability as a result of actuarial losses or gains for subsequent  
12 valuation years shall serve to increase or decrease, respectively, the  
13 amortization period for the unfunded accrued liability, unless an  
14 increase in the amortization period will cause it to exceed 30 years.  
15 If an increase in the amortization period as a result of actuarial  
16 losses for a valuation year would exceed 30 years, the accrued  
17 liability contribution shall be computed for the valuation year in the  
18 same manner provided for the computation of the initial accrued  
19 liability contribution under this section.

20 With respect to the State, upon the basis of the tables  
21 recommended by the actuary which the commission adopts and  
22 regular interest, the actuary shall annually determine if there is an  
23 amount of the accrued liability of the retirement system, computed  
24 under the projected unit credit method, which is not already covered  
25 by the assets of the retirement system, valued in accordance with  
26 the asset valuation method established in this section. This shall be  
27 known as the "unfunded accrued liability." If there was no  
28 unfunded accrued liability for the valuation period immediately  
29 preceding the current valuation period, the actuary, using the total  
30 amount of this unfunded accrued liability, shall compute the initial  
31 amount of contribution which, if the contribution is increased at a  
32 specific rate and paid annually for a specific period of time, will  
33 amortize this liability. The State Treasurer shall determine, upon  
34 the advice of the Director of the Division of Pensions and Benefits,  
35 the commission and the actuary, the rate of increase for the  
36 contribution and the time period for full funding of this liability,  
37 which shall not exceed 30 years. This shall be known as the  
38 "accrued liability contribution." Thereafter, any increase or  
39 decrease in the unfunded accrued liability as a result of actuarial  
40 losses or gains for subsequent valuation years shall serve to increase  
41 or decrease, respectively, the amortization period for the unfunded  
42 accrued liability, unless an increase in the amortization period will  
43 cause it to exceed 30 years. If an increase in the amortization  
44 period as a result of actuarial losses for a valuation year would  
45 exceed 30 years, the accrued liability contribution shall be  
46 computed for the valuation year in the same manner provided for  
47 the computation of the initial accrued liability contribution under  
48 this section. The State may pay all or any portion of its unfunded

1 accrued liability under the retirement system from any source of  
2 funds legally available for the purpose, including, without  
3 limitation, the proceeds of bonds authorized by law for this purpose.

4 The value of the assets to be used in the computation of the  
5 contributions provided for under this section for valuation periods  
6 shall be the value of the assets for the preceding valuation period  
7 increased by the regular interest rate, plus the net cash flow for the  
8 valuation period (the difference between the benefits and expenses  
9 paid by the system and the contributions to the system) increased by  
10 one half of the regular interest rate, plus 20% of the difference  
11 between this expected value and the full market value of the assets  
12 as of the end of the valuation period. This shall be known as the  
13 "valuation assets." Notwithstanding the first sentence of this  
14 paragraph, the valuation assets for the valuation period ending  
15 March 31, 1996 shall be the full market value of the assets as of that  
16 date and, with respect to the valuation assets allocated to the State,  
17 shall include the proceeds from the bonds issued pursuant to the  
18 "Pension Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-  
19 7.45 et seq.), paid to the system by the New Jersey Economic  
20 Development Authority to fund the unfunded accrued liability of  
21 the system. Notwithstanding the first sentence of this paragraph,  
22 the valuation assets for the valuation period ending June 30, 1999  
23 shall be the full market value of the assets as of that date.

24 "Excess valuation assets" for a valuation period means, with  
25 respect to the valuation assets allocated to the State:

- 26 (1) the valuation assets allocated to the State; less
- 27 (2) the actuarial accrued liability of the State for basic benefits  
28 and pension adjustment benefits under the retirement system; less
- 29 (3) the contributory group insurance premium fund, created by  
30 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section  
31 4 of P.L.1960, c.79; less
- 32 (4) the post retirement medical premium fund, created pursuant  
33 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by  
34 section 8 of P.L.1994, c.62; less
- 35 (5) the present value of the projected total normal cost for  
36 pension adjustment benefits in excess of the projected total phased-  
37 in normal cost for pension adjustment benefits for the State  
38 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the  
39 full phase-in period, determined in the manner prescribed for the  
40 determination and amortization of the unfunded accrued liability of  
41 the system, if the sum of the foregoing items is greater than zero.

42 "Excess valuation assets" for a valuation period means, with  
43 respect to the valuation assets allocated to other employers:

- 44 (1) the valuation assets allocated to the other employers; less
- 45 (2) the actuarial accrued liability of the other employers for  
46 basic benefits and pension adjustment benefits under the retirement  
47 system, excluding the unfunded accrued liability for early  
48 retirement incentive benefits pursuant to P.L.1991, c.229, P.L.1991,

1 c.230, P.L.1993, c.138, and P.L.1993, c.181, for employers other  
2 than the State; less

3 (3) the contributory group insurance premium fund, created by  
4 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section  
5 4 of P.L.1960, c.79; less

6 (4) the present value of the projected total normal cost for  
7 pension adjustment benefits in excess of the projected total phased-  
8 in normal cost for pension adjustment benefits for the other  
9 employers authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1)  
10 over the full phase-in period, determined in the manner prescribed  
11 for the determination and amortization of the unfunded accrued  
12 liability of the system, if the sum of the foregoing items is greater  
13 than zero.

14 If there are excess valuation assets allocated to the State or to the  
15 other employers for the valuation period ending March 31, 1996,  
16 the normal contributions payable by the State or by the other  
17 employers for the valuation periods ending March 31, 1996 and  
18 March 31, 1997 which have not yet been paid to the retirement  
19 system shall be reduced to the extent possible by the excess  
20 valuation assets allocated to the State or to the other employers,  
21 respectively, provided that with respect to the excess valuation  
22 assets allocated to the State, the General Fund balances that would  
23 have been paid to the retirement system except for this provision  
24 shall first be allocated as State aid to public schools to the extent  
25 that additional sums are required to comply with the May 14, 1997  
26 decision of the New Jersey Supreme Court in *Abbott v. Burke*. If  
27 there are excess valuation assets allocated to the State or to the  
28 other employers for a valuation period ending after March 31, 1996,  
29 the State Treasurer may reduce the normal contribution payable by  
30 the State or by the other employers for the next valuation period as  
31 follows:

32 (1) for valuation periods ending March 31, 1997 through March  
33 31, 2001, to the extent possible by up to 100% of the excess  
34 valuation assets allocated to the State or to the other employers,  
35 respectively;

36 (2) for the valuation period ending March 31, 2002, to the extent  
37 possible by up to 84% of the excess valuation assets allocated to the  
38 State or to the other employers, respectively;

39 (3) for the valuation period ending March 31, 2003, to the extent  
40 possible by up to 68% of the excess valuation assets allocated to the  
41 State or to the other employers, respectively; and

42 (4) for valuation periods ending **[on or after]** March 31, 2004  
43 through June 30, 2007, to the extent possible by up to 50% of the  
44 excess valuation assets allocated to the State or to the other  
45 employers, respectively.

46 For calendar years 1998 and 1999, the rate of contribution of  
47 members of the retirement system under section 25 of P.L.1954,  
48 c.84 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess

1 valuation assets and for calendar years 2000 and 2001, the rate of  
2 contribution shall be reduced by 2% from excess valuation assets.  
3 Thereafter, through calendar year 2007, the rate of contribution of  
4 members of the retirement system under that section for a calendar  
5 year shall be reduced equally with normal contributions to the  
6 extent possible, but not by more than 2%, from excess valuation  
7 assets if the State Treasurer determines that excess valuation assets  
8 shall be used to reduce normal contributions by the State and local  
9 employers for the fiscal year beginning immediately prior to the  
10 calendar year, or for the calendar year for local employers whose  
11 fiscal year is the calendar year, and excess valuation assets above  
12 the amount necessary to fund the reduction for that calendar year in  
13 the member contribution rate plus an equal reduction in the normal  
14 contribution shall be available for the further reduction of normal  
15 contributions, subject to the limitations prescribed by this  
16 subsection.

17 If there are excess valuation assets after reductions in normal  
18 contributions and member contributions as authorized in the  
19 preceding paragraphs for a valuation period beginning with the  
20 valuation period ending June 30, 1999, an amount of excess  
21 valuation assets not to exceed the amount of the member  
22 contributions for the fiscal year in which the normal contributions  
23 are payable shall be credited to the benefit enhancement fund. The  
24 amount of excess valuation assets credited to the benefit  
25 enhancement fund shall not exceed the present value of the  
26 expected additional normal contributions attributable to the  
27 provisions of P.L.2001, c.133 payable on behalf of the active  
28 members over the expected working lives of the active members in  
29 accordance with the tables of actuarial assumptions for the  
30 valuation period. No additional excess valuation assets shall be  
31 credited to the benefit enhancement fund after the maximum  
32 amount is attained. Interest shall be credited to the benefit  
33 enhancement fund as provided under section 33 of P.L.1954, c.84  
34 (C.43:15A-33).

35 The normal contribution for the increased benefits for active  
36 employees under P.L.2001, c.133 shall be paid from the benefit  
37 enhancement fund. If assets in the benefit enhancement fund are  
38 insufficient to pay the normal contribution for the increased benefits  
39 for a valuation period, the State shall pay the amount of normal  
40 contribution for the increased benefits not covered by assets from  
41 the benefit enhancement fund.

42 c. The retirement system shall certify annually the aggregate  
43 amount payable to the contingent reserve fund in the ensuing year,  
44 which amount shall be equal to the sum of the amounts described in  
45 this section.

46 The State Treasurer shall reduce the normal and accrued liability  
47 contributions payable by employers other than the State, excluding  
48 the contribution payable from the benefit enhancement fund, to a

1 percentage of the amount certified annually by the retirement  
2 system, which percentage shall be: for payments due in the State  
3 fiscal year ending June 30, 2005, 20%; for payments due in the  
4 State fiscal year ending June 30, 2006, not more than 40%; for  
5 payments due in the State fiscal year ending June 30, 2007, not  
6 more than 60%; and for payments due in the State fiscal year ending  
7 June 30, 2008, not more than 80%.

8 The State shall pay into the contingent reserve fund during the  
9 ensuing year the amount so determined. The death benefits,  
10 payable as a result of contribution by the State under the provisions  
11 of this chapter upon the death of an active or retired member, shall  
12 be paid from the contingent reserve fund.

13 d. The disbursements for benefits not covered by reserves in  
14 the system on account of veterans shall be met by direct  
15 contributions of the State and other employers.

16 (cf: P.L.2003, c.108, s.1)

17  
18 55. Section 34 of P.L.1965, c.89 (C.53:5A-34) is amended to  
19 read as follows:

20 34. The Contingent Reserve Fund shall be the fund in which  
21 shall be credited contributions made by the State.

22 a. Upon the basis of the tables recommended by the actuary  
23 which the board adopts and regular interest, the actuary shall  
24 compute annually, beginning as of June 30, 1992, the amount of the  
25 contribution which shall be the normal cost as computed under the  
26 projected unit credit method attributable to service rendered under  
27 the retirement system for the year beginning on July 1 immediately  
28 succeeding the date of the computation. This shall be known as the  
29 “normal contribution.”

30 b. Upon the basis of the tables recommended by the actuary  
31 which the board adopts and regular interest, the actuary shall  
32 annually determine if there is an amount of the accrued liability of  
33 the retirement system, computed under the projected unit credit  
34 method, which is not already covered by the assets of the retirement  
35 system, valued in accordance with the asset valuation method  
36 established in this section. This shall be known as the “unfunded  
37 accrued liability.” If there was no unfunded accrued liability for the  
38 valuation period immediately preceding the current valuation  
39 period, the actuary, using the total amount of this unfunded accrued  
40 liability, shall compute the initial amount of contribution which, if  
41 the contribution is increased at a specific rate and paid annually for  
42 a specific period of time, will amortize this liability. The State  
43 Treasurer shall determine, upon the advice of the Director of the  
44 Division of Pensions and Benefits, the board of trustees and the  
45 actuary, the rate of increase for the contribution and the time period  
46 for full funding of this liability, which shall not exceed 30 years.  
47 This shall be known as the “accrued liability contribution.”  
48 Thereafter, any increase or decrease in the unfunded accrued



1 liability as a result of actuarial losses or gains for subsequent  
2 valuation years shall serve to increase or decrease, respectively, the  
3 amortization period for the unfunded accrued liability, unless an  
4 increase in the amortization period will cause it to exceed 30 years.  
5 If an increase in the amortization period as a result of actuarial  
6 losses for a valuation year would exceed 30 years, the accrued  
7 liability contribution shall be computed for the valuation year in the  
8 same manner provided for the computation of the initial accrued  
9 liability contribution under this section. The State may pay all or  
10 any portion of its unfunded accrued liability under the retirement  
11 system from any source of funds legally available for the purpose,  
12 including, without limitation, the proceeds of bonds authorized by  
13 law for this purpose.

14 The value of the assets to be used in the computation of the  
15 contributions provided for under this section for valuation periods  
16 shall be the value of the assets for the preceding valuation period  
17 increased by the regular interest rate, plus the net cash flow for the  
18 valuation period (the difference between the benefits and expenses  
19 paid by the system and the contributions to the system) increased by  
20 one half of the regular interest rate, plus 20% of the difference  
21 between this expected value and the full market value of the assets  
22 as of the end of the valuation period. This shall be known as the  
23 "valuation assets." Notwithstanding the first sentence of this  
24 paragraph, the valuation assets for the valuation period ending June  
25 30, 1996 shall be the full market value of the assets as of that date  
26 and shall include the proceeds from the bonds issued pursuant to the  
27 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-  
28 7.45 et seq.), paid to the system by the New Jersey Economic  
29 Development Authority to fund the unfunded accrued liability of  
30 the system.

31 "Excess valuation assets" means the valuation assets for a  
32 valuation period less the actuarial accrued liability for the valuation  
33 period, if the sum is greater than zero. If there are excess valuation  
34 assets for the valuation period ending June 30, 1996, the normal  
35 contributions for the valuation periods ending June 30, 1996 and  
36 June 30, 1997 which have not yet been paid to the retirement  
37 system shall be reduced to the extent possible by the excess  
38 valuation assets, provided that the General Fund balances that  
39 would have been paid to the retirement system except for this  
40 provision shall first be allocated as State aid to public schools to the  
41 extent that additional sums are required to comply with the May 14,  
42 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.  
43 If there are excess valuation assets for a valuation period ending  
44 after June 30, 1996, the State Treasurer may reduce the normal  
45 contribution payable for the next valuation period as follows:

46 (1) for valuation periods ending June 30, 1997 through June 30,  
47 2001, to the extent possible by up to 100% of the excess valuation  
48 assets;

1 (2) for the valuation period ending June 30, 2002, to the extent  
2 possible by up to 84% of the excess valuation assets;

3 (3) for the valuation period ending June 30, 2003, to the extent  
4 possible by up to 68% of the excess valuation assets; and

5 (4) for valuation periods ending **[on or after]** June 30, 2004  
6 through June 30, 2007, to the extent possible by up to 50% of the  
7 excess valuation assets.

8 c. The actuary shall certify annually the aggregate amount  
9 payable to the Contingent Reserve Fund in the ensuing year, which  
10 amount shall be equal to the sum of the amounts described in this  
11 section. The State shall pay into the Contingent Reserve Fund  
12 during the ensuing year the amount so certified. In the event the  
13 amount certified to be paid by the State includes amounts due for  
14 services rendered by members to specific instrumentalities or  
15 authorities the total amounts so certified shall be paid to the  
16 retirement system by the State; provided, however, the full cost  
17 attributable to such services rendered to such instrumentalities and  
18 authorities shall be computed separately by the actuary and the  
19 State shall be reimbursed for such amounts by such  
20 instrumentalities or authorities.

21 The cash death benefits, payable as the result of contribution by  
22 the State under the provisions of this act upon the death of a  
23 member in active service and after retirement shall be paid from the  
24 Contingent Reserve Fund.  
25 (cf: P.L.1997, c.115, s.9)  
26

27 56. (New section) The Teachers' Pension and Annuity Fund, the  
28 Judicial Retirement System, the Prison Officers' Pension Fund, the  
29 Public Employees' Retirement System, the Consolidated Police and  
30 Firemen's Pension Fund, the Police and Firemen's Retirement  
31 System, and the State Police Retirement System shall use consistent  
32 and generally-accepted actuarial standards, as established by the  
33 Governmental Accounting Standards Board or its successor, for the  
34 purpose of determining fund or system asset values, obligations and  
35 annual employer contributions. Any modification of the  
36 assumptions or actuarial methodology at the direction of the State  
37 that changes asset values, obligations or annual contributions shall  
38 require public disclosure prior to adoption, including a financial  
39 impact analysis.  
40

41 57. Section 8 of P.L. 1961, c. 49 (C.52:14-17.32) is amended to  
42 read as follows:

43 8. a. The basic coverage and the major medical coverage of any  
44 employee, and the employee's dependents, if any, shall cease upon  
45 the discontinuance of the term of office or employment or upon  
46 cessation of active full-time employment subject to such regulations  
47 as may be prescribed by the commission for limited continuance of  
48 basic coverage and major medical coverage during disability, part-

1 time employment, leave of absence or lay off, and for continuance  
2 of basic coverage and major medical coverage after retirement, any  
3 such continuance after retirement to be provided at such rates and  
4 under such conditions as shall be prescribed by the commission,  
5 subject, however, to the requirements hereinafter set forth in this  
6 section. Notwithstanding the provisions of any law to the contrary,  
7 for law enforcement officers employed by the State for whom there  
8 is a majority representative for collective negotiation purposes, and  
9 for nonaligned sworn members of the Division of State Police who  
10 retire after July 1, 2005, the coverage options available to such  
11 employees in retirement shall be limited to those options that were  
12 available to the employee on the employee's last day of  
13 employment. The commission may also establish regulations  
14 prescribing an extension of coverage when an employee or  
15 dependent is totally disabled at termination of coverage.

16 b. Rates payable by retired employees for themselves and their  
17 dependents, by active employees for dependents covered by  
18 medicare benefits, and by the State or other employer for an active  
19 employee alone covered by medicare benefits, shall be determined  
20 on the basis of utilization experience according to classifications  
21 determined by the commission, provided, however, that the total  
22 rate payable by such retired employee for the employee and the  
23 employee's dependents, or by such active employee for the  
24 employee's dependents and the State or other employer for such  
25 active employee alone, for coverage hereunder and for Part B of  
26 medicare, shall not exceed by more than 25%, as determined by the  
27 commission, the total amount which would have been required to  
28 have been paid by the employee and by the State or other employer  
29 for the coverage maintained had the employee continued in office or  
30 active employment and the employee and the employee's  
31 dependents were not eligible for medicare benefits. "Medicare" as  
32 used in this act means the coverage provided under Title XVIII of  
33 the Social Security Act as amended in 1965, or its successor plan or  
34 plans.

35 c. (1) From funds appropriated therefor, the State shall pay the  
36 premium or periodic charges for the benefits provided to a retired  
37 State employee and the employee's dependents covered under the  
38 program, but not including survivors, if such employee retired from  
39 one or more State or locally-administered retirement systems on a  
40 benefit or benefits based in the aggregate on 25 years or more of  
41 nonconcurrent service credited in the retirement systems, excluding  
42 service credited under the Defined Contribution Retirement  
43 Program established pursuant to P.L. , c. (C. ) (pending  
44 before the Legislature as this bill), and excepting the employee who  
45 elected deferred retirement, but including the employee who retired  
46 on a disability pension based on fewer years of service credited in  
47 the retirement systems and shall also reimburse such retired  
48 employee for the premium charges under Part B of the federal

1 medicare program covering the retired employee and the  
2 employee's spouse. In the case of full-time employees of the  
3 Rutgers University Cooperative Extension Service, service credited  
4 in the federal Civil Service Retirement System (5 U.S.C.s.8331 et  
5 seq.) which was earned as a result of full-time employment at  
6 Rutgers University, may be considered alone or in combination with  
7 service credited in one or more State or locally-administered  
8 retirement systems for the purposes of establishing the minimum  
9 25-year service requirement to qualify for the benefits provided in  
10 this section. Any full-time employee of the Rutgers University  
11 Cooperative Extension Service who meets the eligibility  
12 requirements set forth in this amendatory act shall be eligible for  
13 the benefits provided in this section, provided that at the time of  
14 retirement such employee was covered by the State Health Benefits  
15 Program and elected to continue such coverage into retirement.

16 (2) Notwithstanding the provisions of this section to the  
17 contrary, from funds appropriated therefor, the State shall pay the  
18 premium or periodic charges for the benefits provided to a retired  
19 State employee and the employee's dependents covered under the  
20 program, but not including survivors, if: (a) the employee retires on  
21 or after the effective date of this 1987 amendatory act; (b) the  
22 employee was employed by Rutgers University prior to January 2,  
23 1955 and remained in continuous service with Rutgers University  
24 until retirement even though the employee (i) did not join a State-  
25 administered retirement system, or, (ii) became a member of a  
26 State-administered retirement system, but accumulated less than 25  
27 years of credited service; and (c) the employee is covered by the  
28 program at the time of retirement.

29 (3) Notwithstanding the provisions of this section to the  
30 contrary, in the case of an employee of a State college, as described  
31 in chapter 64 of Title 18A of the New Jersey Statutes, or of a  
32 county college, as defined in N.J.S.18A:64A-1, service credited in a  
33 private defined contribution retirement plan which was earned as an  
34 employee of an auxiliary organization, as defined in section 2 of  
35 P.L.1982, c.16 (C.18A:64-27), at a State or county college shall be  
36 considered in combination with service credited in a State-  
37 administered retirement system for the purposes of establishing the  
38 minimum 25-year service requirement to qualify for the benefits  
39 provided in this section, provided that the employee is covered by  
40 the program at the time of retirement.

41 (4) Notwithstanding the provisions of this section to the  
42 contrary, from funds appropriated therefor, the State shall pay the  
43 premium or periodic charges for the benefits provided to a retired  
44 State employee and any dependents covered under the program, but  
45 not including survivors, if the employee: (a) retired prior to the  
46 effective date of this act, P.L.1997, c.335 (C.52:14-17.32), under  
47 the State Police Retirement System, established pursuant to  
48 P.L.1965, c.89 (C.53:5A-1 et seq.), with more than 20 but less than

1 25 years of service credit in the retirement system; (b) was  
2 subsequently employed by the State in another position or positions  
3 not covered by the State Police Retirement System; (c) has, in the  
4 aggregate, at least 30 years of full-time employment with the State;  
5 and (d) is covered by the program at the time of terminating full-  
6 time employment with the State.

7 (cf: P.L.2005, c.341, s.3)

8  
9 58. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to  
10 read as follows:

11 7. a. The Division of Pensions and Benefits shall certify to the  
12 certifying agent of each employer electing participation under the  
13 program the premium rates and periodic charges applicable to the  
14 coverage provided for employees and dependents. The  
15 participating employer shall remit to the division all contributions  
16 to premiums and periodic charges in advance of their due dates,  
17 subject to the rules and regulations of the commission.

18 b. (1) From funds allocated therefor, the employer other than the  
19 State, upon the adoption and submission to the division of an  
20 appropriate resolution prescribed by the commission, may pay the  
21 premium or periodic charges for the benefits provided to a retired  
22 employee and the employee's dependents covered under the  
23 program, if the employee retired from a State or locally-  
24 administered retirement system, excepting the employee who  
25 elected deferred retirement, and may also reimburse the retired  
26 employee for the employee's premium charges under Part B of  
27 Medicare covering the retired employee and the employee's spouse  
28 if the employee:

29 (a) retired on a disability pension; or

30 (b) retired after 25 or more years of nonconcurrent service credit  
31 in one or more State or locally-administered retirement systems,  
32 excluding service credited under the Defined Contribution  
33 Retirement Program established pursuant to P. L. , c. (C. )  
34 (pending before the Legislature as this bill), and a period of service  
35 of up to 25 years with the employer at the time of retirement, such  
36 period of service to be determined by the employer and set forth in  
37 an ordinance or resolution as appropriate; or

38 (c) retired and reached the age of 65 years or older with 25  
39 years or more of nonconcurrent service credit in one or more State  
40 or locally-administered retirement systems, excluding service  
41 credited under the Defined Contribution Retirement Program, and a  
42 period of service of up to 25 years with the employer at the time of  
43 retirement, such period of service to be determined by the employer  
44 and set forth in an ordinance or resolution as appropriate; or

45 (d) retired and reached the age of 62 years or older with at least  
46 15 years of service with the employer, excluding service credited  
47 under the Defined Contribution Retirement Program.

1       “Retired employee and the employee’s dependents” may, upon  
2 adoption of an appropriate resolution therefor by the participating  
3 employer, also include otherwise eligible employees, and their  
4 dependents, who retired from one or more State or locally-  
5 administered retirement systems prior to the date that the employer  
6 became a participating employer in the New Jersey State Health  
7 Benefits Program or who did not elect to continue coverage in the  
8 program during such time after the employer became a participating  
9 employer that the employer did not pay premium or periodic  
10 charges for benefits to retired employees and their dependents  
11 pursuant to this section. Eligibility and enrollment of such  
12 employees and dependents shall be in accordance with such rules  
13 and regulations as may be adopted by the State Health Benefits  
14 Commission.

15       The employer other than the State may, by resolution, pay the  
16 premium or periodic charges for the benefits provided to the  
17 surviving spouse of a retired employee and the employee’s  
18 dependents covered under the program as provided in this section.

19       (2) Notwithstanding the provisions of any other law to the  
20 contrary, the obligations of an employer other than the State, except  
21 an independent State authority, board, commission, corporation,  
22 agency, or organization deemed to be covered by section 6 of  
23 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose  
24 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-  
25 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section  
26 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or  
27 periodic charges for health benefits coverage under the provisions  
28 of paragraph (1) may be determined by means of a binding  
29 collective negotiations agreement, including any agreement in force  
30 at the time of the adoption of this act, P.L.1999, c.48. With respect  
31 to employees for whom there is no majority representative for  
32 collective negotiations purposes, the employer may, in its sole  
33 discretion, determine the payment obligations for the employer and  
34 the employees, except that if there are collective negotiations  
35 agreements binding upon the employer for employees who are  
36 within the same community of interest as employees in a collective  
37 negotiations unit but are excluded from participation in the unit by  
38 the “New Jersey Employer-Employee Relations Act,” P.L.1941,  
39 c.100 (C.34:13A-1 et seq.), the payment obligations shall be  
40 determined in a manner consistent with the terms of any collective  
41 negotiations agreement applicable to the collective negotiations  
42 unit.

43       c. Notwithstanding the provisions of any other law to the  
44 contrary, the payment obligations of an employee of an employer  
45 other than the State, except an independent State authority, board,  
46 commission, corporation, agency, or organization, for health  
47 benefits coverage under subsection b. shall be the payment  
48 obligations applicable to the employee on the date the employee

1 retires on a disability pension or the date the employee meets the  
2 service credit and service requirements for the employer payment  
3 for the coverage, as the case may be.

4 d. Notwithstanding the provisions of any other law to the  
5 contrary, the obligations of a participating employer other than the  
6 State to pay the premium or periodic charges for health benefits  
7 coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.)  
8 may be determined by means of a binding collective negotiations  
9 agreement. With respect to employees for whom there is no  
10 majority representative for collective negotiations purposes, the  
11 employer may, in its sole discretion, modify the respective payment  
12 obligations set forth in law for the employer and such employees in  
13 a manner consistent with the terms of any collective negotiations  
14 agreement binding on the employer.

15 (cf: P.L.2001, c.209, s.4)

16  
17 59. Section 6 of P.L.1964, c.125 (C.52:14-17.37) is amended to  
18 read as follows:

19 6. a. Any employer eligible for participation in the program  
20 may elect such participation by the adoption of a resolution by its  
21 governing body, which would include the name and title of a  
22 certifying agent, and a certified copy of the resolution shall be filed  
23 with the commission. Any employer making such election shall  
24 become a participating employer under the program, subject to and  
25 in accordance with the rules and regulations of the commission  
26 relating thereto.

27 b. Notwithstanding the provisions of any other law to the  
28 contrary, the obligations of a participating employer other than the  
29 State to permit employees to select coverage under any plan or  
30 organization provided by the program pursuant to section 4 of  
31 P.L.1961, c.49 (C.52:14-17.28) may be modified pursuant to a  
32 binding collective negotiations agreement between the employer  
33 and its employees or pursuant to the application by the employer, in  
34 its sole discretion, of the terms of any collective negotiations  
35 agreement binding on the employer to employees for whom there is  
36 no majority representative for collective negotiations purpose.

37 (cf: P.L.1964, c.125, s.6)

38  
39 60. Section 9 of P.L.1964, c.125 (C.52:14-17.40) is amended to  
40 read as follows:

41 9. An employee enrolling for **【dependents】** coverage shall, at  
42 the time of enrollment, authorize the participating employer to  
43 withhold, on an advance basis, from his wages or salary the  
44 contribution required by such employer for such coverage, which  
45 shall not exceed the premium or periodic charge therefor. The  
46 remainder of the premiums and periodic charges for employee and

1 dependents coverage shall be paid by the participating employer out  
2 of its own funds.

3 (cf: P.L.1964, c.125, s.9)

4  
5 61. (New section) Notwithstanding the provisions of any other  
6 law to the contrary, a board of education, or an agency or  
7 instrumentality thereof, may establish as an employer a cafeteria  
8 plan for its employees pursuant to section 125 of the federal  
9 Internal Revenue Code, 26 U.S.C.§125. The plan may provide for a  
10 reduction in an employee's salary, through payroll deductions or  
11 otherwise, in exchange for payment by the employer of medical or  
12 dental expenses not covered by a health benefits plan, and  
13 dependent care expenses as provided in section 129 of the code, 26  
14 U.S.C.§129, and such other benefits as are consistent with section  
15 125 which are included under the plan. The amount of any  
16 reduction in an employee's salary for the purpose of contributing to  
17 the plan shall continue to be treated as regular compensation for all  
18 other purposes, including the calculation of pension contributions  
19 and the amount of any retirement allowance, but, to the extent  
20 permitted by the federal Internal Revenue Code, shall not be  
21 included in the computation of federal taxes withheld from the  
22 employee's salary.

23  
24 62. (New section) Notwithstanding the provisions of any other  
25 law to the contrary, a local unit of government, or an agency, board,  
26 commission, authority or instrumentality thereof, may establish as  
27 an employer a cafeteria plan for its employees pursuant to section  
28 125 of the federal Internal Revenue Code, 26 U.S.C.§125. The plan  
29 may provide for a reduction in an employee's salary, through  
30 payroll deductions or otherwise, in exchange for payment by the  
31 employer of medical or dental expenses not covered by a health  
32 benefits plan, and dependent care expenses as provided in section  
33 129 of the code, 26 U.S.C.§129, and such other benefits as are  
34 consistent with section 125 which are included under the plan. The  
35 amount of any reduction in an employee's salary for the purpose of  
36 contributing to the plan shall continue to be treated as regular  
37 compensation for all other purposes, including the calculation of  
38 pension contributions and the amount of any retirement allowance,  
39 but, to the extent permitted by the federal Internal Revenue Code,  
40 shall not be included in the computation of federal taxes withheld  
41 from the employee's salary.

42  
43 63. Section 5 of P.L.1964, c.125 (C.52:14-17.36) is amended to  
44 read as follows:

45 5. The commission established by section 3 of chapter 49 of the  
46 laws of 1961, is hereby authorized to prescribe rules and regulations  
47 satisfactory to the carrier or carriers under which employers may  
48 participate in the health benefits program provided by that act. All



1 provisions of that act will, except as expressly stated herein, be  
2 construed as to participating employers and to their employees and  
3 to dependents of such employees the same as for the State,  
4 employees of the State and dependents of such employees. All  
5 changes in the provision of health benefits through the program that  
6 are included in collective negotiations agreements between the State  
7 and its employees shall be made applicable by the commission to  
8 participating employers and their employees at the same time and in  
9 the same manner as to State employees.

10 (cf: P.L.1964, c.125, s.5)

11  
12 64. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended  
13 to read as follows:

14 36. Notwithstanding the provisions of any other law to the  
15 contrary, [a municipality, or a municipal authority created by a  
16 municipality pursuant to P.L.1946, c.138 (C.40:14A-1 et seq.) or  
17 P.L.1957, c.183 (C.40:14B-1 et seq.), or a county college] an  
18 employer other than the State which participates in the State Health  
19 Benefits Program, established pursuant to P.L.1961, c.49 (C.52:14-  
20 17.25 et seq.), may allow any employee who is eligible for other  
21 health care coverage to waive coverage under the State Health  
22 Benefits Program to which the employee is entitled by virtue of  
23 employment with the [municipality, the municipal authority or the  
24 county college] employer. The waiver shall be in such form as the  
25 Director of the Division of Pensions and Benefits shall prescribe  
26 and shall be filed with the division. After such waiver has been  
27 filed and for so long as that waiver remains in effect, no premium  
28 shall be required to be paid by the [municipality, the municipal  
29 authority, or the county college as the case may be,] employer for  
30 the employee or the employee's dependents. Not later than the  
31 180th day after the date on which the waiver is filed, the division  
32 shall refund to the [municipality, the municipal authority or the  
33 county college] employer the amount of any premium previously  
34 paid by the [municipality, the municipal authority or the county  
35 college] employer with respect to any period of coverage which  
36 followed the filing date. In consideration of filing such a waiver, [a  
37 municipality, a municipal authority or a county college] an  
38 employer may pay to the employee annually an amount, to be  
39 established in the sole discretion of the [municipality, the municipal  
40 authority or the county college] employer, which shall not exceed  
41 50%, or 25% for employees who waive coverage after the effective  
42 date of P.L. , c. (C. )(pending before the Legislature as  
43 this bill), of the amount saved by the [municipality, the municipal  
44 authority or the county college] employer because of the  
45 employee's waiver of coverage. An employee who waives  
46 coverage shall be permitted to immediately resume coverage if the

1 employee ceases to be [covered through the employee's spouse]  
2 eligible for other health care coverage for any reason, including, but  
3 not limited to, the retirement or death of the spouse or divorce. An  
4 employee who resumes coverage shall repay, on a pro rata basis,  
5 any amount received from the [municipality, the municipal  
6 authority or the county college] employer which represents an  
7 advance payment for a period of time during which coverage is  
8 resumed. An employee who wishes to resume coverage shall notify  
9 the [municipality, the municipal authority or the county college]  
10 employer in writing and file a declaration with the division, in such  
11 form as the director of the division shall prescribe, that the waiver is  
12 revoked. The decision of [a municipality, a municipal authority or  
13 a county college] an employer to allow its employees to waive  
14 coverage and the amount of consideration to be paid therefor shall  
15 not be subject to the collective bargaining process.

16 (cf: P.L.2003, c.3, s.2)

17  
18 65. N.J.S.18A:66-13 is amended to read as follows:

19 18A:66-13. A member may file a detailed statement of: a.  
20 school service and service in a similar capacity in other states and  
21 in schools within and outside the United States operated by a  
22 department of the United States Government for the instruction of  
23 the children of United States Government officers and employees,  
24 or b. other public employment in other states or with the United  
25 States Government which would be eligible for credit in a State-  
26 administered retirement system if the employment was with a  
27 public employer in this State, or c. military service in the Armed  
28 Forces of the United States, rendered prior to becoming a member,  
29 for which the member desires credit, and of such other facts as the  
30 retirement system may require. The member may purchase credit  
31 for all or a portion of the service evidenced in the statement up to  
32 the nearest number of years and months, but not exceeding 10  
33 years, provided however, that a member purchasing that maximum  
34 credit may purchase up to five additional years for additional  
35 military service qualifying the member as a veteran as defined in  
36 N.J.S.18A:66-2. No application shall be accepted for the purchase  
37 of credit for such service if, at the time of application, the member  
38 has a vested right to retirement benefits in another retirement  
39 system based in whole or in part upon that service.

40 The member may purchase credit for the service by paying into  
41 the annuity savings fund the amount required by applying the  
42 factor, supplied by the actuary as being applicable to the member's  
43 age at the time of the purchase, to the member's salary at that time,  
44 or to the highest annual compensation for service in this State for  
45 which contributions were made during any prior fiscal year of  
46 membership, whichever is greater. The purchase may be made in  
47 regular installments, equal to at least one-half the full normal

1 contribution to the retirement system, over a maximum period of 10  
2 years. Neither the State nor the employer of a member who applies  
3 to purchase credit for public employment with the United States  
4 Government pursuant to subsection b. of this section or for military  
5 service pursuant to subsection c. of this section shall be liable for  
6 any payment to the retirement system on behalf of the member for  
7 the purchase of this credit.

8 Notwithstanding any provision of this act to the contrary, a  
9 member shall not be liable for any costs associated with the  
10 financing of pension adjustment benefits and health care benefits  
11 for retirees when purchasing credit for school service, public  
12 employment in other states or with the United States Government,  
13 or military service in the Armed Forces of the United States.

14 Any member electing to purchase the service who retires prior to  
15 completing payments as agreed with the retirement system will  
16 receive pro rata credit for service purchased prior to the date of  
17 retirement, but if the member so elects at the time of retirement, the  
18 member may make the additional lump sum payment required at  
19 that time to provide full credit.

20 Notwithstanding any other provision of law to the contrary,  
21 service credit established in the retirement system by a member  
22 through purchase in accordance with this section, on or after the  
23 effective date of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)(pending before the  
24 Legislature as this bill), except a purchase for military service in the  
25 Armed Forces of the United States, shall not be eligible for  
26 consideration when service is used to determine the qualification of  
27 the member for any health care benefits coverage paid, in whole or  
28 in part, by a public employer after the member's retirement.

29 (cf: P.L.1991, c.153, s.1)

30  
31 66. Section 2 of P.L.1963, c.19 (C.43:15A-73.1) is amended to  
32 read as follows:

33 2. A member may file a detailed statement of public  
34 employment in other states or with the United States Government  
35 which would be eligible for credit in a State-administered  
36 retirement system if the employment was with a public employer in  
37 this State, or of military service in the Armed Forces of the United  
38 States, or of service resulting from initial appointment or  
39 employment on or after January 1, 2002 with a bi-state or multi-  
40 state agency established pursuant to an interstate compact to which  
41 the State is a party which would be eligible for credit in a State-  
42 administered retirement system if the employment was with a  
43 public employer in this State, rendered prior to becoming a member,  
44 for which the member desires credit, and of such other facts as the  
45 retirement system may require. The member may purchase credit  
46 for all or a portion of the service evidenced in the statement up to  
47 the nearest number of years and months, but not exceeding 10  
48 years, provided however, that a member purchasing that maximum

1 credit may purchase up to five additional years for additional  
2 military service qualifying the member as a veteran as defined in  
3 section 6 of P.L.1954, c.84 (C.43:15A-6). No application shall be  
4 accepted for the purchase of credit for the service if, at the time of  
5 application, the member has a vested right to retirement benefits in  
6 another retirement system based in whole or in part upon that  
7 service. The member may purchase credit for the service by paying  
8 into the annuity savings fund the amount required by applying the  
9 factor, supplied by the actuary as being applicable to the member's  
10 age at the time of the purchase, to the member's salary at that time,  
11 or to the highest annual compensation for service in this State for  
12 which contributions were made during any prior fiscal year of  
13 membership, whichever is greater. The purchase may be made in  
14 regular installments, equal to at least 1/2 of the full normal  
15 contribution to the retirement system, over a maximum period of 10  
16 years. The employer of a member who applies, pursuant to this  
17 section, to purchase credit for public employment with the United  
18 States Government or for military service in the Armed Forces of  
19 the United States shall not be liable for any payment to the  
20 retirement system on behalf of the member for the purchase of this  
21 credit.

22 Notwithstanding any provision of this act to the contrary, a  
23 member shall not be liable for any costs associated with the  
24 financing of pension adjustment benefits and health care benefits  
25 for retirees when purchasing credit for public employment in other  
26 states or with the United States Government or military service in  
27 the Armed Forces of the United States or with a bi-state or multi-  
28 state agency.

29 Any member electing to make a purchase pursuant to this section  
30 who retires prior to completing payments as agreed with the  
31 retirement system will receive pro rata credit for the purchase prior  
32 to the date of retirement, but if the member so elects at the time of  
33 retirement, the member may make the additional lump sum payment  
34 required at that time to provide full credit.

35 Notwithstanding any other provision of law to the contrary,  
36 service credit established in the retirement system by a member  
37 through purchase in accordance with this section, on or after the  
38 effective date of P.L. , c. (C. )(now pending before the  
39 Legislature as this bill), except a purchase for military service in the  
40 Armed Forces of the United States, shall not be eligible for  
41 consideration when service is used to determine the qualification of  
42 the member for any health care benefits coverage paid, in whole or  
43 in part, by a public employer after the member's retirement.

44 (cf: P.L.2003, c.263, s.2)

45  
46 67. Section 3 of P.L1991, c.153 (C.43:16A-11.11) is amended to  
47 read as follows:

1       3. A member of the Police and Firemen's Retirement System  
2 may file a detailed statement of public employment in other states  
3 or with the United States Government which would be eligible for  
4 credit in a State-administered retirement system if the employment  
5 was with a public employer in this State, or of military service in  
6 the Armed Forces of the United States, rendered prior to becoming  
7 a member, for which the member desires credit, and of such other  
8 facts as the retirement system may require. The member may  
9 purchase credit for all or a portion of the service evidenced in the  
10 statement up to the nearest number of years and months, but not  
11 exceeding 10 years, provided however, that a member purchasing  
12 that maximum credit may purchase up to five additional years for  
13 additional military service qualifying the member as a veteran as  
14 defined in section 1 of P.L.1983, c.391 (C.43:16A-11.7). No  
15 application shall be accepted for the purchase of credit for the  
16 service if, at the time of application, the member has a vested right  
17 to retirement benefits in another retirement system based in whole  
18 or in part upon that service.

19       The member may purchase credit for the service by paying into  
20 the annuity savings fund the amount required by applying the  
21 factor, supplied by the actuary as being applicable to the member's  
22 age at the time of the purchase, to the member's salary at that time,  
23 or to the highest annual compensation for service in this State for  
24 which contributions were made during any prior fiscal year of  
25 membership, whichever is greater. The purchase may be made in  
26 regular installments equal to at least 1/2 of the full normal  
27 contribution to the retirement system, over a maximum period of 10  
28 years. The employer of a member who applies, pursuant to this  
29 section, to purchase credit for public employment with the United  
30 States Government or for military service in the Armed Forces of  
31 the United States shall not be liable for any payment to the  
32 retirement system on behalf of the member for the purchase of this  
33 credit.

34       Notwithstanding any provision of this act to the contrary, a  
35 member shall not be liable for any costs associated with the  
36 financing of pension adjustment benefits and health care benefits  
37 for retirees when purchasing credit for public employment in other  
38 states or with the United States Government or military service in  
39 the Armed Forces of the United States.

40       Any member electing to purchase the service who retires prior to  
41 completing payments as agreed with the retirement system will  
42 receive pro rata credit for service purchased prior to the date of  
43 retirement, but if the member so elects at the time of retirement, the  
44 member may make the additional lump sum payment required at  
45 that time to provide full credit.

46       Notwithstanding any other provision of law to the contrary,  
47 service credit established in the retirement system by a member  
48 through purchase in accordance with this section, on or after the

1 effective date of P.L. , c. (C. )(pending before the  
2 Legislature as this bill), except a purchase for military service in the  
3 Armed Forces of the United States, shall not be eligible for  
4 consideration when service is used to determine the qualification of  
5 the member for any health care benefits coverage paid, in whole or  
6 in part, by a public employer after the member's retirement.  
7 (cf: P.L.1991, c.153, s.3)  
8

9 68. Section 7 of P.L.1961, c.49 (C.52:14-17.31) is amended to  
10 read as follows:

11 7. The coverage provided solely for employees shall, subject to  
12 the provisions below, automatically become effective for all eligible  
13 employees from the first day on or after the effective date of the  
14 program on which they satisfy the definition of "employee"  
15 contained in this act. The commission shall establish the rules and  
16 regulations governing the enrollment and effective dates of  
17 coverage of dependents of employees it deems necessary or  
18 desirable. The rules and regulations shall not defer coverage with  
19 respect to any qualified dependent an employee has on the date the  
20 employee's employer becomes a participating employer, provided  
21 the employee was, immediately prior to the date, insured with  
22 respect to the dependent under a group major medical insurance  
23 plan of the employer which was in effect immediately prior to the  
24 date. Under the rules and regulations established by the  
25 commission, each employee shall be given the opportunity to enroll  
26 for coverage for dependents as of the earliest date the employee  
27 becomes eligible for enrollment. An employee may elect to enroll  
28 dependents for both basic coverage and major medical expense  
29 coverage but may not enroll for either coverage alone.

30 If, on the date coverage for an employee would become  
31 effective, the employee is not actively at work full-time at the  
32 customary place of employment or other location to which the  
33 employment requires the employee to travel, the employee shall not  
34 be covered until the employee is so actively at work, except the  
35 employee shall be covered, if on the date the employee's employer  
36 becomes a participating employer, the employee was, immediately  
37 prior to that date, insured under a group major medical insurance  
38 plan of the employer which was in effect immediately prior to that  
39 date.

40 In the event that the group major medical plan which covered an  
41 employee or dependents immediately prior to the date the  
42 employee's employer becomes a participating employer provides,  
43 after termination of coverage thereunder, any continuation of  
44 benefits for medical expenses for hospitalization, surgery, medical  
45 treatment or any related service or supply, or would so provide in  
46 the absence of coverage pursuant to this act, no coverage shall be  
47 afforded pursuant to this act for any such expenses (i) which are  
48 covered, or which would be covered in the absence of coverage

1 pursuant to this act, in whole or in part, by the prior insurance plan  
2 or (ii) which may be used in satisfaction of any deductible  
3 requirement under the prior insurance plan to establish entitlement  
4 to the continuation of benefits.

5 Each employee shall furnish the Division of Pensions and  
6 Benefits, in the prescribed form, the information necessary on  
7 account of the employee's own coverage and necessary to enroll  
8 dependents. Any employee not desiring coverage at the time the  
9 employee first becomes eligible, shall give the division written  
10 notice of that fact in the form prescribed by the division. The  
11 employee may not enroll thereafter except at the times and under  
12 the conditions prescribed by the commission.

13 [If an employee of an employer other than the State eligible for  
14 coverage has a spouse who is also an employee of an employer  
15 other than the State eligible for coverage, the spouse may elect  
16 single coverage as an employee and to enroll as a dependent, in  
17 which event no coverage shall be provided for such spouse as an  
18 employee while covered as a dependent. The employee of an  
19 employer other than the State, who has enrolled such spouse, and  
20 who is required to pay the full cost of dependent coverage, may  
21 receive a refund from the State Division of Pensions and Benefits  
22 equivalent in amount to the employer's cost for an employee's  
23 coverage. When both husband and wife are covered as employees,  
24 only one may enroll for their children as dependents.

25 A similar refund shall be authorized pursuant to such rules and  
26 regulations as the commission deems necessary or desirable in the  
27 case of an employee of an employer other than the State who is  
28 paying the full cost of dependent coverage for a spouse who is an  
29 employee of the State and eligible for coverage.

30 If a husband and wife are both eligible for coverage under the  
31 program as employees:

32 a. each may elect coverage for himself or herself as an employee  
33 and for their qualified dependents, including the spouse, under the  
34 traditional plan or the State managed care plan, but only one may  
35 elect coverage for himself or herself and for their qualified  
36 dependents, including the spouse, in a participating health  
37 maintenance organization; and

38 b. each may elect single coverage in any participating health  
39 maintenance organization, provided that he or she is not covered  
40 under the participating health maintenance organization as a  
41 dependent of his or her spouse.】

42 Any person employed as a substitute teacher by a school district  
43 and who provides evidence of coverage under another health  
44 benefits program may waive coverage for the current school year on  
45 or after the date on which the person becomes an employee eligible  
46 for coverage.

47 Multiple coverage in the program as an employee, dependent, or  
48 retiree shall be prohibited and the prohibition shall be implemented

1 in accordance with the rules and regulations promulgated by the  
2 commission.

3 (cf: P.L.1996, c.8, s.5)  
4

5 69. (New section) The State Health Benefits Commission shall  
6 ensure that every contract purchased by the commission on or after  
7 the effective of P.L. , c. (C. )(pending before the Legislature  
8 as this bill) to provide benefits under the State managed care plans  
9 includes a disease and chronic care management plan for specified  
10 conditions meeting nationally recognized accreditation standards  
11 and including specified outcome measures and objectives for  
12 disease and chronic care management.  
13

14 70. (New section) Notwithstanding any law, rule or regulation  
15 to the contrary, a political subdivision of the State, or an agency,  
16 authority or instrumentality thereof, that has adopted the provisions  
17 of Title 11A of the New Jersey Statutes, shall not pay supplemental  
18 compensation to any officer or employee for accumulated unused  
19 sick leave in an amount in excess of \$15,000, except that an officer  
20 or employee who, on the date of effective date of  
21 P.L. , c. (C. )(pending before the Legislature as this bill) or  
22 upon the expiration of a collective negotiations agreement or  
23 contract of employment applicable to that officer or employee in  
24 effect on that effective date, has accrued supplemental  
25 compensation based upon accumulated unused sick leave shall,  
26 upon retirement, be eligible to receive not more than the amount so  
27 accumulated or not more than \$15,000, whichever is greater.  
28 Supplemental compensation shall be payable only at the time of  
29 retirement from a State-administered or locally-administered  
30 retirement system based on the leave credited on the date of  
31 retirement.  
32

33 71. (New section) Notwithstanding any law, rule or regulation  
34 to the contrary, a political subdivision of the State, or an agency,  
35 authority or instrumentality thereof, that has not adopted the  
36 provisions of Title 11A of the New Jersey Statutes, shall not pay  
37 supplemental compensation to any officer or employee for  
38 accumulated unused sick leave in an amount in excess of \$15,000,  
39 except that an officer or employee who, on the date of effective of  
40 P.L. , c. (C. ) (pending before the Legislature as this bill) or  
41 upon the expiration of a collective negotiations agreement or  
42 contract of employment applicable to that officer or employee in  
43 effect on that effective date, has accrued supplemental  
44 compensation based upon accumulated unused sick leave shall,  
45 upon retirement, be eligible to receive not more than the amount so  
46 accumulated or not more than \$15,000, whichever is greater.  
47 Supplemental compensation shall be payable only at the time of  
48 retirement from a State-administered or locally-administered



1 retirement system based on the leave credited on the date of  
2 retirement.

3  
4 72. (New section) Notwithstanding any law, rule or regulation  
5 to the contrary, a board of education, or an agency or  
6 instrumentality thereof, shall not pay supplemental compensation to  
7 any officer or employee for accumulated unused sick leave in an  
8 amount in excess of \$15,000, except that an officer or employee  
9 who, on the date of effective date of P.L. , c. (C. )(pending  
10 before the Legislature as this bill) or upon the expiration of a  
11 collective negotiations agreement or contract of employment  
12 applicable to that officer or employee in effect on that effective  
13 date, has accrued supplemental compensation based upon  
14 accumulated unused sick leave shall, upon retirement, be eligible to  
15 receive not more than the amount so accumulated or not more than  
16 \$15,000, whichever is greater. Supplemental compensation shall be  
17 payable only at the time of retirement from a State-administered or  
18 locally-administered retirement system based on the leave credited  
19 on the date of retirement.

20  
21 73. (New section) Notwithstanding any law or any rule or  
22 regulation to the contrary, an officer or employee of a political  
23 subdivision of the State, or an agency, authority, or instrumentality  
24 of a subdivision, that has not adopted the provisions of Title 11A,  
25 Civil Service, of the New Jersey Statutes, who does not take  
26 vacation leave, that accrues on or after the effective date of  
27 P.L. , c. (C. )(pending before the Legislature as this bill), in a  
28 given year because of business demands shall be granted that  
29 accrued leave only during the next succeeding year. However,  
30 vacation leave not taken in a given year because of duties directly  
31 related to a state of emergency declared by the Governor may  
32 accumulate at the discretion of the appointing authority until,  
33 pursuant to a plan established by the officer or employee's  
34 appointing authority, the leave is used or the employee or officer is  
35 compensated for that leave, which shall not be subject to collective  
36 negotiation or collective bargaining.

37  
38 74. (New section) Notwithstanding any law, rule or regulation  
39 to the contrary, an officer or employee of a board of education, or  
40 an agency or instrumentality thereof, who does not take vacation  
41 leave, that accrues on or after the effective date of  
42 P.L. , c. (C. )(pending before the Legislature as this bill), in a  
43 given year because of business demands shall be granted that  
44 accrued leave only during the next succeeding year. However,  
45 vacation leave not taken in a given year because of duties directly  
46 related to a state of emergency declared by the Governor may  
47 accumulate at the discretion of the appointing authority until,  
48 pursuant to a plan established by the officer or employee's

1 appointing authority, the leave is used or the employee or officer is  
2 compensated for that leave, which shall not be subject to collective  
3 negotiation or collective bargaining.

4  
5 75. Nothing contained in sections 70 through 74 of  
6 P.L. , c. (C. ) (pending before the Legislature as this bill) shall  
7 be construed as affecting the provisions of any collective bargaining  
8 agreement or individual contract of employment in effect on that  
9 act's effective date.

10  
11 76. N.J.S.11A:6-8 is amended to read as follows:

12 11A:6-8. a. Sick leave injury in State service. Leaves of  
13 absence for career, senior executive and unclassified employees in  
14 State service due to injury or illness directly caused by and arising  
15 from State employment shall be governed by rules of the board.  
16 Leaves of absence for career and unclassified employees of a  
17 political subdivision directly caused by or arising from employment  
18 shall be governed by rules of the political subdivision. Any sick  
19 leave with pay shall be reduced by the amount of workers'  
20 compensation or disability benefits, if any, received for the same  
21 injury or illness.

22 b. The rules promulgated by the Merit System Board to govern  
23 leaves of absence under this section shall not apply, nor shall a  
24 leave of absence pursuant to this section be available, to any career,  
25 senior executive or unclassified employee in State service who  
26 sustains an injury or illness after the effective date of  
27 P.L. , c. (C. ) (pending before the Legislature as this bill)  
28 directly caused by and arising from State employment. This  
29 subsection shall not be construed as impairing the obligations set  
30 forth in any collective negotiation agreement between the State and  
31 its employees in effect on the effective date of  
32 P.L. , c. (C. )(pending before the Legislature as this bill).

33 (cf: N.J.S.11A:6-8)

34  
35 77. N.J.S.18A:66-35 is amended to read as follows:

36 18A:66-35. Any member who has at least 3 years of service to  
37 his credit for which he has contributed as a member may borrow  
38 from the retirement system, an amount equal to not more than 50%  
39 of the amount of his accumulated deductions, but not less than  
40 \$50.00; provided, that the amount so borrowed, together with  
41 interest thereon, can be repaid by additional deductions from  
42 compensation, not in excess of 25% of the member's compensation,  
43 made at the same time compensation is paid to the member. The  
44 amount so borrowed, together with interest [at the rate of 4% per  
45 annum] on any unpaid balance thereof, shall be repaid to the  
46 retirement system in equal installments by deduction from the  
47 compensation of the member at the time the compensation is paid or  
48 in such lump sum amount to repay the balance of the loan but such

1 installment shall be at least equal to the member's rate of  
2 contribution to the retirement system and at least sufficient to repay  
3 the amount borrowed with interest thereon. Not more than two  
4 loans may be granted to any member in any calendar year.  
5 Notwithstanding any other law affecting the salary or compensation  
6 of any person or persons to whom this article applies or shall apply,  
7 the additional deductions required to repay the loan shall be made.

8 The rate of interest for a loan requested by a member prior to the  
9 effective date of P.L. , c. (C. )(pending before the  
10 Legislature as this bill) shall be 4% per annum on any unpaid  
11 balance thereof. For a loan requested after the effective date of that  
12 act, the rate of interest per annum shall be a commercially  
13 reasonable rate as required by the Internal Revenue Code to be  
14 determined by the State Treasurer on that effective date, and on  
15 January 1 of each calendar year thereafter. An administrative fee in  
16 an amount set by the State Treasurer for each calendar year may be  
17 charged for any loan requested after the effective date of  
18 P.L. , c. (C. )(pending before the Legislature as this bill).

19 Loans shall be made to a member from his accumulated deductions.  
20 The interest earned on such loans shall be treated in the same  
21 manner as interest earned from investments of the retirement  
22 system.

23 (cf: P.L.1981, c.212, s.1)  
24

25 78. Section 2 of P.L.1981, c.212 (C.18A:66-35.1) is amended to  
26 read as follows:

27 2. In the case of any member who retires without paying the full  
28 amount so borrowed, the Division of Pensions and Benefits shall  
29 deduct from the retirement benefit payments the same monthly  
30 amount which was deducted from the compensation of the member  
31 immediately preceding retirement until the balance of the amount  
32 borrowed together with the interest [at the rate of 4% per annum] is  
33 repaid. In the case of a pensioner who dies before the outstanding  
34 balance of the loan and interest thereon has been recovered, the  
35 remaining balance shall be repaid from the proceeds of any other  
36 benefit payable on the account of the pensioner either in the form of  
37 monthly payments due to his beneficiaries or in the form of lump  
38 sum payments payable for pension or group life insurance.

39 (cf: P.L.1999, c.132, s.1)  
40

41 79. Section 1 of P.L.1997, c.25 (C.43:6A-34.3) is amended to  
42 read as follows:

43 1. Notwithstanding any provision to the contrary, any member  
44 who has at least three years of service to the member's credit for  
45 which the member has contributed as a member may borrow from  
46 the retirement system, an amount equal to not more than 50% of the  
47 amount of the member's accumulated deductions, but not less than  
48 \$50.00; provided, that the amount so borrowed, together with

1 interest thereon, can be repaid by additional deductions from  
2 compensation, not in excess of 25% of the member's compensation,  
3 made at the same time compensation is paid to the member. The  
4 amount so borrowed, together with interest [at the rate of 4% per  
5 annum] on any unpaid balance thereof, shall be repaid to the  
6 retirement system in equal installments by deduction from the  
7 compensation of the member at the time the compensation is paid or  
8 in such lump sum amount to repay the balance of the loan but such  
9 installments shall be at least equal to the member's rate of  
10 contribution to the retirement system and at least sufficient to repay  
11 the amount borrowed with interest thereon. Not more than two  
12 loans may be granted to any member in any calendar year.  
13 Notwithstanding any other law affecting the salary or compensation  
14 of any person or persons to whom this act applies or shall apply, the  
15 additional deductions required to repay the loan shall be made.

16 The rate of interest for a loan requested by a member prior to the  
17 effective date of P.L. , c. (C. )(pending before the  
18 Legislature as this bill) shall be 4% per annum on any unpaid  
19 balance thereof. For a loan requested after the effective date of  
20 that act, the rate of interest per annum shall be a commercially  
21 reasonable rate as required by the Internal Revenue Code to be  
22 determined by the State Treasurer on that effective date, and on  
23 January 1 of each calendar year thereafter. An administrative fee in  
24 an amount set by the State Treasurer for each calendar year may be  
25 charged for any loan requested after the effective date of  
26 P.L. , c. (C. )(pending before the Legislature as this bill).

27 Loans shall be made to a member from the member's  
28 accumulated deductions. The interest earned on such loans shall be  
29 treated in the same manner as interest earned from investments of  
30 the retirement system.

31 (cf: P.L.1997, c.25, s.1)

32

33 80. Section 2 of P.L.1997, c.25 (C.43:6A-34.4) is amended to  
34 read as follows:

35 2. In the case of any member who retires without repaying the  
36 full amount so borrowed, the Division of Pensions and Benefits  
37 shall deduct from the retirement benefit payments the same monthly  
38 amount which was deducted from the compensation of the member  
39 immediately preceding retirement until the balance of the amount  
40 borrowed together with the interest [at the rate of 4% per annum] is  
41 repaid. In the case of a pensioner who dies before the outstanding  
42 balance of the loan and interest thereon has been recovered, the  
43 remaining balance shall be repaid from the proceeds of any other  
44 benefits payable on the account of the pensioner either in the form  
45 of monthly payments due to the pensioner's beneficiaries or in the  
46 form of lump sum payments payable for pension or group life  
47 insurance.

48 (cf: P.L.1999, c.132, s.4)

1       81. Section 34 of P.L.1954, c.84 (C.43:15A-34) is amended to  
2 read as follows:

3       34. Any member who has at least 3 years of service to his credit  
4 for which he has contributed as a member may borrow from the  
5 retirement system, an amount equal to not more than 50% of the  
6 amount of his accumulated deductions, but not less than \$50.00;  
7 provided, that the amount so borrowed, together with interest  
8 thereon, can be repaid by additional deductions from compensation,  
9 not in excess of 25% of the member's compensation, made at the  
10 same time compensation is paid to the member. The amount so  
11 borrowed, together with interest [at the rate of 4% per annum] on  
12 any unpaid balance thereof, shall be repaid to the retirement system  
13 in equal installments by deduction from the compensation of the  
14 member at the time the compensation is paid or in such lump sum  
15 amount to repay the balance of the loan but such installments shall  
16 be at least equal to the member's rate of contribution to the  
17 retirement system and at least sufficient to repay the amount  
18 borrowed with interest thereon. Not more than two loans may be  
19 granted to any member in any calendar year. Notwithstanding any  
20 other law affecting the salary or compensation of any person or  
21 persons to whom this act applies or shall apply, the additional  
22 deductions required to repay the loan shall be made.

23       The rate of interest for a loan requested by a member prior to the  
24 effective date of P.L. , c. (C. )(pending before the  
25 Legislature as this bill) shall be 4% per annum on any unpaid  
26 balance thereof. For a loan requested after the effective date of that  
27 act, the rate of interest per annum shall be a commercially  
28 reasonable rate as required by the Internal Revenue Code to be  
29 determined by the State Treasurer on that effective date, and on  
30 January 1 of each calendar year thereafter. An administrative fee in  
31 an amount set by the State Treasurer for each calendar year may be  
32 charged for any loan requested after the effective date of  
33 P.L. , c. (C. )(pending before the Legislature as this bill).

34       Loans shall be made to a member from his accumulated  
35 deductions. The interest earned on such loans shall be treated in the  
36 same manner as interest earned from investments of the retirement  
37 system.

38 (cf: P.L.1981, c.55, s.1)

39

40       82. Section 2 of P.L.1981, c.55 (C.43:15A-34.1) is amended to  
41 read as follows:

42       2. In the case of any member who retires without repaying the  
43 full amount so borrowed, the Division of Pensions and Benefits  
44 shall deduct from the retirement benefit payments the same monthly  
45 amount which was deducted from the compensation of the member  
46 immediately preceding retirement until the balance of the amount  
47 borrowed together with the interest [at the rate of 4% per annum] is  
48 repaid. In the case of a pensioner who dies before the outstanding

1 balance of the loan and interest thereon has been recovered, the  
2 remaining balance shall be repaid from the proceeds of any other  
3 benefits payable on the account of the pensioner either in the form  
4 of monthly payments due to his beneficiaries or in the form of lump  
5 sum payments payable for pension or group life insurance.

6 (cf: P.L.1999, c.132, s.2)

7  
8 83. Section 18 of P.L.1964, c.241 (C.43:16A-16.1) is amended  
9 to read as follows:

10 18. Any member who has at least 3 years of service to his credit  
11 for which he has contributed as a member may borrow from the  
12 retirement system, an amount equal to not more than 50% of the  
13 amount of his aggregate contributions, but not less than \$50.00;  
14 provided that the amount so borrowed, together with interest  
15 thereon, can be repaid by additional deductions from salary, not in  
16 excess of 25% of the member's salary, made at the time the salary  
17 is paid to the member. The amount so borrowed, together with  
18 interest [at the rate of 4% per annum] on any unpaid balance  
19 thereof, shall be repaid to the retirement system in equal  
20 installments by deductions from the salary of the member at the  
21 time the salary is paid or in such lump sum amount to repay the  
22 balance of the loan but such installments shall be at least equal to  
23 the member's rate of contribution to the retirement system and at  
24 least sufficient to repay the amount borrowed with interest thereon.  
25 Not more than two loans may be granted to any member in any  
26 calendar year. Notwithstanding any other law affecting the salary  
27 or compensation of any person or persons to whom this act applies  
28 or shall apply, the additional deductions required to repay the loan  
29 shall be made.

30 The rate of interest for a loan requested by a member prior to the  
31 effective date of P.L. , c. (C. )(pending before the  
32 Legislature as this bill) shall be 4% per annum on any unpaid  
33 balance thereof. For a loan requested after the effective date of that  
34 act, the rate of interest per annum shall be a commercially  
35 reasonable rate as required by the Internal Revenue Code to be  
36 determined by the State Treasurer on that effective date, and on  
37 January 1 of each calendar year thereafter. An administrative fee in  
38 an amount set by the State Treasurer for each calendar year may be  
39 charged for any loan requested after the effective date of  
40 P.L. , c. (C. )(pending before the Legislature as this bill).

41 Loans shall be made to a member from his aggregate  
42 contributions. The interest earned on such loans shall be treated in  
43 the same manner as interest earned from investments of the  
44 retirement system.

45 (cf: P.L.1981, c.370, s.1)

46  
47 84. Section 2 of P.L.1981, c.370 (C.43:16A-16.2) is amended to  
48 read as follows:

1       2. In the case of any member who retires without repaying the  
2 full amount so borrowed, the Division of Pensions and Benefits  
3 shall deduct from the retirement benefit payments the same monthly  
4 amount which was deducted from the compensation of the member  
5 immediately preceding retirement until the balance of the amount  
6 borrowed together with the interest [at the rate of 4% per annum] is  
7 repaid. In the case of a pensioner who dies before the outstanding  
8 balance of the loan and interest thereon has been recovered, the  
9 remaining balance shall be repaid from the proceeds of any other  
10 benefits payable on the account of the pensioner either in the form  
11 of monthly payments due to his beneficiaries or in the form of lump  
12 sum payments payable for pension or group life insurance.  
13 (cf: P.L.1999, c.132, s.3)

14  
15       85. Section 29 of P.L.1965, c.89 (C.53:5A-29) is amended to  
16 read as follows:

17       29. Any member who has at least three years of service to the  
18 member's credit for which the member has contributed as a member  
19 may borrow from the retirement system, an amount equal to not  
20 more than 50% of the amount of the member's aggregate  
21 contributions, but not less than \$50.00; provided, that the amount so  
22 borrowed, together with interest thereon, can be repaid by  
23 additional deductions from salary, not in excess of 25% of the  
24 member's salary, made at the time the salary is paid to the member.  
25 The amount so borrowed, together with interest [at the rate of 4%  
26 per annum] on any unpaid balance thereof, shall be repaid to the  
27 retirement system in equal installments by deductions from the  
28 salary of the member at the time the salary is paid or in such lump  
29 sum amount to repay the balance of the loan but such installments  
30 shall be at least equal to the member's rate of contribution to the  
31 retirement system and at least sufficient to repay the amount  
32 borrowed with interest thereon. Not more than two loans may be  
33 granted to any member in any calendar year. Notwithstanding any  
34 other law affecting the salary or compensation of any person or  
35 persons to whom this act applies or shall apply, the additional  
36 deductions required to repay the loan shall be made.

37       The rate of interest for a loan requested by a member prior to the  
38 effective date of P.L. , c. (C. )(pending before the Legislature  
39 as this bill) shall be 4% per annum on any unpaid balance thereof.  
40 For a loan requested after the effective date of that act, the rate of  
41 interest per annum shall be a commercially reasonable rate as  
42 required by the Internal Revenue Code to be determined by the  
43 State Treasurer on that effective date, and on January 1 of each  
44 calendar year thereafter. An administrative fee in an amount set by  
45 the State Treasurer for each calendar year may be charged for any  
46 loan requested after the effective date of  
47 P.L. , c. (C. )(pending before the Legislature as this bill).

1       Loans shall be made to a member from the member's aggregate  
2 contributions. The interest earned on such loans shall be treated in  
3 the same manner as interest earned from investments of the  
4 retirement system.

5       In the case of any member who retires without repaying the full  
6 amount so borrowed, the Division of Pensions and Benefits shall  
7 deduct from the retirement allowance payments the same monthly  
8 amount which was deducted from the salary of the member  
9 immediately preceding retirement until the balance of the amount  
10 borrowed together with the interest [at the rate of 4% per annum] is  
11 repaid. In the case of a retirant who dies before the outstanding  
12 balance of the loan and interest thereon has been recovered, the  
13 remaining balance shall be repaid from the proceeds of any other  
14 benefits payable on the account of the retirant either in the form of  
15 monthly payments due to the retirant's beneficiaries or in the form  
16 of lump sum payments payable for pension or group life insurance.  
17 (cf: P.L.1999, c.132, s.5)

18

19       86. R.S.19:3-5 is amended to read as follows:

20       19:3-5. No person shall hold at the same time more than one of  
21 the following offices: elector of President and Vice-President of the  
22 United States, member of the United States Senate, member of the  
23 House of Representatives of the United States, member of the  
24 Senate or of the General Assembly of this State, county clerk,  
25 register, surrogate or sheriff.

26       No person shall hold the office of member of the Senate or the  
27 General Assembly of this State and, at the same time, hold any  
28 other elective public office in this State, except that any person who  
29 holds the office of member of the Senate or the General Assembly  
30 and, at the same time, holds any other elective public office on the  
31 effective date of P.L. , c. (C. )(pending before the  
32 Legislature as this bill) may continue to hold the office of member  
33 of the Senate or the General Assembly, and may hold the other  
34 elective public office at the same time if service in the Legislature  
35 and the other elective office are continuous following the effective  
36 date of P.L. , c. (C. )(pending before the Legislature as this  
37 bill). Service in the Legislature shall be considered a single elective  
38 public office.

39       No person shall be elected an elector of President and Vice-  
40 President of the United States unless he shall possess the  
41 qualifications of a legal voter of the State, shall be of the age of 25  
42 years or upwards and shall have been a citizen of the United States  
43 **[7]** seven years next preceding such election.

44       No person shall be elected a member of the House of  
45 Representatives, or an elector of President and Vice-President who  
46 shall hold any office of trust or profit under the United States.

47 (cf: P.L.1971, c.2, s.9)



1 87. N.J.S.40A:9-4 is amended to read as follows:

2 40A:9-4. (1) It shall be **lawful** ~~unlawful~~ for a person to hold  
3 simultaneously an elective county office and an elective municipal  
4 office.

5 (2) It shall be lawful for a member of the Legislature of the State  
6 to hold simultaneously any **elective or** appointive office or  
7 position in county or municipal government.

8 (3) Nothing contained in this section shall be deemed to prevent  
9 the incumbent of any office from abstaining from voting in any  
10 matter in which **he** ~~the incumbent~~ believes he ~~or she~~ has a  
11 conflict of duty or of interest, nor to prevent a challenge of a right  
12 to vote on that account under the principles of the common law or  
13 any statute.

14 (4) a. **Nothing herein contained shall be deemed to repeal or**  
15 **supersede any statute prohibiting the dual holding of offices or**  
16 **positions.]** ~~(Deleted by amendment, P.L. , c. )(pending before~~  
17 ~~the Legislature as this bill).~~

18 b. **This section shall apply to persons now holding elective**  
19 **offices or positions with the counties and municipalities or now**  
20 **serving as members of the Legislature of the State]** ~~(Deleted by~~  
21 ~~amendment, P.L. , c. )(pending before the Legislature as this~~  
22 ~~bill).~~

23 c. For the purposes of this section the term “elective office”  
24 shall mean an office to which an incumbent is elected by the vote of  
25 the general electorate.

26 (5) Notwithstanding the provision of paragraph (1) of this  
27 section, a person who, on the effective date of  
28 P.L. , c. (C. )(pending before the Legislature as this bill),  
29 holds simultaneously an elective county office and an elective  
30 municipal office may continue to hold the elective offices  
31 simultaneously if service in those elective offices is continuous  
32 following the effective date of P.L. , c. (C. )(pending  
33 before the Legislature as this bill).

34 (cf: N.J.S.40A:9-4)

35  
36 88. (New section) a. For elective public office other than as  
37 provided in R.S.19:3-5 or N.J.S.40A:9-4, a person elected to public  
38 office in this State shall not hold simultaneously any other elective  
39 public office.

40 b. Notwithstanding the provision of subsection a. of this section,  
41 a person who holds simultaneously more than one elective public  
42 office on the effective date of P.L. ,c. (C. )(pending before the  
43 Legislature as this bill) may continue to hold the elective public  
44 offices simultaneously if service in those elective public offices is  
45 continuous following the effective date of  
46 P.L. , c. (C. )(pending before the Legislature as this  
47 bill).

1       89. Section 2 of P.L.1993, c.123 (C.2C:43-11) is amended to  
2 read as follows:

3       2. a. No custodial sentence imposed pursuant to Chapters 43, 44  
4 or 45 of Title 2C shall be changed to permit entry into any program  
5 of intensive supervision established pursuant to the Rules  
6 Governing the Courts of the State of New Jersey if the inmate:

7       (1) Is serving a sentence for a conviction of any crime of the first  
8 degree; or

9       (2) Is serving a sentence for a conviction of any offense in which  
10 the sentencing court found that there is a substantial likelihood that  
11 the defendant is involved in organized criminal activity pursuant to  
12 N.J.S. 2C:44-1a(5); or

13       (3) Is serving any statutorily mandated parole ineligibility, or any  
14 parole ineligibility imposed by the court pursuant to subsection b.  
15 of N.J.S. 2C:43-6 or section 45 of P.L. , c. (C. )(pending  
16 before the Legislature as this bill); or

17       (4) Has previously completed a program of intensive supervision  
18 established pursuant to the Rules Governing the Courts of the State  
19 of New Jersey; or

20       (5) Has previously been convicted of a crime of the first degree,  
21 or of any offense in any other jurisdiction which, if committed in  
22 New Jersey, would constitute a crime of the first degree and the  
23 inmate was released from incarceration on the first degree offense  
24 within five years of the commission of the offense for which the  
25 inmate is applying for intensive supervision.

26       Nothing in this subsection shall be construed to preclude the  
27 program of intensive supervision from imposing more restrictive  
28 standards for admission.

29       b. Unless the inmate is within nine months of parole eligibility  
30 and has served at least six months of the sentence, no custodial  
31 sentence of an inmate serving a sentence for conviction of any  
32 crime of the second degree shall be changed to permit entry into  
33 any program of intensive supervision established pursuant to the  
34 Rules Governing the Courts of the State of New Jersey, if, within  
35 20 days of receipt of notice of the inmate's application, the county  
36 prosecutor or Attorney General objects in writing.

37       c. If an inmate's application for a change of custodial sentence to  
38 permit entry into any program of intensive supervision established  
39 pursuant to the Rules Governing the Courts of the State of New  
40 Jersey is granted over the objection of the county prosecutor or the  
41 Attorney General, the order shall not become final for 20 days or  
42 until reconsideration by the Intensive Supervision Resentencing  
43 Panel in order to permit the county prosecutor or the Attorney  
44 General to appear personally or in writing, with notice to defense  
45 counsel, to request reconsideration of the application approval.

46       d. A victim of the offense for which the inmate was sentenced  
47 shall have the right to make a written statement or to appear at a  
48 proceeding regarding the application for a change of custodial

1 sentence imposed pursuant to Chapters 43, 44 or 45 of Title 2C for  
2 entry into any program of intensive supervision established  
3 pursuant to the Rules Governing the Courts of the State of New  
4 Jersey.

5 (cf: P.L.1993, c.123, s.2)

6  
7 90. N.J.S.2C:43-12 is amended to read as follows:

8 2C:43-12. Supervisory Treatment--Pretrial Intervention. a.  
9 Public policy. The purpose of sections 2C:43-12 through 2C:43-22  
10 of this chapter is to effectuate a Statewide program of Pretrial  
11 Intervention. It is the policy of the State of New Jersey that  
12 supervisory treatment should ordinarily be limited to persons who  
13 have not previously been convicted of any criminal offense under  
14 the laws of New Jersey, or under any criminal law of the United  
15 States, or any other state when supervisory treatment would:

16 (1) Provide applicants, on an equal basis, with opportunities to  
17 avoid ordinary prosecution by receiving early rehabilitative services  
18 or supervision, when such services or supervision can reasonably be  
19 expected to deter future criminal behavior by an applicant, and  
20 when there is apparent causal connection between the offense  
21 charged and the rehabilitative or supervisory need, without which  
22 cause both the alleged offense and the need to prosecute might not  
23 have occurred; or

24 (2) Provide an alternative to prosecution for applicants who  
25 might be harmed by the imposition of criminal sanctions as  
26 presently administered, when such an alternative can be expected to  
27 serve as sufficient sanction to deter criminal conduct; or

28 (3) Provide a mechanism for permitting the least burdensome  
29 form of prosecution possible for defendants charged with  
30 "victimless" offenses, other than defendants who were public  
31 officers or employees charged with offenses that involved or  
32 touched their office or employment; or

33 (4) Provide assistance to criminal calendars in order to focus  
34 expenditure of criminal justice resources on matters involving  
35 serious criminality and severe correctional problems; or

36 (5) Provide deterrence of future criminal or disorderly behavior  
37 by an applicant in a program of supervisory treatment.

38 b. Admission of an applicant into a program of supervisory  
39 treatment shall be measured according to the applicant's amenability  
40 to correction, responsiveness to rehabilitation and the nature of the  
41 offense. There shall be a presumption against admission into a  
42 program of supervisory treatment for a defendant who was a public  
43 officer or employee whose offense involved or touched upon his  
44 public office or employment.

45 c. The decision and reasons therefor made by the designated  
46 judges (or assignment judges), prosecutors and program directors in  
47 granting or denying applications for supervisory treatment, in  
48 recommending and ordering termination from the program or

1 dismissal of charges, in all cases shall be reduced to writing and  
2 disclosed to the applicant.

3 d. If an applicant desires to challenge the decision of the  
4 prosecutor or program director not to recommend enrollment in a  
5 program of supervisory treatment the proceedings prescribed under  
6 section 14 shall be followed.

7 e. Referral. At any time prior to trial but after the filing of a  
8 criminal complaint, or the filing of an accusation or the return of an  
9 indictment, with the consent of the prosecutor and upon written  
10 recommendation of the program director, the assignment judge or a  
11 judge designated by him may postpone all further proceedings  
12 against an applicant and refer said applicant to a program of  
13 supervisory treatment approved by the Supreme Court. Prosecutors  
14 and program directors shall consider in formulating their  
15 recommendation of an applicant's participation in a supervisory  
16 treatment program, among others, the following criteria:

17 (1) The nature of the offense;

18 (2) The facts of the case;

19 (3) The motivation and age of the defendant;

20 (4) The desire of the complainant or victim to forego  
21 prosecution;

22 (5) The existence of personal problems and character traits  
23 which may be related to the applicant's crime and for which services  
24 are unavailable within the criminal justice system, or which may be  
25 provided more effectively through supervisory treatment and the  
26 probability that the causes of criminal behavior can be controlled by  
27 proper treatment;

28 (6) The likelihood that the applicant's crime is related to a  
29 condition or situation that would be conducive to change through  
30 his participation in supervisory treatment;

31 (7) The needs and interests of the victim and society;

32 (8) The extent to which the applicant's crime constitutes part of  
33 a continuing pattern of anti-social behavior;

34 (9) The applicant's record of criminal and penal violations and  
35 the extent to which he may present a substantial danger to others;

36 (10) Whether or not the crime is of an assaultive or violent  
37 nature, whether in the criminal act itself or in the possible injurious  
38 consequences of such behavior;

39 (11) Consideration of whether or not prosecution would  
40 exacerbate the social problem that led to the applicant's criminal  
41 act;

42 (12) The history of the use of physical violence toward others;

43 (13) Any involvement of the applicant with organized crime;

44 (14) Whether or not the crime is of such a nature that the value  
45 of supervisory treatment would be outweighed by the public need  
46 for prosecution;

47 (15) Whether or not the applicant's involvement with other  
48 people in the crime charged or in other crime is such that the

1 interest of the State would be best served by processing his case  
2 through traditional criminal justice system procedures;

3 (16) Whether or not the applicant's participation in pretrial  
4 intervention will adversely affect the prosecution of codefendants;  
5 and

6 (17) Whether or not the harm done to society by abandoning  
7 criminal prosecution would outweigh the benefits to society from  
8 channeling an offender into a supervisory treatment program.

9 f. Review of Supervisory Treatment Applications; Procedure  
10 Upon Denial. Each applicant for supervisory treatment shall be  
11 entitled to full and fair consideration of his application. If an  
12 application is denied, the program director or the prosecutor shall  
13 precisely state his findings and conclusion which shall include the  
14 facts upon which the application is based and the reasons offered  
15 for the denial. If the applicant desires to challenge the decision of a  
16 program director not to recommend, or of a prosecutor not to  
17 consent to, enrollment into a supervisory treatment program, a  
18 motion shall be filed before the designated judge (or assignment  
19 judge) authorized pursuant to the rules of court to enter orders.

20 g. Limitations. Supervisory treatment may occur only once  
21 with respect to any defendant and any person who has previously  
22 received supervisory treatment under section 27 of P.L.1970, c.226  
23 (C.24:21-27), shall not be eligible for supervisory treatment under  
24 this section. However, supervisory treatment, as provided herein,  
25 shall be available to a defendant irrespective of whether the  
26 defendant contests his guilt of the charge or charges against him.

27 h. Termination. Termination of supervisory treatment under  
28 this section shall be immediately reported to the assignment judge  
29 of the county who shall forward such information to the  
30 Administrative Director of the Courts.

31 i. Appointment of Program Directors; Authorized Referrals.  
32 Programs of supervisory treatment and appointment of the program  
33 directors require approval by the Supreme Court with the consent of  
34 the assignment judge and prosecutor. Referrals of participants from  
35 supervisory treatment programs may be to any public or private  
36 office or agency, including but not limited to, programs within the  
37 probation service of the court, offering counseling or any other  
38 social service likely to aid in the rehabilitation of the participant  
39 and to deter the commission of other offenses.

40 j. Health Care Professional Licensing Board Notification. The  
41 program director shall promptly notify the State Board of Medical  
42 Examiners when a State licensed physician or podiatrist has been  
43 enrolled in a supervisory treatment program after he has been  
44 charged with an offense involving drugs or alcohol.  
45 (cf: P.L.1989, c.300, s.22)

46  
47 91. (New Section) a. Upon the termination of the Teachers'  
48 Pension and Annuity Fund, the Public Employees' Retirement

1 System, the Judicial Retirement System, the Police and Firemen's  
2 Retirement System, the State Police Retirement System, the Prison  
3 Officers' Pension Fund, or the Consolidated Police and Firemen's  
4 Fund, or upon complete discontinuance of contributions to any of  
5 the retirement systems, the rights of all members of such retirement  
6 system to benefits accrued to the date of such termination or  
7 discontinuance, to the extent then funded, are non-forfeitable.

8 b. Notwithstanding any law, rule or regulation to the contrary,  
9 the form and timing of all distributions from the Teachers' Pension  
10 and Annuity Fund, the Public Employees' Retirement System, the  
11 Judicial Retirement System, the Police and Firemen's Retirement  
12 System, the State Police Retirement System, the Prison Officers'  
13 Pension Fund, or the Consolidated Police and Firemen's Fund, to a  
14 member, or to the beneficiary of a member if the member dies  
15 before the member's entire interest has been distributed, shall  
16 conform to the required distribution provisions of section 401(a)(9)  
17 of the federal Internal Revenue Code and the regulations issued by  
18 the United States Department of the Treasury under that Code  
19 section, including the incidental death benefit requirements of  
20 section 401(a)(9)(G) of the federal Internal Revenue Code. In  
21 addition, in no event shall payments under any of the retirement  
22 systems commence to be paid to a member later than the member's  
23 required beginning date, without regard to whether the member has  
24 filed application therefor. For this purpose, a member's required  
25 beginning date is the April 1 of the calendar year following the later  
26 of (1) the calendar year in which the member attains age 70 ½ or (2)  
27 the calendar year in which the member retires. The actuarial  
28 adjustment described in section 401(a)(9)(C)(iii) of the federal  
29 Internal Revenue Code shall not apply.

30  
31 92. This act shall take effect on the 30th day after the date of  
32 enactment, except that sections 1 through 22, 32, and 47 through 51  
33 shall take effect on the 120th day after the date of enactment, but  
34 the State may take such anticipatory administrative action in  
35 advance thereof as shall be necessary for the implementation of this  
36 act.

#### 37 38 39 STATEMENT

40  
41 This bill implements the December 1, 2006 recommendations of  
42 the Joint Legislative Committee on Public Employee Benefits  
43 Reform.

44 Many of the bill's provisions would apply to persons becoming  
45 members of a retirement system on or after the bill's effective date  
46 but would not apply to persons who are members prior to that date  
47 and continuously thereafter. It is important, therefore, to  
48 distinguish between these two groups of members. After

1 enrollment, membership in a retirement system continues until the  
2 member dies or retires, ends employment and withdraws  
3 contributions, or ceases to contribute to the system for two years  
4 and has less than 10 years of membership credit. A member who  
5 ceases to make contributions but returns to covered employment  
6 within two years, without withdrawing contributions, continues  
7 membership in the retirement system. Membership may continue  
8 beyond this two-year period if the member is granted an official  
9 leave of absence beyond the two-year period, has been laid off, or  
10 the member's position was abolished. Membership may be  
11 extended for these reasons for up to five years for a member of the  
12 Police and Firemen's Retirement System (PFRS) or up to ten years  
13 for a member of the Public Employees' Retirement system (PERS)  
14 or the Teachers' Pensions and Annuity fund (TPAF). Thus,  
15 members of a retirement system prior to the bill's effective date to  
16 whom many of the bill's changes would not apply would include  
17 contributing members in active service, members with ten years or  
18 more of service credit who are no longer active employees but have  
19 not withdrawn contributions, and persons who have ceased to make  
20 contributions for less than a two-year period without withdrawing  
21 contributions, or a longer period under the conditions described  
22 above, assuming that membership is continuous thereafter.

23 Sections 1-22 These sections of the bill establish a Defined  
24 Contribution Retirement Program, the design of which would be  
25 one that is permitted for governmental plans under the federal  
26 Internal Revenue Code as determined by the State Treasurer. The  
27 following persons will be eligible and must participate in the  
28 retirement program:

29 (1) A person who commences service on or after the effective  
30 date in an elective public office of this State or of a political  
31 subdivision thereof, except that it will not include a person who  
32 holds elective public office on the effective date of this bill and is  
33 enrolled in the Public Employees' Retirement System (PERS) while  
34 that person continues to hold that elective public office without a  
35 break in service;

36 (2) A person who commences service on or after the effective  
37 date in an employment, office or position of the State or of a  
38 political subdivision thereof, or an agency, board, commission,  
39 authority or instrumentality of the State or of a subdivision, on a  
40 part-time basis for less than 35 hours per week.

41 (3) A person who commences service on or after the effective  
42 date in an employment, office or position of the State or of a  
43 political subdivision thereof, or an agency, board, commission,  
44 authority or instrumentality of the State or of a subdivision, on a  
45 full-time basis for 35 hours or more per week pursuant to an  
46 appointment by the Governor that requires the advice and consent  
47 of the Senate, or pursuant to an appointment by the Governor to  
48 serve at the pleasure of the Governor only during his or her term of

1 office. This paragraph will not be deemed to include a person  
2 otherwise eligible for membership in the State Police Retirement  
3 System or the Judicial Retirement System.

4 (4) A person who commences service on or after the effective  
5 date of this section in an employment, office or position in a  
6 political subdivision of the State, or an agency, board, commission,  
7 authority or instrumentality of a subdivision, on a full-time basis for  
8 35 hours or more per week, pursuant to an appointment by an  
9 elected public official or elected governing body, that requires the  
10 specific consent or approval of the elected governing body of the  
11 political subdivision. This paragraph will not be deemed to include  
12 a person otherwise eligible for membership in the Teachers'  
13 Pension and Annuity Fund or the Police and Firemen's Retirement  
14 System.

15 (5) A person who commences service on or after the effective  
16 date in an employment, office or position that makes the person  
17 eligible to become a member of a State-administered retirement  
18 system or a member of such a system with less than 10 years of  
19 service credit, but who makes an irrevocable election at the  
20 commencement of service or prior to the attainment of 10 years of  
21 service credit to waive all rights and benefits that would otherwise  
22 be provided by such system and to participate instead in this  
23 retirement program during service in that employment, office or  
24 position.

25 (6) A person who is granted a pension or retirement allowance  
26 on or after the effective date under any pension fund or retirement  
27 system established under the laws of this State and elects to  
28 participate pursuant to section 1 of P.L.1977, c.171 (C.43:3C-3)  
29 upon being elected to public office.

30 No person will be eligible to participate in the retirement  
31 program with respect to any public employment, office, or position  
32 if: the base salary of that employment, office, or position is less  
33 than \$1,500 per year; the person is, on the basis of service in that  
34 employment, office, or position, eligible for membership or enrolled  
35 as a member of another State or locally-administered pension  
36 program, fund, or retirement system established under the laws of  
37 this State, except as otherwise permitted in the bill; the person is  
38 receiving a benefit as a retiree from any other State or locally-  
39 administered pension fund or retirement system established under  
40 the laws of this State, except as provided in section 1 of P.L.1977,  
41 c.171 (C.43:3C-3); or the person is an officer or employee of a  
42 political subdivision or board of education who is ineligible for  
43 membership in the Public Employees' Retirement System pursuant  
44 to section 34 of this bill because the person undertakes, extends, or  
45 performs a professional services contract for that political  
46 subdivision or board of education.

47 A person eligible and required to participate in the defined  
48 contribution program whose base salary is less than \$5,000 may



1 elect to waive participation. Service credited to a participant would  
2 not be recognized as service credit to determine eligibility for  
3 employer-paid health care benefits.

4 A program participant would contribute 5% of the participant's  
5 base salary to the defined contribution program, but will have the  
6 option to make additional contributions as permitted by the federal  
7 Internal Revenue Code.

8 An employer would contribute 3% of the employee's base salary.  
9 Employer contributions would be vested in a participant after the  
10 participant commences the second year of employment unless the  
11 participant, at the time of initial employment, either (1) participates  
12 in a program substantially similar to the retirement program, or (2)  
13 is a member of another State-administered pension fund or  
14 retirement system.

15 The bill establishes the Defined Contribution Retirement  
16 Program Board in but not of the Division of Pensions and Benefits  
17 in the Department of the Treasury. The board would be composed  
18 of five members: the Director of the Division of Pensions and  
19 Benefits, or a designee; the Director of the Division of Investment  
20 or a designee; the Commissioner of the Department of Banking and  
21 Insurance, or a designee; the Director of the Division of Purchase  
22 and Property, or a designee; and a person appointed by the Director  
23 of the Division of Pensions and Benefits who is an active  
24 participant or retiree of the Defined Contribution Retirement  
25 Program. In order to expedite implementation of this program, the  
26 current third party administrator for the New Jersey State  
27 Employees Deferred Compensation Program may be used as the  
28 initial provider for a certain period of time. After this initial  
29 contract, the board would select a provider through the competitive  
30 bidding process.

31 Participants in the defined contribution program would be  
32 allowed to allocate their contributions and the contributions of their  
33 employer into investment alternatives as determined by the board.

34 The defined contribution retirement program, under a group  
35 contract or contracts, will provide life insurance and disability  
36 benefits for all participants on a non-contributory basis. The State  
37 Treasurer would be authorized and directed to purchase from one or  
38 more insurance companies this group life insurance and disability  
39 benefit coverage. A life insurance company would have to meet  
40 certain criteria in order to provide coverage under the provisions of  
41 this bill.

42 The benefit under a group life insurance contract would be an  
43 amount equal to one and one-half the base annual salary of the  
44 participant, except that in the event of death after retirement, the  
45 amount payable would be 3/16 of the participant's base annual  
46 salary, as defined. The disability benefit provided would be in an  
47 amount equal to 60% of the participant's base monthly salary,

1 reduced by periodic benefits to which the participant may be  
2 entitled during the period of total disability.

3 Finally, these sections amend current law to restrict eligibility in  
4 the PERS to full-time public officers and employees who serve for  
5 35 hours per week or more, and in the TPAF to full-time employees  
6 who serve for 30 hours per week or more, for public officers and  
7 employees commencing service in an employment, office or  
8 position after the effective date.

9 These sections would take effect on the 120th day after the bill's  
10 enactment.

11 Sections 23-28 These sections of the bill revise the definition of  
12 compensation to be used to calculate retirement benefits for  
13 members of the PERS, the TPAF, the PFRS, and the SPRS who  
14 become members on or after the effective date, as well as to  
15 calculate, in certain cases, pension benefits for surviving family  
16 members, when available, and death benefit payments to  
17 beneficiaries.

18 The bill provides that a person who becomes a member of the  
19 TPAF or the PERS on or after the effective date will have the  
20 member's retirement allowance calculated using the average annual  
21 compensation for the last five years of service or for any five fiscal  
22 years of membership providing the largest possible benefit to the  
23 member or the member's beneficiary. The special veterans  
24 retirement allowance in the PERS and TPAF will be calculated  
25 using the average annual compensation received by the member  
26 during the 36-month period of membership, rather than the 12-  
27 month period of membership as is the case now, that provides the  
28 highest possible benefit.

29 The bill also changes the provisions of the PFRS and the SPRS  
30 to provide that a person who becomes a member on or after the  
31 effective date will have the member's retirement allowance  
32 calculated using the average annual compensation received by the  
33 member during any three fiscal years of membership providing the  
34 largest possible benefit.

35 The bill will affect the calculation of a family member's pension  
36 benefit, when such a benefit is available, and the amount of a death  
37 benefit to a beneficiary whenever current law provides for the use  
38 of final compensation or final salary, as those terms are redefined  
39 by the bill, for the purpose of that calculation. In many instances,  
40 the current law provides that the calculations for these benefits be  
41 based on the compensation or salary received in the last year of  
42 service or at the time of death; in these instances, there will be no  
43 change as a result of this bill.

44 These sections would take effect on the 30th day after the bill's  
45 enactment.

46 Sections 29-31 These sections of the bill require a member of  
47 the TPAF or the PERS, who commences service in a covered  
48 position in the respective retirement system on or after the effective

1 date of the bill, to be a member and contribute to the TPAF or the  
2 PERS on the basis of a single covered position. Any member who  
3 holds more than one position covered by the respective retirement  
4 systems would be eligible for membership based upon the single  
5 position, which would be the position with the higher or highest  
6 compensation.

7 Any member of the respective retirement systems prior to the  
8 effective date of the bill and continuously thereafter, is not required  
9 to designate a single position for membership and may continue on  
10 the basis of all positions held.

11 These sections would take effect on the 30th day after the bill's  
12 enactment.

13 Section 32 This section of the bill permits a person who  
14 commences service in an employment, office or position that makes  
15 the person eligible to be a member of the TPAF, the JRS, the PERS,  
16 the PFRS, or the SPRS, or a member with less than 10 years of  
17 creditable service in these retirement systems, to choose, on or after  
18 the effective date, either to be enrolled in the retirement system or  
19 enrolled in the defined contribution program established pursuant to  
20 sections 1 through 22 of this bill by waiving all rights and benefits  
21 that would otherwise be provided by the retirement system. When a  
22 member elects to transfer to the defined contribution program by  
23 filing the proper application form declaring the election to  
24 participate in the program, the respective retirement system will  
25 transfer the amount of the member's accumulated deductions as of  
26 the date of transfer to the individual account in the program.

27 This section would take effect on the 120th day after the bill's  
28 enactment.

29 Section 33 This section of the bill provides that an officer or  
30 employee of a political subdivision of this State or of a board of  
31 education, or of any agency, authority or instrumentality thereof,  
32 will not be eligible for membership in the PERS, or will be  
33 terminated from such membership, as appropriate, if that officer or  
34 employee, knowingly himself, or through partners or associates or  
35 through any corporation in which the officer or employee holds a  
36 key principal position or owns or controls more than 1% of the  
37 stock, or through any other person for the officer's or employee's  
38 use or benefit or on his account, undertakes, executes, or performs,  
39 in whole or in part, any contract to provide professional services to  
40 that political subdivision or board of education, or agency, authority  
41 or instrumentality thereof. The bill requires the immediate  
42 termination of membership of all such persons.

43 This section would take effect on the 30th day after the bill's  
44 enactment.

45 Section 34 This section of the bill requires the Division of  
46 Pensions and Benefits to investigate increases in compensation  
47 reported for credit in the TPAF, the PERS, the PFRS, the SPRS, and  
48 the JRS that exceed the reasonably anticipated annual compensation

1 increases for members of each retirement system. When a violation  
2 of the law concerning the definition of compensation is suspected, it  
3 will be referred to the system's board of trustees for further action.

4 This section would take effect on the 30th day after the bill's  
5 enactment.

6 Sections 35 and 36 These sections of the bill close the  
7 Prosecutors Part and the Workers Compensation Judges Part of the  
8 PERS to new members. The Prosecutors Part and the Workers  
9 Compensation Judges Part were added to PERS in 2001. All new  
10 prosecutors and workers compensation judges will be a part of the  
11 "regular" PERS system.

12 These sections would take effect on the 30th day after the bill's  
13 enactment.

14 Sections 37-39 These sections of the bill eliminate the provision  
15 in the PFRS that would have permitted a member to retire, at any  
16 age after 25 years of service credit, on a special retirement  
17 allowance of 70% of final compensation, plus 1% per year for  
18 additional service up to 30 years, after the retirement system  
19 reached a funded level of 104%. The system has not reached this  
20 level.

21 These sections would take effect on the 30th day after the bill's  
22 enactment.

23 Sections 40-46, 89, 90 These sections of the bill impose  
24 mandatory imprisonment and mandatory forfeiture of pension and  
25 retirement benefits for public officers or employees convicted of  
26 certain crimes involving or touching their office or employment.  
27 The bill clarifies that the board of trustees of a State or local  
28 pension fund can order forfeiture of "earned service credit" and can  
29 implement any pension forfeiture ordered by a court, and requires  
30 mandatory pension forfeiture for crimes or offenses involving or  
31 touching the office, position or employment for the following  
32 crimes:

33 (1) Paragraph (4) of subsection a. of N.J.S.2C:13-5, criminal  
34 coercion;

35 (2) N.J.S.2C:20-4, theft by deception, if the amount involved  
36 exceeds \$10,000;

37 (3) Subsection d. of N.J.S.2C:20-5, theft by extortion;

38 (4) N.J.S.2C:20-9, theft by failure to make required disposition  
39 of property received, if the amount involved exceeds \$10,000;

40 (5) N.J.S.2C:21-10, commercial bribery;

41 (6) Section 3 of P.L.1994, c.121 (C.2C:21-25), money  
42 laundering;

43 (7) Section 97 of P.L.1999, c.440 (C.2C:21-34), false contract  
44 payment claims;

45 (8) N.J.S.2C:27-2, bribery in official matters;

46 (9) N.J.S.2C:27-3, threats and other improper influence in  
47 official and political matters;

48 (10) Section 100 of P.L.1999, c.440 (C.2C:27-9), unlawful

1 official business transaction where interest is involved;

2 (11) Section 5 of P.L.2003, c.255 (C.2C:27-10), acceptance or  
3 receipt of unlawful benefit by public servant for official behavior;

4 (12) Section 6 of P.L.2003, c.255 (C.2C:27-11), offer of  
5 unlawful benefit to public servant for official behavior;

6 (13) N.J.S.2C:28-1, perjury;

7 (14) N.J.S.2C:28-5, tampering with witnesses;

8 (15) N.J.S.2C:28-7, tampering with public records or  
9 information;

10 (16) N.J.S.2C:29-4, compounding;

11 (17) N.J.S.2C:30-2, official misconduct;

12 (18) N.J.S.2C:30-3, speculating or wagering on official action or  
13 information; or

14 (19) Section 3 of P.L.2003, c.31 (C.2C:30-7), pattern of official  
15 misconduct.

16 The pension forfeiture will be ordered by the court immediately  
17 upon a finding of guilt by the trier of fact or a plea of guilty unless  
18 the court, for good cause shown, orders a stay of the pension  
19 forfeiture pending a hearing on the merits at the time of sentencing.  
20 The bill does not preclude the authority of the board of trustees  
21 from ordering the forfeiture of all or part of the earned service  
22 credit or pension or retirement benefit of any member of the fund or  
23 system for misconduct occurring at the time of the member's public  
24 service pursuant to the provisions of P.L.1995, c.408 (C.43:1-3 et  
25 seq.), including in a case where the court does not enter an order of  
26 forfeiture.

27 The bill provides that the board of trustees of any State or  
28 locally-administered pension fund or retirement system may  
29 subpoena witnesses and compel their attendance, and also may  
30 require the production of books, papers or documents in a matter  
31 concerning the rendering of honorable service by a public officer or  
32 employee seeking to receive a public pension or retirement benefit.  
33 If any person shall refuse to obey any subpoena so issued, or shall  
34 refuse to testify or produce any books, papers or documents, the  
35 board may apply ex parte to the Superior Court to compel the  
36 person to comply with the subpoena.

37 The bill provides that a State, county or local employer  
38 participating in a pension fund or retirement system will be  
39 responsible for reimbursement to the pension fund or retirement  
40 system of all pension costs incurred by the pension fund or  
41 retirement system following any settlement agreement between the  
42 employer and an employee that provides for the employer not to  
43 pursue any civil or criminal charges or an action for misconduct  
44 against the employee in exchange for the employee's resignation in  
45 good standing.

46 The bill amends current law concerning forfeiture of public  
47 office to include a definition of the phrase concerning crimes and  
48 offenses "involving or touching" public office or employment, in

1 accordance with the definition set forth by the New Jersey Supreme  
2 Court in McCann v. Clerk of the City of Jersey City, 167 N.J. 311  
3 (2001). It provides that a crime or offense “involving or touching”  
4 public office or employment means that the crime or offense was  
5 related directly to the person’s performance in, or circumstances  
6 flowing from, a specific public office or position held by the  
7 person. As the Supreme Court stated in McCann: “When an  
8 individual commits a crime wholly unrelated to his or her public  
9 office, the crime ordinarily cannot be characterized as involving or  
10 touching on the public office.”

11 The bill adds certain public corruption crimes to subsection f. of  
12 N.J.S.A.2C:51-2, which provides that persons convicted of certain  
13 crimes are barred from entering into contracts, submitting bids, or  
14 conducting any business with any State entity: N.J.S.A.2C:21-34,  
15 false contract payment claims; N.J.S.A.2C:27-3, threats and other  
16 improper influence in official and political matters; N.J.S.A.2C:27-  
17 5, retaliation for past official action; N.J.S.A.2C:27-9, unlawful  
18 official business transaction where interest is involved;  
19 N.J.S.A.2C:27-10, acceptance of unlawful benefit by public servant  
20 for official behavior, and N.J.S.A.2C:27-11, offer of unlawful  
21 benefit to public servant for official behavior.

22 The bill provides mandatory terms of imprisonment for  
23 conviction of any of the nineteen crimes enumerated. For a crime  
24 of the fourth degree, the mandatory minimum term will be one year;  
25 for a crime of the third degree, two years; for a crime of the second  
26 degree, five years, and for a crime of the first degree, 10 years,  
27 unless the provisions of any other law provide for a higher  
28 mandatory minimum term. (Generally, a crime of the fourth degree  
29 is punishable by a term of imprisonment of up to 18 months or a  
30 fine of up to \$10,000 or both; a crime of the third degree, by a term  
31 of three to five years or a fine of up to \$15,000 or both; a crime of  
32 the second degree, a by a term of five to 10 years or a fine of up to  
33 \$150,000 or both; and a crime of the first degree, by a term of 10 to  
34 20 years or a fine of up to \$200,000 or both.)

35 These sections of the bill are prospective in application. Pension  
36 forfeiture and mandatory terms of imprisonment will apply to  
37 crimes or offenses committed after the bill takes effect to avoid a  
38 challenge on ex post facto grounds that the forfeiture and  
39 imprisonment terms constitute new criminal penalties which may  
40 not be applied retroactively.

41 If the defendant has provided substantial assistance in a criminal  
42 investigation or prosecution of another person, the prosecutor is  
43 permitted to ask the court to waive or reduce the mandatory  
44 minimum term of imprisonment. Any waiver or reduction in the  
45 term of imprisonment would be determined by the court, which  
46 would state with specificity its reasons for waiving or reducing the  
47 mandatory minimum sentence that would otherwise apply.

1 Prosecutors are not permitted to recommend the admission into a  
2 pretrial intervention program of any person who serves or has  
3 served as a public officer or employee and who is charged with  
4 certain crimes set forth in this bill without the prior approval of the  
5 Attorney General. Individuals convicted of one or more of these  
6 crimes would be ineligible for participation in any program of  
7 intensive supervision during any period of parole ineligibility. The  
8 Attorney General is required to develop guidelines to ensure the  
9 uniform exercise of discretion in making determinations regarding  
10 the waiver or reduction of a mandatory minimum term of  
11 imprisonment.

12 These sections would take effect on the 30th day after the bill's  
13 enactment.

14 Sections 47-51 These sections of the bill eliminate accidental  
15 and ordinary disability retirement for persons who become members  
16 of the TPAF or the PERS on or after the effective date. Instead,  
17 these members will be eligible for disability insurance coverage  
18 similar to that provided by the State currently to individuals  
19 enrolled in the Alternative Benefit Program.

20 These sections would take effect on the 120th day after the bill's  
21 enactment.

22 Sections 38, 52-55 These sections of the bill remove language  
23 from existing law that permits the State Treasurer to reduce the  
24 amount of normal contributions needed to fund the various State-  
25 administered retirement systems by the amount of excess valuation  
26 assets. These sections pertain to contributions to the TPAF, the  
27 JRS, the PERS, the PFRS, and the SPRS.

28 These sections would take effect on the 30th day after the bill's  
29 enactment.

30 Section 56 This section of the bill requires the TPAF, the JRS,  
31 the Prison Officers' Pension Fund, the PERS, the Consolidated  
32 Police and Firemen's Pension Fund, the PFRS, and the SPRS to use  
33 consistent and generally-accepted actuarial standards, as established  
34 by the Governmental Accounting Standards Board or its successor,  
35 for the purpose of determining fund asset values, obligations and  
36 annual employer contributions. Any modification of the  
37 assumptions or actuarial methodology at the direction of the State  
38 that changes asset values, obligations or annual contributions must  
39 require public disclosure prior to adoption, including a financial  
40 impact analysis.

41 This section would take effect on the 30th day after the bill's  
42 enactment.

43 Sections 57-62 These sections of the bill provide local  
44 governments, including local boards of education, with the ability  
45 to modify, through collective negotiations agreements with their  
46 active employees, the payment obligations of the employer for  
47 active employee coverage under the State Health Benefits Plan  
48 (SHBP) and the eligibility for coverage under a plan or organization

1 offered by the SHBP. The ability to negotiate the amount of SHBP  
2 premium or periodic charges to be paid by the employer has been  
3 available to the State since 1997, and to local governments with  
4 regard to their retirees since 1999. Current law also permits the  
5 closure of the SHBP traditional plan to new State employees when  
6 that is provided for in a collective negotiations agreement; as a  
7 result of such collective negotiations agreements, participation in  
8 the traditional plan is no longer available to certain active and  
9 retired State law enforcement officers, including State Troopers, as  
10 of July 1, 2005.

11 The bill also permits local units of government and boards of  
12 education to establish cafeteria plans pursuant to section 125 of the  
13 federal Internal Revenue Code, 26 U.S.C. §125, to provide for a  
14 reduction in an employee's salary, through payroll deductions or  
15 otherwise, in exchange for payment by the employer of medical or  
16 dental expenses not covered by a health benefits plan, of dependent  
17 care expenses as provided in section 129 of the code, 26  
18 U.S.C. §129, and of such other benefits as are consistent with  
19 section 125 which are included under the plan. The amount of any  
20 reduction in an employee's salary will continue to be treated as  
21 regular compensation for all other purposes, including the  
22 calculation of pension contributions and the amount of any  
23 retirement allowance, but, to the extent permitted by the federal  
24 Internal Revenue Code, will not be included in the computation of  
25 federal taxes withheld from the employee's salary. The State was  
26 given the authority to establish such cafeteria plans in 1996  
27 pursuant to N.J.S.A.52:14-15.1a.

28 These provisions will provide local governments that participate  
29 in the SHBP with flexibility to make changes required to control  
30 costs.

31 Service credit earned in the Defined Contribution Retirement  
32 Program is excluded from service required for employer-paid health  
33 care benefits in retirement.

34 These sections would take effect on the 30th day after the bill's  
35 enactment.

36 Section 63 This section of the bill requires all changes in the  
37 provision of health benefits through the SHBP that are included in  
38 collective negotiations agreements between the State and its  
39 employees be made applicable by the commission to participating  
40 employers and their employees at the same time and in the same  
41 manner as these changes apply to State employees.

42 This section would take effect on the 30th day after the bill's  
43 enactment.

44 Section 64 This section of the bill extends a current  
45 authorization to all local public employers to provide financial  
46 incentives to employees who waive coverage under the SHBP if the  
47 employee is eligible for other health care coverage. Under current  
48 law, this option has been available to municipalities since 1995, to



1 municipal authorities since 2001, and to county colleges since 2003.  
2 The refund amount is currently limited to no more than 50% of the  
3 amount saved by the employer through the employee's waiver of  
4 coverage. This bill lowers the reimbursement amount to 25% for  
5 employees who waive coverage on or after the effective date.

6 This section would take effect on the 30th day after the bill's  
7 enactment.

8 Sections 65-67 These sections of the bill provide that service  
9 credit in the TPAF, the PERS, and the PFRS established through  
10 purchase on or after the effective date by a current or future  
11 member for prior employment with another state or the federal  
12 government, or for service with a bi-state or multi-state agency in  
13 the case of members of PERS, will not be recognized as service  
14 credit to determine eligibility for employer-paid health care benefits  
15 in retirement. This prohibition on purchased service credit would  
16 not apply to the purchase of military service.

17 These sections would take effect on the 30th day after the bill's  
18 enactment.

19 Section 68 This section of the bill prohibits multiple coverage in  
20 the SHBP as an employee, dependent, or retiree. This prohibition  
21 applies to current SHBP participants and will be implemented in  
22 accordance with rules and regulations to be promulgated by the  
23 State Health Benefits Commission. Every SHBP participant will be  
24 entitled to coverage under one SHBP plan at a time.

25 This section would take effect on the 30th day after the bill's  
26 enactment.

27 Section 69 This section of the bill requires the State Health  
28 Benefits Commission to ensure that every managed care contract  
29 purchased by the commission on or after the effective date provide  
30 benefits under the SHBP managed care plans that include a disease  
31 and chronic care management plan for specified conditions, meeting  
32 nationally recognized accreditation standards and including  
33 specified outcome measures and objectives for disease and chronic  
34 care management.

35 This section would take effect on the 30th day after the bill's  
36 enactment.

37 Sections 70-72 At present, the law limits to \$15,000 the  
38 maximum amount that may be paid to a State employee for  
39 accumulated unused sick leave when the employee retires.  
40 However, there are currently no such limits with regard to local  
41 government and school board officers or employees. These sections  
42 of the bill provide that supplemental compensation for accumulated  
43 unused sick leave payable to any local government or school district  
44 officer or employee upon retirement could not exceed \$15,000.  
45 Nevertheless, an officer or employee who, on the effective date or  
46 upon the expiration of a current contract applicable to such an  
47 officer or employee, has accrued supplemental compensation based  
48 upon accumulated unused sick leave will, upon retirement, be

1 eligible to receive not more than the amount so accumulated or not  
2 more than \$15,000, whichever is greater. The bill also provides that  
3 supplemental compensation will be payable only at the time of  
4 retirement from a State-administered or locally-administered  
5 retirement system based on the leave credited on the date of  
6 retirement.

7 These sections would take effect on the 30th day after the bill's  
8 enactment.

9 Sections 73-75 These sections of the bill provide that local  
10 government and school district officers and employees will be  
11 allowed to carry forward unused vacation leave for only one  
12 successive year, except that vacation leave that could not be used  
13 because of an emergency declared by the Governor will accumulate  
14 subject to certain limits.

15 These sections would take effect on the 30th day after the bill's  
16 enactment.

17 Section 76 This section of the bill terminates the sick leave  
18 injury program for State officers or employees who are injured or  
19 who become ill directly as a result of employment on or after the  
20 effective date or after the expiration of applicable current collective  
21 negotiations agreements. The FY 2007 Governor's budget  
22 proposed the elimination of the sick leave injury program for State  
23 employees. New Jersey is one of only five states that provide a sick  
24 leave benefit at full wages in addition to workers' compensation.  
25 As opposed to workers' compensation, which pays injured  
26 employees a temporary benefit at 70 percent of the Statewide  
27 average weekly wage, the sick leave injury program is a salary  
28 continuation program that provides full pay to employees.  
29 However, sick leave injury program payments are reduced by  
30 amounts received by the employee for workers' compensation.

31 This section would take effect on the 30th day after the bill's  
32 enactment.

33 Sections 77-85 These sections of the bill change the rate of  
34 interest that may be charged for a pension loan requested on or after  
35 the effective date by a member of the PERS, the TPAF, the PFRS,  
36 the JRS, and the SPRS from a fixed four percent per year to a  
37 commercially reasonable rate as required by the Internal Revenue  
38 Code. This interest rate would be determined by the State Treasurer  
39 on the effective date of this bill and on January 1 of each calendar  
40 year thereafter. The bill allows the Division of Pensions and  
41 Benefits to charge an administrative fee, as determined by the State  
42 Treasurer, for any loan requested after the effective date of the bill.

43 These sections would take effect on the 30th day after the bill's  
44 enactment.

45 Sections 86-88 These sections of the bill prohibit elected  
46 officials, including members of the Legislature and county and  
47 municipal elected officials, from simultaneously holding another  
48 elective public office. The prohibition will not apply to an elected

1 official who simultaneously holds more than one elective public  
2 office on the effective date, as long as service in the offices held is  
3 continuous following the effective date.

4 These sections would take effect on the 30th day after the bill's  
5 enactment.

6 Section 91 This section supplements current law to provide  
7 retirement system members with two rights that are required by the  
8 Internal Revenue Code for qualified governmental plans. This  
9 section provides that, upon termination of a retirement system, non-  
10 vested members become vested as to their contribution, and that  
11 retirement system participants have the ability to begin receiving  
12 benefits after they attain age 70½.

13 This section would take effect on the 30th day after the bill's  
14 enactment.

15 In addition to the provisions in the bill, the Joint Committee  
16 made the following recommendations.

17 The Joint Committee recommended a continued moratorium on  
18 early retirement incentive programs, except in cases of  
19 regionalization and consolidation initiatives resulting in costs  
20 savings, because such programs have proven costly to the State and  
21 to local public employers. Public employee early retirement  
22 incentive programs have provided limited, short-term savings in  
23 exchange for large, long-term retirement system liabilities. The  
24 cost to an employer for providing a retirement incentive program  
25 can be significant.

26 Benefit enhancements in State-administered retirement systems  
27 have eroded the State's fiscal health and created a benefit structure  
28 that the State cannot currently afford. The process of enacting  
29 benefit enhancements does not include an informed debate on the  
30 actual costs of the change and, far too often, the taxpayers' interests  
31 are absent from this debate. Benefit enhancements enacted since  
32 1999 will cost State and local government employers over \$6.8  
33 billion. Therefore, the Joint Committee recommended a continued  
34 moratorium on benefit enhancement legislation.

35 The Joint Committee recommended strict adherence to the legal  
36 definition of "policeman" and "fireman." The Joint Committee  
37 made this recommendation to control costs in the Police and  
38 Firemen's Retirement System and to ensure the integrity of that  
39 system in providing benefits only to those public employees who  
40 serve as law enforcement officers and firefighters.