

# ASSEMBLY, No. 3796

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 10, 2011

**Sponsored by:**

**Assemblyman DECLAN J. O'SCANLON, JR.**

**District 12 (Mercer and Monmouth)**

**Assemblyman GARY R. CHIUSANO**

**District 24 (Sussex, Hunterdon and Morris)**

**SYNOPSIS**

Makes changes to retirement benefits for members of the State-administered retirement systems and eliminates future COLAs.

**CURRENT VERSION OF TEXT**

As introduced.



1    **AN ACT** concerning the retirement benefits of public employees  
2       and the State-administered retirement systems, and amending,  
3       supplementing and repealing various parts of the statutory law.

4  
5       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

7  
8       1. (New section) The Legislature finds and declares:

9       a. The State's pension plans have experienced increasing  
10 deterioration in their funded status which has been exacerbated by  
11 recent declines in the market value of the fund assets. The  
12 probability of investment returns making up for the shortfall is very  
13 low even if economic conditions improved.

14       b. In the past, the State has authorized expensive benefit  
15 enhancements, but the funding for these benefits has not followed,  
16 further impeding the sustainability of the pension systems at these  
17 current level of benefits.

18       c. As a consequence of such factors, including these poor  
19 investment returns and increased benefits, the funded status of the  
20 pension plans has drastically decreased over the past ten years.  
21 Currently, the pension systems are estimated to be underfunded by  
22 \$54 billion, and if current benefits continue, the underfunding could  
23 grow to \$181 billion by 2041.

24       d. In order to maintain the long term fiscal integrity of the  
25 pension funds and their ability to pay required benefits to the  
26 members of the pension plans, it is necessary to enact reforms that  
27 will protect the pension systems.

28       e. Such reforms are intended to bring solvency and long-term  
29 stability to the pension systems and thereby protect the retirement  
30 benefits of all members participating in the systems. These reforms  
31 are essential in order to contain the increasing costs of employee  
32 pension benefits and the burden placed on current and future  
33 generations of taxpayers who must support these costs.

34       f. These reforms are also intended to bring uniformity and  
35 consistency to the area of disability retirement by making benefits  
36 uniform among the several pension plans, eliminating the  
37 complicated and costly benefit formula under current law that has  
38 resulted in substantial litigation, and more closely aligning these  
39 benefits with our workers' compensation laws.

40       g. The reforms contain technical changes that are required in  
41 order to ensure the pension plans operate as qualified plans under  
42 federal tax law.

43

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

45       18A:66-2. As used in this article:

**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       a. "Accumulated deductions" means the sum of all the  
2 amounts, deducted from the compensation of a member or  
3 contributed by or in behalf of the member, including interest  
4 credited to January 1, 1956, standing to the credit of the member's  
5 individual account in the annuity savings fund.
- 6       b. "Annuity" means payments for life derived from the  
7 accumulated deductions of a member as provided in this article.
- 8       c. "Beneficiary" means any person receiving a retirement  
9 allowance or other benefit as provided in this article.
- 10      d. (1) "Compensation" means the contractual salary, for  
11 services as a teacher as defined in this article, which is in  
12 accordance with established salary policies of the member's  
13 employer for all employees in the same position but shall not  
14 include individual salary adjustments which are granted primarily in  
15 anticipation of the member's retirement or additional remuneration  
16 for performing temporary or extracurricular duties beyond the  
17 regular school day or the regular school year.
- 18      (2) In the case of a person who becomes a member of the  
19 retirement system on or after July 1, 2007, "compensation" means  
20 the amount of the contractual salary equivalent to the annual  
21 maximum wage contribution base for Social Security, pursuant to  
22 the Federal Insurance Contributions Act, for services as a teacher as  
23 defined in this article, which is in accordance with established  
24 salary policies of the member's employer for all employees in the  
25 same position but shall not include individual salary adjustments  
26 which are granted primarily in anticipation of the member's  
27 retirement or additional remuneration for performing temporary or  
28 extracurricular duties beyond the regular school day or the regular  
29 school year. This paragraph shall not apply to a person who at the  
30 time of enrollment in the retirement system on or after July 1, 2007  
31 transfers service credit from another State-administered retirement  
32 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former  
33 member of the retirement system who has been granted a retirement  
34 allowance and is reenrolled in the retirement system on or after July  
35 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed  
36 again in a position that makes the person eligible to be a member of  
37 the retirement system.
- 38      For the period of July 1, 2009 through June 30, 2011,  
39 "contractual salary" for State employees shall include wage  
40 increases under a collective negotiations agreement notwithstanding  
41 that, by amendment to that collective negotiations agreement, the  
42 effective date of the contractual increase has been deferred. For the  
43 purpose of this paragraph, "State employee" means an employee in  
44 the Executive Branch of State government of New Jersey.
- 45      e. "Employer" means the State, the board of education or any  
46 educational institution or agency of or within the State by which a  
47 teacher is paid.

1 f. (1) In the case of a member with 25 or more years of  
2 creditable service or who has attained normal retirement age on the  
3 effective date of this section of P.L. , c. (pending before the  
4 Legislature as this bill), "[Final] final compensation" means the  
5 average annual compensation for which contributions are made for  
6 the three years of creditable service in New Jersey immediately  
7 preceding the member's retirement or death, or it shall mean the  
8 average annual compensation for New Jersey service for which  
9 contributions are made during any three fiscal years of his or her  
10 membership providing the largest possible benefit to the member or  
11 the member's beneficiary.

12 (2) In the case of a member with fewer than 25 years of  
13 creditable service and who has not attained normal retirement age  
14 on the effective date of this section of P.L. , c. (pending before  
15 the Legislature as this bill) and a person who becomes a member of  
16 the retirement system on or after the effective date of P.L.2010, c.1,  
17 "final compensation" means the average annual compensation for  
18 which contributions are made for the five years of creditable service  
19 in New Jersey immediately preceding the member's retirement or  
20 death, or it shall mean the average annual compensation for New  
21 Jersey service for which contributions are made during any five  
22 fiscal years of his or her membership providing the largest possible  
23 benefit to the member or the member's beneficiary.

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

26 h. "Pension" means payments for life derived from  
27 appropriations made by the State or employers to the Teachers'  
28 Pension and Annuity Fund.

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

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

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

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

45 m. "Regular interest" shall mean interest as determined by the  
46 State Treasurer, after consultation with the Directors of the  
47 Divisions of Investment and Pensions, the board of trustees and the  
48 actuary. It shall bear a reasonable relationship to the percentage rate

1 of earnings on investments based on the market value of assets but  
2 shall not exceed the assumed percentage rate of increase applied to  
3 salaries plus 3%, provided however that the board of trustees shall  
4 not set the average percentage rate of increase applied to salaries  
5 below 6%.

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

7 o. "School service" means any service as a "teacher" as defined  
8 in this section.

9 p. "Teacher" means any regular teacher, special teacher,  
10 helping teacher, teacher clerk, principal, vice-principal, supervisor,  
11 supervising principal, director, superintendent, city superintendent,  
12 assistant city superintendent, county superintendent, State  
13 Commissioner or Assistant Commissioner of Education, members  
14 of the State Department of Education who are certificated,  
15 unclassified professional staff and other members of the teaching or  
16 professional staff of any class, public school, high school, normal  
17 school, model school, training school, vocational school, truant  
18 reformatory school, or parental school, and of any and all classes or  
19 schools within the State conducted under the order and  
20 superintendence, and wholly or partly at the expense of the State  
21 Board of Education, of a duly elected or appointed board of  
22 education, board of school directors, or board of trustees of the  
23 State or of any school district or normal school district thereof, and  
24 any persons under contract or engagement to perform one or more  
25 of these functions. It shall also mean any person who serves, while  
26 on an approved leave of absence from regular duties as a teacher, as  
27 an officer of a local, county or State labor organization which  
28 represents, or is affiliated with an organization which represents,  
29 teachers as defined in this subsection. No person shall be deemed a  
30 teacher within the meaning of this article who is a substitute  
31 teacher. In all cases of doubt the board of trustees shall determine  
32 whether any person is a teacher as defined in this article.

33 q. "Teachers' Pension and Annuity Fund," hereinafter referred  
34 to as the "retirement system" or "system," is the corporate name of  
35 the arrangement for the payment of retirement allowances and other  
36 benefits under the provisions of this article, including the several  
37 funds placed under said system. By that name all its business shall  
38 be transacted, its funds invested, warrants for money drawn, and  
39 payments made and all of its cash and securities and other property  
40 held.

41 r. "Veteran" means any honorably discharged officer, soldier,  
42 sailor, airman, marine or nurse who served in any Army, Air Force  
43 or Navy of the Allies of the United States in World War I between  
44 July 14, 1914, and November 11, 1918, or who served in any Army,  
45 Air Force or Navy of the Allies of the United States in World War  
46 II, between September 1, 1939, and September 2, 1945, and who  
47 was inducted into such service through voluntary enlistment, and  
48 was a citizen of the United States at the time of such enlistment, and

1 who did not, during or by reason of such service, renounce or lose  
2 United States citizenship, and any officer, soldier, sailor, marine,  
3 airman, nurse or army field clerk who has served in the active  
4 military or naval service of the United States and has or shall be  
5 discharged or released therefrom under conditions other than  
6 dishonorable, in any of the following wars, uprisings, insurrections,  
7 expeditions or emergencies, and who has presented to the retirement  
8 system evidence of such record of service in form and content  
9 satisfactory to said retirement system:

10 (1) The Indian wars and uprisings during any of the periods  
11 recognized by the War Department of the United States as periods  
12 of active hostility;

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

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

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

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

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

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

26 (8) The Mexican border patrol, having actually participated in  
27 engagements against Mexicans between April 12, 1911, and June  
28 16, 1919;

29 (9) World War I, between April 6, 1917, and November 11,  
30 1918;

31 (10) World War II, between September 16, 1940, and December  
32 31, 1946, who shall have served at least 90 days in such active  
33 service, exclusive of any period of assignment (1) for a course of  
34 education or training under the Army Specialized Training Program  
35 or the Navy College Training Program, which course was a  
36 continuation of a civilian course and was pursued to completion, or  
37 (2) as a cadet or midshipman at one of the service academies, any  
38 part of which 90 days was served between said dates; provided that  
39 any person receiving an actual service-incurred injury or disability  
40 shall be classed as a veteran, whether or not that person has  
41 completed the 90-day service as herein provided;

42 (11) Korean conflict on or after June 23, 1950, and on or prior to  
43 January 31, 1955, who shall have served at least 90 days in such  
44 active service, exclusive of any period of assignment (1) for a  
45 course of education or training under the Army Specialized  
46 Training Program or the Navy College Training Program, which  
47 course was a continuation of a civilian course and was pursued to  
48 completion, or (2) as a cadet or midshipman at one of the service

1 academies, any part of which 90 days was served between said  
2 dates; provided that any person receiving an actual service-incurred  
3 injury or disability shall be classed as a veteran, whether or not that  
4 person has completed the 90-day service as herein provided; and  
5 provided further that any member classed as a veteran pursuant to  
6 this subsection prior to August 1, 1966, shall continue to be classed  
7 as a veteran, whether or not that person completed the 90-day  
8 service between said dates as herein provided;

9 (12) Lebanon crisis, on or after July 1, 1958, who has served in  
10 Lebanon or on board any ship actively engaged in patrolling the  
11 territorial waters of that nation for a period, continuous or in the  
12 aggregate, of at least 14 days commencing on or before November  
13 1, 1958 or the date of termination of that conflict, as proclaimed by  
14 the President of the United States or Congress, whichever date of  
15 termination is the latest, in such active service; provided, that any  
16 person receiving an actual service-incurred injury or disability shall  
17 be classed as a veteran whether or not that person has completed the  
18 14 days' service as herein provided;

19 (13) Vietnam conflict, on or after December 31, 1960, and on or  
20 prior to May 7, 1975, 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; and exclusive of any service performed pursuant to the  
28 provisions of section 511(d) of Title 10, United States Code,  
29 pursuant to an enlistment in the Army National Guard or as a  
30 reserve for service in the Army Reserve, Naval Reserve, Air Force  
31 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided  
32 that any person receiving an actual service-incurred injury or  
33 disability shall be classed as a veteran, whether or not that person  
34 has completed the 90-day service as herein provided;

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

46 (15) Grenada peacekeeping mission, on or after October 23,  
47 1983, who has served in Grenada or on board any ship actively  
48 engaged in patrolling the territorial waters of that nation for a

1 period, continuous or in the aggregate, of at least 14 days  
2 commencing on or before November 21, 1983 or the date of  
3 termination of that mission, as proclaimed by the President of the  
4 United States or Congress, whichever date of termination is the  
5 latest, in such active service; provided, that any person receiving an  
6 actual service-incurred injury or disability shall be classed as a  
7 veteran whether or not that person has completed the 14 days'  
8 service as herein provided;

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

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

35 (18) Operation Northern Watch and Operation Southern Watch,  
36 on or after August 27, 1992, or the date of inception of that  
37 operation, as proclaimed by the President of the United States,  
38 Congress or United States Secretary of Defense, whichever date of  
39 inception is earliest, who served in the theater of operation,  
40 including in the Arabian peninsula and the Persian Gulf, and in  
41 direct support of that operation for a period, continuously or in the  
42 aggregate, of at least 14 days in such active service, commencing on  
43 or before the date of termination of the operation, as proclaimed by  
44 the President of the United States, Congress or United States  
45 Secretary of Defense, whichever date of termination is latest;  
46 provided, that any person receiving an actual service-incurred injury  
47 or disability while engaged in such service shall be classed as a



1 veteran whether or not that person has completed the 14 days'  
2 service as herein provided;

3 (19) Operation "Restore Hope" in Somalia, on or after December  
4 5, 1992, or the date of inception of that operation as proclaimed by  
5 the President of the United States or Congress, whichever date is  
6 earliest, who has served in Somalia or on board any ship actively  
7 engaged in patrolling the territorial waters of that nation for a  
8 period, continuously or in the aggregate, of at least 14 days in such  
9 active service commencing on or before March 31, 1994; provided  
10 that any person receiving an actual service-incurred injury or  
11 disability shall be classed as a veteran whether or not that person  
12 has completed the 14-day service as herein provided;

13 (20) Operations "Joint Endeavor" and "Joint Guard" in the  
14 Republic of Bosnia and Herzegovina, on or after November 20,  
15 1995, who served in such active service in direct support of one or  
16 both of the operations for at least 14 days, continuously or in the  
17 aggregate, commencing on or before June 20, 1998, and (1) was  
18 deployed in that nation or in another area in the region, or (2) was  
19 on board a United States naval vessel operating in the Adriatic Sea,  
20 or (3) operated in airspace above the Republic of Bosnia and  
21 Herzegovina; provided that any person receiving an actual service-  
22 incurred injury or disability shall be classed as a veteran whether or  
23 not that person completed the 14-day service requirement;

24 (21) Operation "Enduring Freedom", on or after September 11,  
25 2001, who served in a theater of operation and in direct support of  
26 that operation for a period, continuously or in the aggregate, of at  
27 least 14 days in such active service commencing on or before the  
28 date the President of the United States or the United States  
29 Secretary of Defense designates as the termination date of that  
30 operation; provided, that any person receiving an actual service-  
31 incurred injury or disability while engaged in such service shall be  
32 classed as a veteran whether or not that person has completed the 14  
33 days' service as herein provided; and

34 (22) Operation "Iraqi Freedom", on or after the date the President  
35 of the United States or the United States Secretary of Defense  
36 designates as the inception date of that operation, who served in  
37 Iraq or in another area in the region in direct support of that  
38 operation for a period, continuously or in the aggregate, of at least  
39 14 days in such active service commencing on or before the date the  
40 President of the United States or the United States Secretary of  
41 Defense designates as the termination date of that operation;  
42 provided, that any person receiving an actual service-incurred injury  
43 or disability while engaged in such service shall be classed as a  
44 veteran whether or not that person has completed the 14 days'  
45 service as herein provided.

46 "Veteran" also means any honorably discharged member of the  
47 American Merchant Marine who served during World War II and is

1 declared by the United States Department of Defense to be eligible  
2 for federal veterans' benefits.

3 s. "Child" means a deceased member's unmarried child either  
4 (a) under the age of 18 or (b) of any age who, at the time of the  
5 member's death, is disabled because of **【mental retardation】** an  
6 intellectual disability or physical incapacity, is unable to do any  
7 substantial, gainful work because of the impairment and the  
8 impairment has lasted or can be expected to last for a continuous  
9 period of not less than 12 months, as affirmed by the medical board.

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

22 (2) Subject to the provisions of paragraph (3) of this subsection,  
23 "widower," for employees of public employers other than the State,  
24 means the man to whom a member was married at least five years  
25 before the date of her death and to whom she continued to be  
26 married until the date of her death and who was receiving at least  
27 one-half of his support from the member in the 12-month period  
28 immediately preceding the member's death or the accident which  
29 was the direct cause of the member's death. The dependency of such  
30 a widower shall be considered terminated by marriage of the  
31 widower subsequent to the death of the member. In the event of the  
32 payment of an accidental death benefit, the five-year qualification  
33 shall be waived.

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

38 u. (1) "Widow," for employees of the State, means the woman  
39 to whom a member was married, or a domestic partner as defined in  
40 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
41 the date of his death and to whom he continued to be married or a  
42 domestic partner until the date of his death and who was receiving  
43 at least one-half of her support from the member in the 12-month  
44 period immediately preceding the member's death or the accident  
45 which was the direct cause of the member's death. The dependency  
46 of such a widow will be considered terminated by the marriage of,  
47 or establishment of a domestic partnership by, the widow

1 subsequent to the member's death. In the event of the payment of an  
2 accidental death benefit, the five-year qualification shall be waived.

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

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

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

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

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

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

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

37 y. "Normal retirement age" means the age at which the member  
38 is first eligible for a service retirement based on age under  
39 N.J.S.18A:66-43.

40 (cf: P.L.2010, c.1, s.20)

41

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

43 18A:66-4. a. The membership of the retirement system shall  
44 consist of:

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

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

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

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

11 b. (1) Before or on November 1, 2008, no person in  
12 employment, office or position, for which the annual salary or  
13 remuneration is fixed at less than \$500.00 shall be eligible to  
14 become a member of the retirement system.

15 (2) After November 1, 2008, a person who was a member of the  
16 retirement system on that date and continuously thereafter shall be  
17 eligible to be a member of the retirement system in employment,  
18 office or position, for which the annual salary or remuneration is  
19 fixed at \$500 or more.

20 (3) After November 1, 2008 and before or on the effective date  
21 of P.L.2010, c.1, a person who was not a member of the retirement  
22 system on November 1, 2008, or who was a member of the  
23 retirement system on that date but not continuously thereafter, and  
24 who is in employment, office or position, for which the annual  
25 salary or remuneration is certified by the applicable public entity at  
26 \$7,500 or more, shall be eligible to become a member of the  
27 retirement system. The \$7,500 minimum annual salary or  
28 remuneration amount shall be adjusted annually by the Director of  
29 the Division of Pensions and Benefits, by regulation, in accordance  
30 with changes in the Consumer Price Index but by no more than 4  
31 percent. "Consumer Price Index" means the average of the annual  
32 increase, expressed as a percentage, in the consumer price index for  
33 all urban consumers in the New York City and Philadelphia  
34 metropolitan statistical areas during the preceding calendar year as  
35 reported by the United States Department of Labor.

36 (4) After the effective date of P.L.2010, c.1, no person in an  
37 employment, office or position of the State, or an agency, board,  
38 commission, authority or instrumentality of the State, for which the  
39 hours of work are fixed at fewer than 35 per week shall be eligible  
40 to become a member of the retirement system; and no person in  
41 employment, office or position with a board of education or other  
42 education employer for which the hours of work are fixed by a  
43 resolution of the board of education or other education employer at  
44 fewer than 32 per week shall be eligible to become a member of the  
45 retirement system. Any hour or part thereof, during which the  
46 person does not work due to the person's participation in a  
47 voluntary or mandatory furlough program shall not be deducted in  
48 determining if a person's hours of work are fixed at fewer than 35 or

1 32 per week, as appropriate, for the purpose of eligibility. This  
2 subsection shall not apply to prohibit the enrollment or reenrollment  
3 of a retiree whose retirement was not bona fide within the meaning  
4 of section 92 of P.L. , c. (C. ) (pending before the Legislature  
5 as this bill).

6 (cf: P.L.2010, c.1, s.1)

7  
8 4. N.J.S.18A:66-18 is amended to read as follows:

9 18A:66-18. The contingent reserve fund shall be the fund in  
10 which shall be credited contributions made by the State and other  
11 employers.

12 a. Upon the basis of the tables recommended by the actuary  
13 which the board of trustees adopts and regular interest, the actuary  
14 of the board shall compute annually, beginning as of March 31,  
15 1992, the amount of contribution which shall be the normal cost as  
16 computed under the projected unit credit method attributable to  
17 service rendered under the retirement system for the year beginning  
18 on July 1 immediately succeeding the date of the computation. This  
19 shall be known as the "normal contribution."

20 b. Upon the basis of the tables recommended by the actuary  
21 which the board of trustees adopts and regular interest, the actuary  
22 of the board shall annually determine if there is an amount of the  
23 accrued liability of the retirement system, computed under the  
24 projected unit credit method, including the liability for pension  
25 adjustment benefits for active employees funded pursuant to section  
26 2 of P.L.1987, c.385 (C.18A:66-18.1), which is not already covered  
27 by the assets of the retirement system, valued in accordance with  
28 the asset valuation method established in this section. This shall be  
29 known as the "unfunded accrued liability." If there was no  
30 unfunded accrued liability for the valuation period immediately  
31 preceding the current valuation period, the actuary, using the total  
32 amount of this unfunded accrued liability, shall compute the initial  
33 amount of contribution which, if [the contribution is increased at a  
34 specific rate and] paid annually in level dollars for a specific period  
35 of time, will amortize this liability. The State Treasurer shall  
36 determine, upon the advice of the Director of the Division of  
37 Pensions and Benefits, the board of trustees and the actuary, [the  
38 rate of increase for the contribution and] the time period for full  
39 funding of this liability, which shall not exceed 30 years. This shall  
40 be known as the "accrued liability contribution." Thereafter, any  
41 increase or decrease in the unfunded accrued liability as a result of  
42 actuarial losses or gains for subsequent valuation years shall serve  
43 to increase or decrease, respectively, the amortization period for the  
44 unfunded accrued liability, unless an increase in the amortization  
45 period will cause it to exceed 30 years. If an increase in the  
46 amortization period as a result of actuarial losses for a valuation  
47 year would exceed 30 years, the accrued liability contribution shall  
48 be computed for the valuation year in the same manner provided for

1 the computation of the initial accrued liability contribution under  
2 this section. The State may pay all or any portion of its unfunded  
3 accrued liability under the retirement system from any source of  
4 funds legally available for the purpose, including, without  
5 limitation, the proceeds of bonds authorized by law for this purpose.

6 The value of the assets to be used in the computation of the  
7 contributions provided for under this section for valuation periods  
8 shall be the value of the assets for the preceding valuation period  
9 increased by the regular interest rate, plus the net cash flow for the  
10 valuation period (the difference between the benefits and expenses  
11 paid by the system and the contributions to the system) increased by  
12 one half of the regular interest rate, plus 20% of the difference  
13 between this expected value and the full market value of the assets  
14 as of the end of the valuation period. This shall be known as the  
15 "valuation assets." Notwithstanding the first sentence of this  
16 paragraph, the valuation assets for the valuation period ending  
17 March 31, 1996 shall be the full market value of the assets as of that  
18 date and shall include the proceeds from the bonds issued pursuant  
19 to the Pension Bond Financing Act of 1997, P.L.1997, c.114  
20 (C.34:1B-7.45 et seq.), paid to the system by the New Jersey  
21 Economic Development Authority to fund the unfunded accrued  
22 liability of the system. Notwithstanding the first sentence of this  
23 paragraph, the valuation assets for the valuation period ending June  
24 30, 1999 shall be the full market value of the assets as of that date.

25 "Excess valuation assets" for a valuation period means:

26 (1) the valuation assets; less

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

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

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

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

43 If there are excess valuation assets for the valuation period  
44 ending March 31, 1996, the normal contributions for the valuation  
45 periods ending March 31, 1996 and March 31, 1997 which have not  
46 yet been paid to the retirement system shall be reduced to the extent  
47 possible by the excess valuation assets, provided that the General  
48 Fund balances that would have been paid to the retirement system

1 except for this provision shall first be allocated as State aid to  
2 public schools to the extent that additional sums are required to  
3 comply with the May 14, 1997 decision of the New Jersey Supreme  
4 Court in Abbott v. Burke, and provided further that the normal  
5 contribution for the valuation period ending March 31, 1996 shall  
6 not be less than \$54,000,000. If there are excess valuation assets  
7 for a valuation period ending after March 31, 1996, the State  
8 Treasurer may reduce the normal contribution payable for the next  
9 valuation period as follows:

10 (1) for valuation periods ending March 31, 1997 through March  
11 31, 2001, to the extent possible by up to 100% of the excess  
12 valuation assets;

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

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

17 (4) for valuation periods ending March 31, 2004 through June  
18 30, 2007, to the extent possible by up to 50% of the excess  
19 valuation assets.

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

39 If there are excess valuation assets after reductions in normal  
40 contributions and member contributions as authorized in the  
41 preceding paragraphs for a valuation period beginning with the  
42 valuation period ending June 30, 1999, an amount of excess  
43 valuation assets not to exceed the amount of the member  
44 contributions for the fiscal year in which the normal contributions  
45 are payable shall be credited to the benefit enhancement fund. The  
46 amount of excess valuation assets credited to the benefit  
47 enhancement fund shall not exceed the present value of the  
48 expected additional normal contributions attributable to the

1 provisions of P.L.2001, c.133 payable on behalf of the active  
2 members over the expected working lives of the active members in  
3 accordance with the tables of actuarial assumptions for the  
4 valuation period. No additional excess valuation assets shall be  
5 credited to the benefit enhancement fund after the maximum  
6 amount is attained. Interest shall be credited to the benefit  
7 enhancement fund as provided under N.J.S.18A:66-25.

8 The normal contribution for the increased benefits for active  
9 members under P.L.2001, c.133 shall be paid from the benefit  
10 enhancement fund. If assets in the benefit enhancement fund are  
11 insufficient to pay the normal contribution for the increased benefits  
12 for a valuation period, the State shall pay the amount of normal  
13 contribution for the increased benefits not covered by assets from  
14 the benefit enhancement fund.

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

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

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

25 f. The disbursements for benefits not covered by reserves in  
26 the system on account of veterans shall be met by direct  
27 contribution of the State.

28 (cf: P.L.2007, c.92, s.24)

29  
30 5. N.J.S.18A:66-20 is amended to read as follows:

31 18A:66-20. (a) Any contributions made by a member in excess  
32 of those required shall be refunded with regular interest to January  
33 1, 1956, which rate of interest shall be 4 percent commencing with  
34 the effective date of this section of P.L. , c. (pending before the  
35 Legislature as this bill). to the member or his beneficiary or estate  
36 or shall, at his request, be used at retirement with regular interest to  
37 provide an annuity of equivalent actuarial value which shall be in  
38 addition to his retirement allowance as computed in accordance  
39 with section 18A:66-44.

40 (b) Upon the submission of such evidence as the retirement  
41 system may require, the system shall refund to any member, that  
42 part of his accumulated deductions paid into the retirement system  
43 as a result of deductions based on payments to him over and above  
44 compensation as defined in this article.

45 (c) Until July 1, 1974 contributions, made by a member  
46 employed by an institution of higher education prior to July 1,  
47 1969, on the basis of compensation earned during summer sessions  
48 may be refunded with regular interest to January 1, 1956 to the



1 member at his request or shall be included in the computation of his  
2 retirement allowance.

3 (cf: P.L.1971, c.121, s.10)

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

6 18A:66-21. The retirement reserve fund shall be the fund from  
7 which all retirement allowances shall be paid except those payable  
8 from the pension fund as provided in section 18A:66-22. Upon the  
9 retirement of a member other than a present-entrant, his  
10 accumulated deductions together with regular interest after January  
11 1, 1956, shall be transferred to the retirement reserve fund from the  
12 annuity savings fund. The reserve needed to produce the balance of  
13 the retirement allowance shall be transferred from the contingent  
14 reserve fund. If the retirement allowance of a member who has  
15 been retired is subsequently canceled, the appropriate reserve shall  
16 be transferred to the annuity savings fund and the contingent  
17 reserve fund. Commencing with the effective date of this section of  
18 P.L. , c. (pending before the Legislature as this bill), the regular  
19 interest rate applicable to the annuity savings fund shall be 4  
20 percent.

21 Any surplus or deficit developing in the retirement reserve fund  
22 shall be adjusted from time to time by transfer to or from the  
23 contingent reserve fund by appropriate action of the retirement  
24 system upon the advice of the actuary.

25 (cf: P.L.1971, c.121, s.11)

26  
27 7. N.J.S.18A:66-25 is amended to read as follows:

28 18A:66-25. The board of trustees at the end of each fiscal year  
29 shall allow interest on the balance of the contingent reserve fund,  
30 the annuity savings fund, the retirement reserve fund, pension fund,  
31 benefit enhancement fund and the members' death benefit fund as of  
32 the beginning of said fiscal year at the regular interest rate  
33 applicable thereto to cover the interest creditable to the respective  
34 funds for the year. Commencing with the effective date of this  
35 section of P.L. , c. (pending before the Legislature as this bill),  
36 the regular interest rate applicable to the annuity savings fund shall  
37 be 4 percent. The amount so allowed shall be due and payable to  
38 said funds and shall be credited annually thereto by the board.

39 (cf: P.L.2001, c.133, s.3)

40  
41 8. N.J.S.18A:66-29 is amended to read as follows:

42 18A:66-29. Members enrolled in the retirement system on or  
43 after July 1, 1994 shall contribute 5% of compensation to the  
44 system. Members enrolled in the system prior to July 1, 1994 shall  
45 contribute 5% of compensation to the system effective with the  
46 payroll period for which the beginning date is closest to July 1,  
47 1995, provided, however, that any member enrolled before July 1,  
48 1994, whose full contribution rate under the system prior to the

1 revisions by this act was less than 6%, shall pay 4% of  
2 compensation to the system effective with the payroll period for  
3 which the beginning date is closest to July 1, 1995, and 5% of  
4 compensation to the system effective with the payroll period for  
5 which the beginning date is closest to July 1, 1996.

6 Members enrolled in the retirement system on or after July 1,  
7 2007 shall contribute 5.5% of compensation to the system.  
8 Members enrolled in the system prior to July 1, 2007 shall  
9 contribute 5.5% of compensation to the system effective with the  
10 payroll period for which the beginning date is closest to July 1,  
11 2007.

12 Commencing with the payroll period for which the payroll date  
13 occurs on or immediately following July 1, 2011, all members shall  
14 contribute an additional 3% of compensation to the system. This  
15 additional contribution, however, shall not be used to reduce the  
16 employer normal contribution required pursuant to N.J.S.18A:66-  
17 18.

18 (cf: P.L.2007, c.103, s.1)

19  
20 9. N.J.S.18A:66-32.1 is amended to read as follows:

21 18A:66-32.1. a. If any member of the retirement system  
22 receives periodic benefits payable under the workers' compensation  
23 law during the course of his active service, in lieu of his normal  
24 compensation, his regular salary deductions shall be paid to the  
25 retirement system by his employer. Such payments shall be  
26 computed, in accordance with N.J.S.18A:66-29, at the rate of  
27 contribution on the base salary subject to the retirement system, just  
28 prior to the receipt of the workers' compensation benefits. The  
29 moneys paid by the employer shall be credited to the member's  
30 account in the annuity savings fund and shall be treated as  
31 employee contributions for all purposes. The employer will  
32 terminate the payment of these moneys when the periodic benefits  
33 payable under the workers' compensation law are terminated or  
34 when the member retires.

35 The member for whom the employer is making such payments,  
36 will be considered as if he were in the active service.

37 b. An application for retirement benefits may be approved by  
38 the board of trustees while the member, applying for such benefits,  
39 is in receipt of periodic benefits under the workers' compensation  
40 law. If a retirant receiving a work-related disability retirement or  
41 an accidental disability retirement allowance approved prior to the  
42 effective date of P.L. , c. (pending before the Legislature as this  
43 bill) becomes a recipient of periodic benefits under the workers'  
44 compensation law after the date of retirement, the pension portion  
45 of the retirement allowance payable to the retirant shall be reduced,  
46 during the period of the payment of the periodic benefits, dollar-for-  
47 dollar in the amount of the periodic benefits received after the date  
48 of retirement, subject to the provisions of N.J.S. 18A:66-69. The

1 reduction provided for herein shall not affect the retirant's pension  
2 adjustment benefits or survivor benefits that may be payable upon  
3 the death of the retirant.

4 If a work-related disability retirant or an accidental disability  
5 retirant approved prior to the effective date of P.L. , c. (pending  
6 before the Legislature as this bill) receives a retirement allowance  
7 without reduction and periodic benefits under the workers'  
8 compensation law for any period of time after the date of  
9 retirement, the retirant shall repay to the retirement system the  
10 amount of the pension portion of the retirement allowance which  
11 should have been subject to reduction under this subsection. The  
12 repayment may be in the form of a lump sum payment or scheduled  
13 as deductions from the retirant's retirement allowance and pension  
14 adjustment benefits. If the retirant dies before full repayment of the  
15 amount required, the remaining balance shall be deducted from any  
16 death benefits payable on behalf of the retirant. Notwithstanding  
17 the provisions of R.S.34:15-26 and R.S.34:15-40, the amount of the  
18 dollar-for-dollar reduction from the receipt of workers'  
19 compensation periodic benefits shall not be reduced by a payment  
20 for legal services or by receipt of a third party recovery.

21 (cf: P.L.1995, c.369, s.1)

22  
23 10. N.J.S.18A:66-34 is amended to read as follows:

24 18A:66-34. A member who withdraws from service or ceases to  
25 be a teacher for any cause other than death or retirement shall,  
26 upon the filing of an application therefor, receive all of his  
27 accumulated deductions standing to the credit of his individual  
28 account in the annuity savings fund, plus regular interest on  
29 contributions made after January 1, 1956, less any loan outstanding,  
30 and except that for any period after June 30, 1944, the interest  
31 payable shall be such proportion of the interest determined at the  
32 regular rate as 2% per annum bears to the regular rate of interest  
33 which shall be 4 percent commencing with the effective date of this  
34 section of P.L. , c. (pending before the Legislature as this bill);  
35 provided, however, that no interest shall be payable if such a  
36 member does not have 3 years of membership service at the time of  
37 withdrawal from service or cessation of employment.

38 He shall cease to be a member 2 years from the date he  
39 discontinued service as a teacher, or, if prior thereto, upon payment  
40 to him of his accumulated deductions. If any such person or  
41 member shall die before withdrawing or before endorsing the check  
42 constituting the return of his accumulated deductions, such  
43 deductions shall be paid to the member's beneficiary. No member  
44 shall be entitled to withdraw the amounts contributed by his  
45 employer covering his military leave unless he shall have returned  
46 to the payroll and contributed to the retirement system for a period  
47 of 90 days.

48 (cf: P.L.1971, c.121, s.17)

1 11. N.J.S.18A:66-36 is amended to read as follows:

2 18A:66-36. Should a member of the Teachers' Pension and  
3 Annuity Fund, after having completed 10 years of service, be  
4 separated voluntarily or involuntarily from the service, before  
5 reaching service retirement age, and not by removal for conduct  
6 unbecoming a teacher or other just cause under the provisions of  
7 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,  
8 such person may elect to receive, in lieu of the payment provided in  
9 N.J.S.18A:66-34:

10 a. The payments provided for in N.J.S.18A:66-37, if he so  
11 qualified under said section; or

12 b. A deferred retirement allowance beginning at age 60 for a  
13 member who has established 25 or more years of creditable service  
14 on the effective date of this section of P.L. , c. (pending before  
15 the Legislature as this bill), or for a member who has established  
16 fewer than 25 years of creditable service on that effective date or a  
17 person who becomes a member of the retirement system on or after  
18 the effective date of P.L.2008, c.89] beginning at age [62]  
19 65, which shall be made up of an annuity derived from the  
20 member's accumulated deductions at the time of his severance from  
21 the service, and a pension in the amount which, when added to the  
22 member's annuity, will provide a total retirement allowance of (1)  
23 1/64 of final compensation for each year of service credited as  
24 Class A service [and] , 1/55 of final compensation for each year of  
25 service credited as class B service, [or] and for a person who  
26 becomes a member of the retirement system on or after the effective  
27 date of P.L.2010, c.1, 1/60 of final compensation for each year of  
28 service credited as class B service, prior to the effective date of this  
29 section of P.L. , c. (pending before the Legislature as this bill),  
30 plus (2) 1/65 of final compensation for each year of service credited  
31 on or after the effective date if this section of P.L. , c. (pending  
32 before the Legislature as this bill), calculated in accordance with  
33 N.J.S.18A:66-44, with optional privileges provided for in  
34 N.J.S.18A:66-47 [if he exercises such optional privilege at least 30  
35 days before his attainment of the normal retirement age; provided,  
36 that such election is communicated by such member to the  
37 retirement system in writing stating at what time subsequent to the  
38 execution and filing thereof he desires to be retired]; and provided,  
39 further, that such member may later elect: (1) to receive the  
40 payments provided for in N.J.S.18A:66-37, if he had qualified  
41 under that section at the time of leaving service, except that in order  
42 to avail himself of the optional privileges pursuant to N.J.S.18A:66-  
43 47], he must exercise such optional privilege at least 30 days before  
44 the effective date of his retirement]; or (2) to withdraw his  
45 accumulated deductions with interest as provided in N.J.S.18A:66-  
46 34. If such member shall die before attaining service retirement  
47 age, then his accumulated deductions, plus regular interest after

1 January 1, 1956, which shall be 4 percent commencing with the  
2 effective date of this provision of this section of P.L. \_\_\_\_\_,  
3 c. (pending before the Legislature as this bill) and shall be paid in  
4 accordance with N.J.S.18A:66-38, and, in addition if such member  
5 shall die after attaining service retirement age and has not  
6 withdrawn his accumulated deductions, an amount equal to 3/16 of  
7 the compensation upon which contributions by the member to the  
8 annuity savings fund were based in the last year of creditable  
9 service shall be paid to such member's beneficiary.

10 Any member who, having elected to receive a deferred  
11 retirement allowance, again becomes an employee covered by the  
12 retirement system while under the age of [60 or, if that person  
13 became a member of the retirement system on or after the effective  
14 date of P.L.2008, c.89, while under the age of 62] 65, shall  
15 thereupon be reenrolled. If he had discontinued his service for  
16 more than two consecutive years, [subsequent contributions shall  
17 be at a rate applicable to the age resulting from the subtraction of  
18 his years of creditable service at the time of his last discontinuance  
19 of contributing membership from his age at the time of his return to  
20 service. He shall be credited with all service as a member standing  
21 to his credit at the time of his election to receive a deferred  
22 retirement allowance] he shall be enrolled in the retirement system  
23 under a new membership account and shall be subject to such  
24 benefits and requirements as shall apply to new members of the  
25 retirement system as of the date of such new enrollment. The  
26 member may elect to transfer all service credit associated with the  
27 previously vested membership to the new membership account and  
28 such service credit will be subject to the benefit and requirements as  
29 shall apply to new members of the retirement system as of the date  
30 of such new enrollment. Should the member elect not to transfer  
31 the service credit associated with the vested membership to the new  
32 membership account, no benefits shall be payable from the previous  
33 application for deferred retirement until such time as the member  
34 has terminated all Teachers' Pension and Annuity Fund eligible  
35 employment.

36 (cf: P.L.2010, c.1, s.8)

37  
38 12. N.J.S.18A:66-37 is amended to read as follows:

39 18A:66-37. Should a member with 25 or more years of  
40 creditable service credit on the effective date of this section of  
41 P.L. \_\_\_\_\_, c. (pending before the Legislature as this bill) resign after  
42 having established 25 years of creditable service before reaching  
43 age 60, or [before reaching the age of 62 if the person became a  
44 member of the retirement system on or after the effective date of  
45 P.L.2008, c.89] should a member with fewer than 25 years of  
46 creditable service on the effective date of this section of P.L. \_\_\_\_\_,  
47 c. (pending before the Legislature as this bill) or a person who

1 becomes a member of the retirement system on or after that  
2 effective date, resign after having established 30 years of creditable  
3 service before reaching age 65, the member may elect "early  
4 retirement," provided, that such election is communicated by such  
5 member to the retirement system by filing a written application,  
6 duly attested, stating at what time subsequent to the execution and  
7 filing thereof the member desires to be retired. The member shall  
8 receive, in lieu of the payment provided in N.J.S.18A:66-34, an  
9 annuity which is the actuarial equivalent of the member's  
10 accumulated deductions and a pension in the amount which, when  
11 added to the member's annuity, will provide a total retirement  
12 allowance of (1) 1/64 of the member's final compensation for each  
13 year of service credited as class A service [and] , 1/55 of the  
14 member's final compensation for each year of service credited as  
15 class B service, [or] and for a person who becomes a member of  
16 the retirement system on or after the effective date of P.L.2010, c.1,  
17 1/60 of final compensation for each year of service credited as class  
18 B service, prior to the effective date of this section of P.L. , c.  
19 (pending before the Legislature as this bill), plus (2) 1/65 of final  
20 compensation for each year of service credited on or after the  
21 effective date of this section of P.L. , c. (pending before the  
22 Legislature as this bill), calculated in accordance with  
23 N.J.S.18A:66-44, reduced:

24 (a) by 1/4 of 1% for each month that the member lacks of being  
25 age 55, if the member has established 25 or more years of creditable  
26 service credit on the effective date of this section of P.L. , c.  
27 (pending before the Legislature as this bill); or

28 (b) **[for a person who becomes a member of the retirement**  
29 **system on or after July 1, 2007, by 1/4 of 1% for each month that**  
30 **the member lacks of being age 55 and by 1/12 of 1% for each**  
31 **month that the member lacks of being age 60 but over age 55; or**

32 (c) for a person who becomes a member of the retirement  
33 system on or after the effective date of P.L.2008, c.89, **]** by 1/4 of  
34 1% for each month that the member lacks of being age **[55 and by**  
35 **1/12 of 1% for each month that the member lacks of being age 62**  
36 **but over age 55] 65 , if the member established fewer than 25 years**  
37 **of creditable service credit on the effective date of this section of**  
38 **P.L. , c. (pending before the Legislature as this bill) or the**  
39 **person becomes a member of the retirement system on or after that**  
40 **effective date; provided, however, that upon the receipt of proper**  
41 **proofs of the death of such a member there shall be paid to the**  
42 **member's beneficiary an amount equal to 3/16 of the compensation**  
43 **upon which contributions by the member to the annuity savings**  
44 **fund were based in the last year of creditable service or in the year**  
45 **of the member's highest contractual salary, whichever is higher.**

46 Subparagraph (b) **[or (c)]** of this section shall not apply to a  
47 person who at the time of enrollment in the retirement system on or

1 after July 1, 2007 transfers service credit from another State-  
2 administered retirement system pursuant to N.J.S.18A:66-15.1, but  
3 shall apply to a former member of the retirement system who has  
4 been granted a retirement allowance and is reenrolled in the  
5 retirement system on or after July 1, 2007 pursuant to  
6 N.J.S.18A:66-53.2 after becoming employed again in a position that  
7 makes the person eligible to be a member of the retirement system.

8 The board of trustees shall retire the member at the time  
9 specified or at such other time within one month after the date so  
10 specified as the board finds advisable.

11 (cf: P.L.2010, c.1, s.9)

12  
13 13. N.J.S.18A:66-38 is amended to read as follows:

14 18A:66-38. Upon the receipt of proper proofs of the death of a  
15 member in service on account of which no accidental death benefit  
16 is payable under section 18A:66-46, there shall be paid to such  
17 member's beneficiary:

18 (a) The member's accumulated deductions at the time of death  
19 together with regular interest after January 1, 1956, which rate of  
20 interest shall be 4 percent commencing with the effective date of  
21 this section of P.L. , c. (pending before the Legislature as this  
22 bill); and

23 (b) An amount equal to 1 1/2 times the compensation upon  
24 which contributions by the member to the annuity savings fund  
25 were based in the last year of creditable service.

26 For the purpose of this section, section 18A:66-46e and section  
27 18A:66-53, a member of the retirement system shall be deemed to  
28 be an active member (1) while he is disabled due to sickness or  
29 injury arising out of or in the course of his employment as a teacher  
30 to whom this article applies, is not engaged in any gainful  
31 occupation, and is receiving or entitled to receive periodic benefits  
32 (including any commutation of, or substitute for, such benefits) for  
33 loss of time on account of such disability under or by reason of  
34 workmen's compensation law, occupational disease law or similar  
35 legislation and has not retired or terminated his membership; or (2)  
36 for a period of no more than two years while on official leave of  
37 absence without pay if satisfactory evidence is presented to the  
38 retirement system that such leave of absence without pay is due to  
39 the member's personal illness other than an illness to which (1)  
40 above applies. For the purpose of this section, section 18A:66-46e  
41 and section 18A:66-53, a member of the retirement system shall be  
42 deemed to be an active member for a period of not more than one  
43 year in the event of an official leave (1) due to the member's  
44 maternity or (2) to fulfill a residency requirement for an advanced  
45 degree or (3) as a full-time student at an institution of higher  
46 education, and for a period of not more than 93 days while on  
47 official leave of absence without pay when such leave of absence is  
48 due to any reason other than illness. In order for a member to be

1 covered for the optional death benefits provided by section  
2 18A:66-53, he shall continue to make contributions for same  
3 during the period such member is on official leave of absence  
4 without pay, except that when such official leave of absence  
5 without pay is due to illness, no contributions shall be required of  
6 the member during the period he is deemed to be an active member  
7 while on such leave of absence.

8 If a member dies within 30 days after the date of retirement or  
9 the date of board approval, whichever is later, a death benefit shall  
10 be payable only if he is deemed to be an active member in  
11 accordance with this section; provided, however, a member  
12 applying for disability benefits shall be deemed an active member  
13 if he was covered by the death benefit provisions of the act at the  
14 termination of employment, filed the application for disability  
15 retirement with the retirement system within 30 days following  
16 such termination of employment and dies within 30 days after the  
17 date of retirement or the date of board approval, whichever is later.  
18 (cf: P.L.1984, c.132, s.1)

19  
20 14. N.J.S.18A:66-39 is amended to read as follows:

21 18A:66-39. a. **Before June 9, 1971, a member, who shall have**  
22 **been a teacher and a member of the retirement system for each of**  
23 **the 10 years next preceding his retirement, shall, upon the**  
24 **application of his employer or upon his own application or the**  
25 **application of one acting in his behalf, be retired for ordinary**  
26 **disability by the board of trustees, on a regular disability allowance**  
27 **if he is under 60 years of age and on a service allowance if he has**  
28 **reached or passed that age. The physician or physicians designated**  
29 **by the board shall have first made a medical examination of him at**  
30 **his residence or at any other place mutually agreed upon and shall**  
31 **have certified to the board that the member is physically or**  
32 **mentally incapacitated for the performance of duty and should be**  
33 **retired】** (Deleted by amendment, P.L. , c. (pending before the  
34 Legislature as this bill).

35 b. On and after June 9, 1971, a member, under **【60 years of】**  
36 normal retirement age, who has 10 or more years of credit for New  
37 Jersey service, shall, upon the application of his employer or upon  
38 his own application or the application of one acting in his behalf, be  
39 retired for ordinary disability by the board of trustees. The  
40 physician or physicians designated by the board shall have first  
41 made a medical examination of him **【at his residence or at any other**  
42 **place mutually agreed upon】** and shall have certified to the board  
43 that the member is physically or mentally incapacitated for the  
44 performance of his usual duty or of any other available duty that his  
45 employer is willing to assign to him and should be retired. **【No**  
46 **person who becomes a member of the retirement system on or after**



1 the effective date of P.L.2010, c.3 shall be eligible for retirement  
2 pursuant to this subsection.】

3 c. A member, under **【65 years of】** normal retirement age, shall,  
4 upon the application of his employer or upon his own application or  
5 the application of one acting in his behalf, be retired by the board of  
6 trustees, **【if said member is permanently and totally disabled as a**  
7 **direct result of a traumatic event occurring during and as a result of**  
8 **the performance of his regular or assigned duties,】** on **【an**  
9 **accidental】** a work-related disability allowance, if he meets the  
10 requirements of the medical examination set forth in subsection b.  
11 of this section and the incapacity from the performance of duties is  
12 the direct result of a work-related accident or occupational exposure  
13 occurring during and as a result of his regular assigned duties and  
14 not the result of willful negligence. **【A traumatic event】** An  
15 accident or occupational exposure occurring during voluntary  
16 performance of regular or assigned duties at a place of employment  
17 before or after required hours of employment which is not in  
18 violation of any valid work rule of the employer or otherwise  
19 prohibited by the employer shall be deemed as occurring during the  
20 performance of regular or assigned duties. **【No person who**  
21 **becomes a member of the retirement system on or after the effective**  
22 **date of P.L.2010, c.3 shall be eligible for retirement pursuant to this**  
23 **subsection.】** In order to qualify for a work-related disability  
24 benefit, the member shall have received a workers' compensation  
25 award of permanent disability under R.S.34:15-1 et seq. The board  
26 may, in its discretion, waive the requirement for a medical  
27 examination under this subsection when the Division of Workers'  
28 Compensation in the Department of Labor and Workforce  
29 Development has determined that the member is 100 percent totally  
30 and permanently disabled.

31 The application to accomplish **【such】** a work-related disability  
32 retirement must be filed within five years of the original **【traumatic**  
33 **event】** accident or occupational exposure, but the board of trustees  
34 may consider an application filed after the five-year period if it can  
35 be factually demonstrated to the satisfaction of the board of trustees  
36 that the disability is due to the accident or occupational exposure  
37 and the filing was not accomplished within the five-year period due  
38 to a delayed manifestation of the disability or to circumstances  
39 beyond the control of the member.

40 **【Permanent and total disability resulting from a cardiovascular,**  
41 **pulmonary or musculo-skeletal condition which was not a direct**  
42 **result of a traumatic event occurring in the performance of duty**  
43 **shall be deemed an ordinary disability.**

44 Before consideration of an application for accidental disability  
45 allowance by the board of trustees, the physician or physicians  
46 designated by the board shall have first made a medical examination  
47 of the member at his residence or at any other place mutually

1 agreed upon and shall have certified to the board that he is  
2 physically or mentally incapacitated for the performance of duty,  
3 and should be retired, and the employer shall have certified to the  
4 board that the member is permanently and totally disabled as a  
5 direct result of a traumatic event occurring during and as a result of  
6 the performance of his regular and assigned duties, the time and  
7 place where the duty causing the disability was performed, that the  
8 disability was not the result of his willful negligence and that the  
9 member should be retired.】

10 (cf: P.L.2010, c.3, s.7)

11

12 15. N.J.S.18A:66-41 is amended to read as follows:

13 18A:66-41. A member upon retirement for ordinary disability or  
14 work-related disability shall receive a retirement allowance which  
15 shall consist of:

16 (a) an annuity which shall be the actuarial equivalent of his  
17 accumulated deductions at the time of his retirement together with  
18 regular interest after January 1, 1956 which rate of interest shall be  
19 4 percent commencing with the effective date of this provision of  
20 this section of P.L. , c. (pending before the Legislature as this  
21 bill); and

22 (b) a pension in the amount which, when added to the member's  
23 annuity, will provide a total retirement allowance of 1.64% of final  
24 compensation multiplied by his number of years of creditable  
25 service; and provided further, that in no event shall the allowance  
26 be less than **【43.6%】** 40% of final compensation.

27 Upon the receipt of proper proofs of the death of a member who  
28 has retired on an ordinary or work-related disability retirement  
29 allowance, there shall be paid to such member's beneficiary, an  
30 amount equal to 1 1/2 times the compensation upon which  
31 contributions by the member to the annuity savings fund were based  
32 in the last year of creditable service or in the year of the member's  
33 highest contractual salary, whichever is higher; provided, however,  
34 that if such death shall occur after the member shall have attained  
35 age 60, the amount payable shall equal 3/16 of such compensation.  
36 The death benefits provided in this section shall apply to any  
37 member who has retired or shall retire on or after January 1, 1956.

38 (cf: P.L.2001, c.353, s.1)

39

40 16. N.J.S.18A:66-43 is amended to read as follows:

41 18A:66-43. Retirement for service shall be as follows: (a) A  
42 person who was a member before the effective date of P.L.2008,  
43 c.89 **【and has attained】** who has attained age 60 on the effective  
44 date of this section of P.L. , c. (pending before the Legislature as  
45 this bill) or who has 25 or more years of creditable service on that  
46 effective date of this section upon attaining 60 years of age may  
47 retire on a service retirement allowance by filing with the retirement  
48 system a written application, duly attested, stating at which time

1 subsequent to the execution and filing thereof he desires to be  
2 retired. The board of trustees shall retire him at the time specified or  
3 at such other time within 1 month after the date so specified as the  
4 board finds advisable.

5 (b) A person who becomes a member on or after the effective  
6 date of P.L.2008, c.89 ~~【and has attained】~~ who has attained age 62  
7 on the effective date of this section of P.L. , c. (pending before  
8 the Legislature as this bill) or who has 25 or more years of  
9 creditable service on that effective date upon attaining 62 years of  
10 age may retire on a service retirement allowance by filing with the  
11 retirement system a written application, duly attested, stating at  
12 which time subsequent to the execution and filing thereof the  
13 member desires to be retired. The board of trustees shall retire the  
14 member at the time specified or at such other time within 1 month  
15 after the date so specified as the board finds advisable.

16 (c) A member who has established fewer than 25 years of  
17 creditable service and who is not eligible for retirement under  
18 subsection (a) or (b) of this section on the effective date of this  
19 section of P.L. , c. (pending before the Legislature as this bill)  
20 and a person who becomes a member on or after that effective date  
21 and who has attained 65 years of age may retire on a service  
22 retirement allowance by filing with the retirement system a written  
23 application, duly attested, stating at which time subsequent to the  
24 execution and filing thereof the member desires to be retired. The  
25 board of trustees shall retire the member at the time specified or at  
26 such other time within 1 month after the date so specified as the  
27 board finds advisable.

28 (cf: P.L.2008. c.89, s.21)

29  
30 17. N.J.S.18A:66-44 is amended to read as follows:

31 18A:66-44. A member, upon retirement for service, shall receive  
32 a retirement allowance consisting of:

33 (a) an annuity which shall be the actuarial equivalent of his  
34 accumulated deductions, together with interest after January 1, 1956  
35 which rate of interest shall be 4 percent commencing with the  
36 effective date of this provision of this section of P.L. , c.  
37 (pending before the Legislature as this bill), less any excess  
38 contributions as provided in N.J.S.18A:66-20; and

39 (b) a pension in the amount which, when added to the member's  
40 annuity, will provide a total retirement allowance of (1) 1/64 of  
41 final compensation for each year of service credited as class A  
42 service 【and】 , 1/55 of final compensation for each year of service  
43 credited as class B service, 【or】 and for a person who becomes a  
44 member of the retirement system on or after the effective date of  
45 P.L.2010, c.1, 1/60 of final compensation for each year of service  
46 credited as class B service, prior to the effective date of this section  
47 of P.L. , c. (pending before the Legislature as this bill), plus (2)  
48 1/65 of final compensation for each year of service credited on or

1 after the effective date of this section of P.L. , c. (pending  
2 before the Legislature as this bill).

3 Upon the receipt of proper proofs of the death of a member who  
4 has retired on a service retirement allowance, there shall be paid to  
5 the member's beneficiary, an amount equal to 3/16 of the  
6 compensation upon which contributions by the member to the  
7 annuity savings fund were based in the last year of creditable  
8 service or in the year of the member's highest contractual salary,  
9 whichever is higher.

10 (cf: P.L.2010, c.1, s.10)

11  
12 18. N.J.S.18A:66-53.1 is amended to read as follows:

13 18A:66-53.1. The designation of beneficiary by a member or  
14 retirant shall be made in writing on a form satisfactory to the  
15 retirement system, and filed with the retirement system. The  
16 member or retirant may, from time to time and without the consent  
17 of his death benefit designee, change the beneficiary by filing  
18 written notice of the change with the system on a form satisfactory  
19 to it. The new nomination will be effective on the date the notice,  
20 in proper form, is received by the system, and any prior nomination  
21 shall thereupon become void.

22 If more than one beneficiary is nominated and in such  
23 nomination the member or retirant has failed to specify their  
24 respective interests, the beneficiaries shall share equally. If any  
25 beneficiary predeceases the member or retirant, the interest of such  
26 beneficiary shall terminate and shall be shared equally by such of  
27 the beneficiaries as survive the member or retirant, unless the  
28 member or retirant has made written request to the contrary in his  
29 beneficiary nomination.

30 Any amounts due for which there is no beneficiary at the death  
31 of a member, retirant or beneficiary shall be payable to the estate of  
32 such member, retirant or beneficiary.

33 Except with regard to the payment of the member's accumulated  
34 deductions with regular interest which rate of interest shall be 4  
35 percent commencing with the effective date of this section of  
36 P.L. , c. (pending before the Legislature as this bill) and the  
37 payment, upon the death of (1) a retirant after attaining the age of  
38 60 or receiving an allowance pursuant to section 18A:66-37, or (2)  
39 a member after attaining the age of 70 years, of the death benefits  
40 provided in sections 18A:66-36, 18A:66-37, 18A:66-41, 18A:66-42,  
41 and 18A:66-44, a member may elect, by making written request to  
42 the retirement system, that the whole or any part of his death  
43 benefits be made payable to his beneficiary either as a life annuity  
44 or in equal installments over a period of years specified in such  
45 election, and may alter such election from time to time during his  
46 lifetime by again making such written request. In the event of a  
47 change of beneficiary, any previous arrangement by the member or  
48 retirant under this paragraph shall be void. The election set forth in

1 this paragraph shall not apply or be available when the beneficiary  
2 is an estate, or a corporation, partnership, association, institution,  
3 trustee or any fiduciary.

4 If, at the member's or retirant's death, an amount of death benefit  
5 would be payable to the beneficiary in a single sum, any election  
6 with regard to such amount which was available to the member or  
7 retirant immediately prior to his death in accordance with the  
8 provisions of the immediately preceding paragraph shall then be  
9 available to such beneficiary for the benefit of such beneficiary.

10 (cf: P.L.1984, c.132, s.4)

11  
12 19. N.J.S.18A:66-71 is amended to read as follows:

13 18A:66-71. a. (1) Any public employee veteran member in  
14 office, position or employment of this State or of a county,  
15 municipality, or school district, board of education or other  
16 employer who on or before the effective date of this section of  
17 P.L. , c. (pending before the Legislature as this bill) [(1)] (a) has  
18 or shall have attained the age of 60 years and has or shall have been  
19 for 20 years continuously or in the aggregate in office, position or  
20 employment of this State or of a county, municipality or school  
21 district, board of education or other employer, or [(2)] (b) has or  
22 shall have attained the age of 55 years and has or shall have been  
23 for 25 years continuously or in the aggregate in that office, position  
24 or employment, shall have the privilege of retiring for service and  
25 of receiving, instead of the retirement allowance provided under  
26 N.J.S.18A:66-44, a retirement allowance of 54.5% of the  
27 compensation for which contributions are made during the 12-  
28 month period of membership providing the largest possible benefit  
29 to the member or the member's beneficiary.

30 (2) After the effective date of this section of P.L. , c. (pending  
31 before the Legislature as this bill) any public employee veteran  
32 member in office, position or employment of this State or of a  
33 county, municipality, public agency, school district or board of  
34 education and who (a) shall have attained 60 years of age and who  
35 has 20 years of aggregate service credit in such office, position or  
36 employment, or (b) shall have attained 55 years of age and who has  
37 25 years of aggregate service credit in such office, position or  
38 employment, shall have the privilege of retiring for service and  
39 receiving, instead of the retirement allowance provided under  
40 section N.J.S.18A:66-44, a retirement allowance of 54.5% of the  
41 compensation for which contributions are made during the 12-  
42 month period of membership providing the largest possible benefit  
43 to the member or the member's beneficiary for service accrued prior  
44 to that effective date multiplied by the number of years of service  
45 accrued prior to that effective date divided by the total number of  
46 years of service accrued, plus 50% of the compensation for which  
47 contributions are made during the 36-month period of membership  
48 providing the largest possible benefit to the member or the

1 member's beneficiary for service accrued after that effective date  
2 multiplied by the number of years of service accrued after that  
3 effective date divided by the total number of years of service  
4 accrued.

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

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

17 d. (1) Any public employee veteran member who shall be in  
18 office, position or employment of this State or of a county,  
19 municipality, school district, board of education or other employer  
20 and who on or before the effective date of this section of P.L. , c.  
21 (pending before the Legislature as this bill) shall have attained 55  
22 years of age and who has at least 35 years of aggregate service  
23 credit in such office, position or employment, shall have the  
24 privilege of retiring for service and receiving a retirement  
25 allowance of 1/55 of the compensation the member received during  
26 the 12-month period of membership providing the largest possible  
27 benefit to the member or the member's beneficiary for each year of  
28 creditable service.

29 (2) After the effective date of this section of P.L. , c. (pending  
30 before the Legislature as this bill), any public employee veteran  
31 member who shall be in office, position or employment of this State  
32 or of a county, municipality, public agency, school district or board  
33 of education and who shall have attained 55 years of age and who  
34 has 35 years of aggregate service credit in such office, position or  
35 employment, shall have the privilege of retiring for service and  
36 receiving a retirement allowance equal to 1/55 of the compensation  
37 the member received during the 12-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 for service  
40 accrued prior to that effective date multiplied by the number of  
41 years of service accrued prior to that effective date divided by the  
42 total number of years of service accrued, plus 1/60 of the  
43 compensation the member received during the 36-month period of  
44 membership providing the largest possible benefit to the member or  
45 the member's beneficiary for each year of creditable service for  
46 service accrued after that effective date multiplied by the number of  
47 years of service accrued after that effective date divided by the total  
48 number of years of service accrued.

1 e. The death benefit provided in N.J.S.18A:66-44 shall apply in  
2 the case of any member retiring under the provisions of subsections  
3 a. and d. of this section and in the case of any member who has  
4 previously retired under the provisions of subsection b. of this  
5 section before said subsection was amended by P.L.1984, c.69. The  
6 death benefit provided in N.J.S.18A:66-41 shall apply in the case of  
7 any member retired under the provisions of subsection c. of this  
8 section.

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

14

15 20. Section 3 of P.L.1969, c.242 (C.18A:66-169) is amended to  
16 read as follows:

17 3. As used in this act:

18 a. "Accumulated deductions" means those contributions as  
19 defined in N.J.S.18A:66-2 or in section 6 of P.L.1954, c.84  
20 (C.43:15A-6).

21 b. "Base salary" means a participant's regular base or  
22 contractual salary. It shall exclude bonus, overtime or other forms  
23 of extra compensation such as (1) longevity lump sum payments,  
24 (2) lump sum terminal sick leave or vacation pay, (3) the value of  
25 maintenance, (4) individual pay adjustments made within or at the  
26 conclusion of the participant's final year of service, (5) retroactive  
27 salary adjustments or other pay adjustments made in the  
28 participant's final year of service unless such adjustment was made  
29 as a result of a general pay adjustment for all personnel of the  
30 department or institution, (6) any unscheduled individual  
31 adjustment made in the final year to place the member at the  
32 maximum salary level within his salary range and (7) any pay for  
33 services rendered during the summer vacation period by a  
34 participant who is required to work only 10 months of the year.

35 c. "Base annual salary" means the base salary upon which  
36 contributions by the member and his employer to the alternate  
37 benefit program were based during the last year of creditable  
38 service.

39 d. (Deleted by amendment, P.L.1994, c.48).

40 e. "University of Medicine and Dentistry" means the  
41 University of Medicine and Dentistry of New Jersey established  
42 pursuant to the terms of section 3 of P.L.1970, c.102 (C.18A:64G-  
43 3).

44 f. "County colleges" means the colleges so defined in  
45 N.J.S.18A:64A-1.

46 g. "Division of Pensions" means the division established in the  
47 Department of the Treasury pursuant to section 1 of P.L.1955, c.70  
48 (C.52:18A-95) and is the agency responsible for the administration

1 of the alternate benefit program of the State and county colleges  
2 and for the administration of the group life and disability insurances  
3 of all alternate benefit programs established in the State for public  
4 employees.

5 h. "Full-time officers" and "full-time members of the faculty"  
6 shall include the president, vice president, secretary and treasurer of  
7 the respective school. "Full-time" shall also include eligible full-  
8 time officers and full-time members of the faculty who are granted  
9 sabbaticals or leaves of absence with pay where the compensation  
10 paid is 50% or more of the base salary at the time the leave  
11 commences and the period of eligibility terminates with the end of  
12 the school year following the year in which the sabbatical began.  
13 "Part-time" shall be defined as an appointment where the employee  
14 receives a salary or wages for a period of less than 50% of the  
15 normal work week. These definitions shall apply to teaching or  
16 administrative staff members or to employees serving in a dual  
17 capacity where the appointment includes teaching as well as  
18 administrative duties.

19 i. "Group Annuity Plan" refers to the Group Annuity Contract  
20 R-134 between the Board of Trustees of the New Jersey Institute of  
21 Technology and the Prudential Insurance Company of America.

22 j. "Member" or "participant" means a full-time officer or a  
23 full-time member of the faculty participating in the alternate benefit  
24 program, and after the effective date of P.L.2008, c.89, means an  
25 adjunct faculty member or a part-time instructor whose employment  
26 agreement begins after that effective date.

27 k. "New Jersey Institute of Technology" means the Newark  
28 College of Engineering.

29 l. "Pension reserve" means those moneys as defined in  
30 N.J.S.18A:66-2 or in section 6 of P.L.1954, c.84 (C.43:15A-6).

31 m. "Rutgers, The State University" means the institution of  
32 higher education described in chapter 65 of Title 18A of the New  
33 Jersey Statutes.

34 n. "State Colleges" means the colleges so described in chapter  
35 64 of Title 18A of the New Jersey Statutes.

36 o. "Mutual fund company" means an investment company or  
37 trust regulated by the federal "Investment Company Act of 1940,"  
38 15 U.S.C.s. 80a-1 et seq.

39 p. "Normal retirement age" means age 65.

40 (cf: P.L.2008, c.89, s.12)

41

42 21. (New section) Notwithstanding any law, rule or regulation  
43 to the contrary, the Director of the Division of Pensions and  
44 Benefits in the Department of the Treasury has the authority to  
45 adopt an Alternate Benefits Program plan document by rule or  
46 regulation and to adopt such other rules and regulations as  
47 necessary to implement the provisions of P.L.1969, c.242  
48 (C.18A:66-167 et seq.).



1       22. Section 3 of P.L.1993, c.385 (C.18A:66-172.1) is amended  
2 to read as follows:

3       3. There is established in but not of the Division of Pensions in  
4 the Department of the Treasury the Pension Provider Selection  
5 Board, which shall consist of the Director of the Division of  
6 Pensions or a representative of that director; the Director of the  
7 Division of Investment or a representative of that director; the  
8 Commissioner of the Department of Insurance or a representative of  
9 that commissioner; the Director of the Division of Purchase and  
10 Property or a representative of that director; and a person appointed  
11 by the Director of the Division of Pensions who is an active  
12 participant or receiving a benefit from the alternate benefit program.

13       The Pension Provider Selection Board shall select through a  
14 competitive bidding process **【at least three】** one or more unrelated  
15 insurance or mutual fund companies licensed or otherwise  
16 authorized to transact business in New Jersey from which alternate  
17 benefit contracts will be purchased. **【These new insurers or mutual**  
18 **fund companies shall be selected by competitive bidding in**  
19 **accordance with all applicable State laws and regulations not later**  
20 **than the 270th day following the effective date of P.L.1993, c.385**  
21 **(C.18A:66-172.1 et al.).】** The selected carriers shall be authorized  
22 to receive contributions within 60 days of their selection. Each  
23 contract shall be awarded for a period not to exceed six years with a  
24 renewal option for a period not to exceed three years. All carriers  
25 shall be subject to a performance review by the Pension Provider  
26 Selection Board every **【seven】** three years and must meet such  
27 standards as the Pension Provider Selection Board shall establish by  
28 regulation in order to be renewed for another term **【of seven years】**  
29 not to exceed six years with a renewal option for a period not to  
30 exceed three years as carriers. Removal of a carrier for cause  
31 **【during a seven-year term】** is not waived. In establishing by  
32 regulation the criteria for the initial selection and any performance  
33 review of a carrier, the Pension Provider Selection Board shall  
34 consider, among other things, the following:

35       a. the portability of the contracts offered or to be offered by the  
36 company, based on the number of states in which the company  
37 provides contracts under similar plans;

38       b. the efficacy of the contracts in the recruitment and retention  
39 of employees for the various State public institutions of higher  
40 education;

41       c. the nature and extent of the rights and benefits to be  
42 provided by the contracts for participating employees and their  
43 beneficiaries;

44       d. the relation of the rights and benefits to the amount of  
45 contributions to be made pursuant to the provisions of this article;

1 e. the suitability of the rights and benefits to the needs and  
2 interests of participating employees and the various State public  
3 institutions of higher education;

4 f. the ability of the company to provide the rights and benefits  
5 under such contracts;

6 g. the financial soundness of the company, the extent of the  
7 company's financial commitment to the contracts, and whether the  
8 company meets the minimum financial criteria established by the  
9 Division of Pensions;

10 h. the company's overall quality of service, its investment  
11 performance considering return on investments and risk, the  
12 administrative fee to be charged to participating employees, and the  
13 offering of a balanced array of investment opportunities; and

14 i. the nature of the informational or promotional materials to  
15 be provided to prospective participants.

16 The Pension Provider Selection Board may not designate a  
17 company which serves as a disbursement system for other providers  
18 or which charges third party administrative fees.

19 [A company that has been designated as of January 1, 1993 by  
20 the Division of Pensions as a designated provider shall continue to  
21 be so designated until its status as a designated provider is  
22 terminated for cause by the division or by the Pension Provider  
23 Selection Board.]

24 All designated providers shall be selected by a competitive  
25 bidding process.

26 (cf: P.L.1994, c.48, s.193)

27  
28 23. Section 9 of P.L.1969, c.242 (C.18A:66-175) is amended to  
29 read as follows:

30 9. Membership or participation in the alternate benefit program  
31 shall terminate and the individual shall be considered retired once  
32 he or she has (a) attained normal retirement age as defined under  
33 section 3 of P.L.1969, c.242 (C.18A:66-169) or accrued sufficient  
34 service credit to qualify for and elect to receive benefits under  
35 subsection c. of section 8 of P.L.1961, c.49 (C.52:14-17.32) and (b)  
36 elected to receive a cash distribution upon separation from service  
37 or an annuity option from the designated insurer or insurers or a  
38 designated mutual fund company or companies, as appropriate.

39 Notwithstanding the foregoing provision, a member receiving a  
40 cash distribution or an annuity option upon separation from service  
41 from the designated insurer or insurers or a designated mutual fund  
42 company or companies, as appropriate, the amount of such  
43 computed by using only those funds provided through employee  
44 contributions, as provided under section 8 of P.L.1969, c.242  
45 (C.18A:66-174), plus or minus any investment gains or losses, shall  
46 not be considered retired from the alternate benefit program.

47 (cf: P.L.1993, c.385, s.7)

1       24. Section 22 of P.L.1969, c.242 (C.18A:66-188) is amended to  
2 read as follows:

3       22. The alternate benefit programs shall provide an option for  
4 cash surrender upon separation from service. The cash surrender  
5 shall be applicable only to employee contributions and  
6 accumulations prior to the participant's ~~55th~~ 65th birthday, and  
7 thereafter to the full amount of all employee and employer  
8 contributions and accumulations. Additionally, a participant may  
9 borrow from his employee account accumulations up to the amounts  
10 allowed under federal law while still employed. Employee and  
11 employer account accumulations shall be used to qualify for the  
12 amount of a policy loan. In the event a participant in the alternate  
13 benefit program terminates his employment for reasons other than  
14 retirement or disability and requests repurchase of his annuity or  
15 annuities, such repurchase shall be allowed provided it meets the  
16 conditions under which the insurer or mutual fund company will  
17 repurchase annuities automatically, and provided that the portion of  
18 the repurchase value attributable to employer contributions made  
19 pursuant to this act shall be refunded to the employer.

20       The amendments to this section made by P.L.1993, c.385  
21 (C.18A:66-172.1 et al.) shall apply to all contributions made to a  
22 plan under the alternate benefit program on or after the 90th day  
23 following the effective date of that P.L.1993, c.385. Any plan  
24 contributions invested in the College Retirement Equities Fund  
25 prior to that date shall be fully subject to distribution as cash if  
26 those contributions shall not have been annuitized prior to that 90th  
27 day. Any plan contributions invested in the Teachers Insurance and  
28 Annuity Association prior to that 90th day shall become subject to  
29 distribution as cash to the maximum extent permitted by the  
30 contract if those contributions shall not have been annuitized prior  
31 to that 90th day.

32 (cf: P.L.1993, c.385, s.9)

33

34       25. Section 8 of P.L.1973, c.140 (C.43:6A-8) is amended to read  
35 as follows:

36       8. a. Any member who shall have served at least 10 years as a  
37 judge of the several courts and having attained the age of 70 years,  
38 shall be retired.

39       b. Any member who shall have served at least 15 years as a  
40 judge of the several courts and having attained the age of 65 years  
41 but not the age of 70 years, may retire.

42       c. Any member who shall have served at least 20 years as a  
43 judge of the several courts and having attained the age of 60 years  
44 but not the age of 65 years, may retire.

45       d. Service in the several courts as given in subsections a., b.  
46 and c. of this section shall include service in the office of the  
47 Chancellor, Chief Justice of the old Supreme Court, associate  
48 justice of the old supreme court, judge of the circuit court, Vice-

1 Chancellor, judge of the court of errors and appeals, judge of the  
2 court of common pleas, and advisory master to the superior court.

3 e. Any member of the retirement system eligible to retire under  
4 the provisions of this section, shall receive a retirement allowance  
5 consisting of an annuity which shall be the actuarial equivalent of  
6 his accumulated deductions together with regular interest, which  
7 rate of interest shall be 4 percent commencing with the effective  
8 date of this section of P.L. , c. (pending before the Legislature as  
9 this bill). and a pension which, when added to the member's  
10 annuity, will provide a retirement allowance during the remainder  
11 of his life in the amount equal to three-quarters of his final salary.

12 (cf: P.L.1981, c.470, s.2)

13  
14 26. Section 9 of P.L.1973, c.140 (C.43:6A-9) is amended to read  
15 as follows:

16 9. a. Any judge of the several courts, who shall have served at  
17 least 5 years successively as such judge and shall have attained the  
18 age of 65 years or more while serving in such office and shall have  
19 served at least 15 years in the aggregate, including such service as  
20 a judge, or in office, position, or employment of this State or of a  
21 county, municipality, board of education or public agency of this  
22 State, may retire.

23 b. Any judge of the several courts, who shall have served at  
24 least 5 years successively as such judge and shall have attained the  
25 age of 60 years or more while serving in such office and shall have  
26 served at least 20 years in the aggregate, including such service as  
27 a judge, or in office, position, or employment of this State or of a  
28 county, municipality, board of education or public agency of this  
29 State, may retire.

30 c. Any member of the retirement system, eligible to retire  
31 under the provisions of this section, shall receive a retirement  
32 allowance consisting of an annuity which shall be the actuarial  
33 equivalent of his accumulated deductions together with regular  
34 interest, which rate of interest shall be 4 percent commencing with  
35 the effective date of this section of P.L. , c. (pending before the  
36 Legislature as this bill). and a pension which, when added to the  
37 member's annuity, will provide a retirement allowance during the  
38 remainder of his life in an amount equal to one-half of his final  
39 salary.

40 (cf: P.L.1981, c.470, s.3)

41  
42 27. Section 5 of P.L.1973, c.304 (C.43:6A-9.1) is amended to  
43 read as follows:

44 5. Any judge of the several courts who shall have attained the  
45 age of 60 years or more and who shall have served at least 5 years  
46 successively as a judge of the several courts and at least 15 years in  
47 the aggregate including such service as a judge or in office, position  
48 or employment of this State or a county, municipality, board of

1 education, or public agency of this State may retire; provided that  
2 election is communicated by such judge to the retirement system  
3 by filing a written application duly attested stating at what time  
4 subsequent to the execution and filing thereof he desires to be  
5 retired. He shall receive an annuity which is the actuarial  
6 equivalent of his accumulated deductions together with regular  
7 interest, which rate of interest shall be 4 percent commencing with  
8 the effective date of this section of P.L. , c. (pending before the  
9 Legislature as this bill), and a pension which, when added to the  
10 member's annuity, will provide a retirement allowance in the  
11 amount of 2% of his final salary multiplied by his number of years  
12 of service up to 25 plus 1% of his final salary multiplied by his  
13 number of years of service over 25.

14 The State House Commission shall retire him at the time  
15 specified or at such other time within 1 month after the date so  
16 specified as the commission finds advisable.

17 (cf: P.L.1981, c.470, s.23)

18

19 28. Section 6 of P.L.1973, c.304 (C.43:6A-9.2) is amended to  
20 read as follows:

21 6. Any judge of the several courts who shall have attained the  
22 age of 60 years or more while serving as such judge may retire;  
23 provided that such election is communicated by such member to the  
24 retirement system by filing a written application duly attested  
25 stating at what time subsequent to the execution and filing thereof  
26 he desires to be retired. He shall receive an annuity which is the  
27 actuarial equivalent of his accumulated deductions together with  
28 regular interest, which rate of interest shall be 4 percent  
29 commencing with the effective date of this section of P.L. , c.  
30 (pending before the Legislature as this bill), and a pension which,  
31 when added to the member's annuity, will provide a retirement  
32 allowance in the amount of 2% of his final salary multiplied by his  
33 number of years of judicial service up to 25 plus 1% of his final  
34 salary multiplied by his number of years of service over 25.

35 The State House Commission shall retire him at the time  
36 specified or at such other time within 1 month after the date so  
37 specified as the commission finds advisable.

38 (cf: P.L.1981, c.470, s.24)

39

40 29. Section 10 of P.L.1973, c.140 (C.43:6A-10) is amended to  
41 read as follows:

42 10. Should any member resign, or fail of reappointment who  
43 shall have served at least 5 years successively as a judge of the  
44 several courts and at least 25 years in the aggregate, including such  
45 service as a judge or in office, position, or employment of this State  
46 or a county, municipality, board of education, or public agency of  
47 this State, before reaching age 60, he may elect "early" retirement,  
48 provided, that such election is communicated by such member to

1 the retirement system by filing a written application, duly attested,  
2 stating at what time subsequent to the execution and filing thereof  
3 he desires to be retired. He shall receive an annuity which is the  
4 actuarial equivalent of his accumulated deductions together with  
5 regular interest, which rate of interest shall be 4 percent  
6 commencing with the effective date of this section of P.L. , c.  
7 (pending before the Legislature as this bill), and a pension which,  
8 when added to the member's annuity, will provide a retirement  
9 allowance in the amount of 2% of his final salary multiplied by his  
10 number of years of service up to 25 plus 1% of his final salary  
11 multiplied by his number of years of service over 25; provided,  
12 however, that such retirement allowance shall be reduced in  
13 accordance with a table of actuarial equivalents recommended by  
14 the actuary and adopted by the retirement system reflecting all  
15 months that the member lacks of being age 60.

16 The State House Commission shall retire him at the time  
17 specified or at such other time within 1 month after the date so  
18 specified as the commission finds advisable.

19 (cf: P.L.1981, c.470, s.4)

20  
21 30. Section 11 of P.L.1973, c.140 (C.43:6A-11) is amended to  
22 read as follows:

23 11. Should any member resign, or fail of reappointment who  
24 shall have served at least 5 years successively as a judge of the  
25 several courts and at least 10 years in the aggregate, including such  
26 service as a judge or in office, position, or employment of this State  
27 or a county, municipality, board of education, or public agency of  
28 this State, before reaching age 60, and not by removal for cause on  
29 charges of misconduct or delinquency, he may elect to receive:

30 a. All of his accumulated deductions standing to the credit of  
31 his individual account in the annuity savings fund, or

32 b. A deferred retirement allowance, beginning on the first day  
33 of the month following his attainment of age 60 and the filing of an  
34 application therefor, which shall consist of an annuity derived from  
35 the accumulated deductions standing to the credit of the member's  
36 account in the annuity savings fund at the time of his severance  
37 from service together with regular interest which shall be 4 percent  
38 commencing with the effective date of this section of P.L. , c.  
39 (pending before the Legislature as this bill), and a pension which,  
40 when added to the annuity, will produce a retirement allowance in  
41 the amount of 2% of his final salary multiplied by his number of  
42 years of service up to 25 plus 1% of his final salary multiplied by  
43 his number of years of service over 25, provided that such inactive  
44 member may elect to receive payments provided under section 10  
45 if he had qualified under that section at the time of leaving service,  
46 except that in order to avail himself of the option, he must exercise  
47 such option at least 1 month before the effective date of his  
48 retirement. If such inactive member shall die after attaining age 60

1 but before filing an application for retirement benefits pursuant to  
2 this section or section 10 and for which benefits he would have  
3 qualified, or in the event of death after retirement, there shall be  
4 paid to such member's beneficiary the death benefits prescribed by  
5 section 19.

6 No beneficiary shall be eligible for a pension or survivor's  
7 benefit if the member who elected to receive a deferred pension  
8 prior to the effective date of this amendatory and supplementary  
9 act or who elects to receive a deferred retirement allowance  
10 following the effective date of this amendatory and supplementary  
11 act shall die before attaining age 60. Upon receipt of the proper  
12 proofs of death, the beneficiary of a member who elects to receive a  
13 deferred retirement allowance shall be paid the member's  
14 accumulated deductions at the time of death together with regular  
15 interest.

16 Any member who, having elected to receive a deferred pension  
17 or deferred retirement allowance, again becomes a member while  
18 under the age of 60, shall thereupon be reenrolled. He shall be  
19 credited with all service as a member standing to his credit at the  
20 time of his election to receive a deferred pension or deferred  
21 retirement allowance.

22 (cf: P.L.1981, c.470, s.5)

23

24 31. Section 12 of P.L.1973, c.140 (C.43:6A-12) is amended to  
25 read as follows:

26 12. Whenever the Supreme Court shall certify to the Governor,  
27 any member who shall have served as a judge of the several courts,  
28 may be retired for disability if the member has become physically  
29 or otherwise incapacitated for full and efficient service to the State  
30 in his judicial capacity. The Governor shall thereupon refer the  
31 disability claim to three physicians of skill and repute in their  
32 profession and residents of this State who shall examine the  
33 member and report to the Governor as to his physical or other  
34 disability and whether in all reasonable probability, if they find the  
35 disability existent, it will continue permanently and does and will  
36 continue to prevent the member from giving full and efficient  
37 service in the performance of his judicial duties. If the report  
38 confirms the existence of the disability, and if the Governor  
39 approves the report, the member shall be retired not less than 1  
40 month next following the date of filing of an application with the  
41 retirement system, and he shall receive a retirement allowance  
42 which shall consist of an annuity which is the actuarial equivalent  
43 of his accumulated deductions together with regular interest which  
44 shall be 4 percent commencing with the effective date of this  
45 section of P.L. , c. (pending before the Legislature as this bill),  
46 and a pension which, when added to the member's annuity, will  
47 provide a retirement allowance during the remainder of his life in

1 an amount equal to three-fourths of his final salary.  
2 (cf: P.L.1981, c.470, s.6)

3  
4 32. Section 33 of P.L.1973, c.140 (C.43:6A-33) is amended to  
5 read as follows:

6 33. a. Upon the basis of the tables recommended by the actuary  
7 which the commission adopts and regular interest, the actuary shall  
8 compute annually, beginning as of June 30, 1992, the amount of the  
9 contribution which shall be the normal cost as computed under the  
10 projected unit credit method attributable to service rendered under  
11 the retirement system for the year beginning on July 1 immediately  
12 succeeding the date of the computation. This shall be known as the  
13 "normal contribution."

14 b. Upon the basis of the tables recommended by the actuary  
15 which the commission adopts and regular interest, the actuary shall  
16 annually determine if there is an amount of the accrued liability of  
17 the retirement system, 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  
26 in level dollars for a specific period of time, will amortize this  
27 liability. The State Treasurer shall determine, upon the advice of  
28 the Director of the Division of Pensions and Benefits, the  
29 commission and the actuary, **【the rate of increase for the**  
30 **contribution and】** the time period for full funding of this liability,  
31 which shall not exceed 30 years. This shall be known as the  
32 "accrued liability contribution." Thereafter, any increase or decrease  
33 in the unfunded accrued liability as a result of actuarial losses or  
34 gains for subsequent valuation years shall serve to increase or  
35 decrease, respectively, the amortization period for the unfunded  
36 accrued liability, unless an increase in the amortization period will  
37 cause it to exceed 30 years. If an increase in the amortization  
38 period as a result of actuarial losses for a valuation year would  
39 exceed 30 years, the accrued liability contribution shall be  
40 computed for the valuation year in the same manner provided for  
41 the computation of the initial accrued liability contribution under  
42 this section. The State may pay all or any portion of its unfunded  
43 accrued liability under the retirement system from any source of  
44 funds legally available for the purpose, including, without  
45 limitation, the proceeds of bonds authorized by 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, 1996 shall be the full market value of the assets as of that date  
10 and shall include the proceeds from the bonds issued pursuant to the  
11 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-  
12 7.45 et seq.), paid to the system by the New Jersey Economic  
13 Development Authority to fund the unfunded accrued liability of  
14 the system.

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

30 (1) for valuation periods ending June 30, 1997 through June 30,  
31 2001, to the extent possible by up to 100% of the excess valuation  
32 assets;

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

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

37 (4) for valuation periods ending June 30, 2004 through June 30,  
38 2007, to the extent possible by up to 50% of the excess valuation  
39 assets.

40 c. The actuary shall certify annually the aggregate amount  
41 payable to the contingent reserve fund in the ensuing year, which  
42 amount shall be equal to the sum of the amounts described in this  
43 section. The State shall pay into the contingent reserve fund during  
44 the ensuing year the amount so determined.

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

1 d. (Deleted by amendment, P.L.1992, c.125.)  
2 (cf: P.L.2007, c.92, s.25)  
3

4 33. Section 34 of P.L.1973, c.140 (C.43:6A-34) is amended to  
5 read as follows:

6 34. The retirement reserve fund shall be the fund from which all  
7 pensions and retirement allowances shall be paid.

8 Upon the retirement of the member his accumulated deductions  
9 together with regular interest, which shall be 4 percent commencing  
10 with the effective date of this section of P.L. , c. (pending before  
11 the Legislature as this bill), shall be transferred to the retirement  
12 reserve fund from the annuity savings fund. The reserve needed to  
13 produce the pension shall be transferred from the contingent reserve  
14 fund. If the pension of a member who has been retired is  
15 subsequently canceled, the appropriate reserve shall be transferred  
16 to the contingent reserve fund. If the retirement allowance of a  
17 member who has been retired is subsequently cancelled, the  
18 appropriate reserve shall be transferred to the annuity savings fund  
19 and the contingent reserve fund.

20 Any surplus or deficit developing in the retirement reserve fund  
21 shall be adjusted from time to time by transfer to or from the  
22 contingent reserve fund by appropriate action of the retirement  
23 system upon the advice of the actuary.

24 (cf: P.L.1981, c.470, s.15)  
25

26 34. Section 26 of P.L.1981, c.470 (C.43:6A-34.1) is amended to  
27 read as follows:

28 26. a. The annuity savings fund shall be the fund to which shall  
29 be credited aggregate contributions made by members or on their  
30 behalf to provide for their allowances. The aggregate contributions  
31 of a member withdrawn by him or paid to his estate or his  
32 designated beneficiary in the event of death as provided by this  
33 amendatory and supplementary act shall be paid from the annuity  
34 savings fund. Upon the retirement of a member where the  
35 aggregate contributions of the member are to be provided in the  
36 form of an annuity, the aggregate contributions of the member shall  
37 be transferred from the annuity savings fund to the retirement  
38 reserve fund.

39 b. (1) There shall be deducted from the payroll of each member  
40 of the system 3% of the amount of any difference between the  
41 salary on or after January 19, 1982 for any judicial position held by  
42 the member and the salary for that position on January 18, 1982,  
43 except that there shall be deducted from the payroll of each new  
44 member initially enrolled on or after January 1, 1996, in the  
45 retirement system, 3% of the salary for the judicial position held by  
46 the member.

47 (2) Commencing with the payroll period for which the payroll  
48 date occurs on or immediately following July 1, 2011, there shall be

1 deducted from the payroll of each member of the system an  
2 additional 5.5% of the amount of any difference between the salary  
3 after that effective date for any judicial position held by the member  
4 and the salary for that position on that effective date, except that  
5 there shall be deducted from the payroll of each new member  
6 initially enrolled on or after that effective date in the retirement  
7 system, an additional 5.5% of the salary for the judicial position  
8 held by the member. The additional deduction, however, shall not  
9 be used to reduce the employer normal contribution required  
10 pursuant to section 33 of P.L.1973, c.140 (C.43:6A-33).

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

23 (cf: P.L.1995, c.424, s.4)

24

25 35. Section 27 of P.L.1981, c.470 (C.43:6A-34.2) is amended to  
26 read as follows:

27 27. The State House Commission at the end of each fiscal year  
28 shall allow interest on the balance of the annuity savings fund,  
29 contingent reserve fund and the retirement reserve fund as of the  
30 beginning of said fiscal year at the regular interest rate applicable  
31 thereto to cover the interest creditable to the respective funds for the  
32 year. The amount so allowed shall be due and payable to the funds  
33 and shall be credited annually thereto by the commission.  
34 Commencing with the effective date of this section of P.L. , c.  
35 (pending before the Legislature as this bill), the regular interest rate  
36 applicable to the annuity savings fund shall be 4 percent.

37 (cf: P.L.1981, c.470, s.27)

38

39 36. Section 35 of P.L.1973, c.140 (C.43:6A-35) is amended to  
40 read as follows:

41 35. The retirement system at the end of each fiscal year shall  
42 allow interest on the balance of the contingent reserve fund, the  
43 annuity savings fund, and the retirement reserve fund as of the  
44 beginning of said fiscal year at the regular interest rate applicable  
45 thereto to cover the interest creditable to the respective funds for the  
46 year. Commencing with the effective date of this section of P.L. ,  
47 c. (pending before the Legislature as this bill), the regular interest  
48 rate applicable to the annuity savings fund shall be 4 percent. The

1 amount so allowed shall be due and payable to said funds and shall  
2 be credited annually.

3 (cf: P.L.1981, c. 470, s. 16)

4  
5 37. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read  
6 as follows:

7 6. As used in this act:

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

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

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

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

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

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

46 (2) Subject to the provisions of paragraph (3) of this subsection,  
47 "widower," for employees of public employers other than the State,  
48 means the man to whom a member was married at least five years

1 before the date of her death and to whom she continued to be  
2 married until the date of her death and who was receiving at least  
3 1/2 of his support from the member in the 12-month period  
4 immediately preceding the member's death or the accident which  
5 was the direct cause of the member's death. The dependency of such  
6 a widower shall be considered terminated by marriage of the  
7 widower subsequent to the death of the member. In the event of the  
8 payment of an accidental death benefit, the five-year qualification  
9 shall be waived.

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

14 h. (1) In the case of a member with 25 or more years of  
15 creditable service or who has attained normal retirement age on the  
16 effective date of this section of P.L. , c. (pending before the  
17 Legislature as this bill). "[Final] final compensation" means the  
18 average annual compensation for which contributions are made for  
19 the three years of creditable service in New Jersey immediately  
20 preceding the member's retirement or death, or it shall mean the  
21 average annual compensation for New Jersey service for which  
22 contributions are made during any three fiscal years of his or her  
23 membership providing the largest possible benefit to the member or  
24 the member's beneficiary.

25 (2) In the case of a member with fewer than 25 years of  
26 creditable service and who has not attained normal retirement age  
27 on the effective date of this section of P.L. , c. (pending before  
28 the Legislature as this bill) and a person who becomes a member of  
29 the retirement system on or after the effective date of P.L.2010, c.1,  
30 "final compensation" means the average annual compensation for  
31 which contributions are made for the five years of creditable service  
32 in New Jersey immediately preceding the member's retirement or  
33 death, or it shall mean the average annual compensation for New  
34 Jersey service for which contributions are made during any five  
35 fiscal years of his or her membership providing the largest possible  
36 benefit to the member or the member's beneficiary.

37 i. "Fiscal year" means any year commencing with July 1 and  
38 ending with June 30 next following.

39 j. "Medical board" shall mean the board of physicians  
40 provided for in section 17 of P.L.1954, c.84 (C.43:15A-17).

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

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

1 m. "Public Employees' Retirement System of New Jersey,"  
2 hereinafter referred to as the "retirement system" or "system," is the  
3 corporate name of the arrangement for the payment of retirement  
4 allowances and other benefits under the provisions of this act  
5 including the several funds placed under said system. By that name  
6 all of its business shall be transacted, its funds invested, warrants  
7 for money drawn, and payments made and all of its cash and  
8 securities and other property held.

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

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

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

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

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

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

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

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

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

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

5       (8) The Mexican border patrol, having actually participated in  
6 engagements against Mexicans between April 12, 1911, and June  
7 16, 1919;

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

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

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

36       (12) Lebanon crisis, on or after July 1, 1958, who has served in  
37 Lebanon or on board any ship actively engaged in patrolling the  
38 territorial waters of that nation for a period, continuous or in the  
39 aggregate, of at least 14 days commencing on or before November  
40 1, 1958 or the date of termination of that conflict, as proclaimed by  
41 the President of the United States or Congress, whichever date of  
42 termination is the latest, in such active service; provided, that any  
43 person receiving an actual service-incurred injury or disability shall  
44 be classed as a veteran whether or not that person has completed the  
45 14 days' service as herein provided;

46       (13) Vietnam conflict on or after December 31, 1960, and on or  
47 prior to May 7, 1975, who shall have served at least 90 days in such  
48 active service, exclusive of any period of assignment (1) for a

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

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

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

36 (16) Panama peacekeeping mission, on or after December 20,  
37 1989 or the date of inception of that mission, as proclaimed by the  
38 President of the United States or Congress, whichever date of  
39 inception is earliest, who has served in Panama or on board any ship  
40 actively engaged in patrolling the territorial waters of that nation for  
41 a period, continuous or in the aggregate, of at least 14 days  
42 commencing on or before January 31, 1990 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       (17) Operation "Desert Shield/Desert Storm" mission in the  
2       Arabian peninsula and the Persian Gulf, on or after August 2, 1990  
3       or the date of inception of that operation, as proclaimed by the  
4       President of the United States or Congress, whichever date of  
5       inception is earliest, who has served in the Arabian peninsula or on  
6       board any ship actively engaged in patrolling the Persian Gulf for a  
7       period, continuous or in the aggregate, of at least 14 days  
8       commencing on or before the date of termination of that mission, as  
9       proclaimed by the President of the United States or Congress,  
10      whichever date of termination is the latest, in such active service;  
11      provided, that any person receiving an actual service-incurred injury  
12      or disability shall be classed as a veteran whether or not that person  
13      has completed the 14 days' service as herein provided;

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

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

39      (20) Operations "Joint Endeavor" and "Joint Guard" in the  
40      Republic of Bosnia and Herzegovina, on or after November 20,  
41      1995, who served in such active service in direct support of one or  
42      both of the operations for at least 14 days, continuously or in the  
43      aggregate, commencing on or before June 20, 1998 and (1) was  
44      deployed in that nation or in another area in the region, or (2) was  
45      on board a United States naval vessel operating in the Adriatic Sea,  
46      or (3) operated in airspace above the Republic of Bosnia and  
47      Herzegovina; provided that any person receiving an actual service-

1 incurred injury or disability shall be classed as a veteran whether or  
2 not that person completed the 14-day service requirement;

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

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

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

29 q. (1) "Widow," for employees of the State, means the woman  
30 to 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 1/2 of her support from the member in the 12-month period  
35 immediately preceding the member's death or the accident which  
36 was the direct cause of the member's death. The dependency of such  
37 a widow will be considered terminated by the marriage of, or  
38 establishment of a domestic partnership by, the widow subsequent  
39 to the member's death. In the event of the payment of an accidental  
40 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 1/2 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 such

1 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 "widow" as defined in paragraph  
7 (2) of this subsection shall include domestic partners as provided in  
8 paragraph (1) of this subsection.

9 r. (1) "Compensation" means the base or contractual salary, for  
10 services as an employee, which is in accordance with established  
11 salary policies of the member's employer for all employees in the  
12 same position but shall not include individual salary adjustments  
13 which are granted primarily in anticipation of the member's  
14 retirement or additional remuneration for performing temporary or  
15 extracurricular duties beyond the regular workday or the regular  
16 work year.

17 (2) In the case of a person who becomes a member of the  
18 retirement system on or after July 1, 2007, "compensation" means  
19 the amount of base or contractual salary equivalent to the annual  
20 maximum wage contribution base for Social Security, pursuant to  
21 the Federal Insurance Contributions Act, for services as an  
22 employee, which is in accordance with established salary policies of  
23 the member's employer for all employees in the same position but  
24 shall not include individual salary adjustments which are granted  
25 primarily in anticipation of the member's retirement or additional  
26 remuneration for performing temporary or extracurricular duties  
27 beyond the regular workday or the regular work year. This  
28 paragraph shall not apply to a person who at the time of enrollment  
29 in the retirement system on or after July 1, 2007 transfers service  
30 credit from another State-administered retirement system pursuant  
31 to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a  
32 former member of the retirement system who has been granted a  
33 retirement allowance and is reenrolled in the retirement system on  
34 or after July 1, 2007 pursuant to section 27 of P.L.1966, c.217  
35 (C.43:15A-57.2) after becoming employed again in a position that  
36 makes the person eligible to be a member of the retirement system.

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

40 For the period of July 1, 2009 through June 30, 2011,  
41 "contractual salary" for State employees shall include across the  
42 board negotiated wage increases under a collective negotiations  
43 agreement that were payable to all State employees covered by that  
44 agreement notwithstanding that, by amendment to that collective  
45 negotiations agreement, the effective date of the contractual  
46 increase has been deferred. For the purpose of this paragraph,  
47 "State employee" means an employee in the Executive Branch or  
48 the Judicial Branch of State government of New Jersey or an

1 employee of the State University authorized to participate in the  
2 system under subsection b. of section 73 of P.L.1954, c.84  
3 (C.43:15A-73), but shall not include employees of agencies  
4 authorized to participate in the system under subsections a., c., d.,  
5 e., f., and g. of section 73 of P.L.1954, c.84 (C.43:15A-73) or under  
6 P.L.1990, c.25 (C.43:15A-73.2 et al.).

7 For the period of July 1, 2009 through June 30, 2011,  
8 "contractual salary" for county and municipal employees shall  
9 include across the board negotiated wage increases under a  
10 collective negotiations agreement that were payable to all county or  
11 all municipal employees covered by that agreement notwithstanding  
12 that, by amendment to that collective negotiations agreement which  
13 has been filed with the Division of Pensions and Benefits, the  
14 effective date of the contractual increase has been deferred. For the  
15 purpose of this paragraph, "county and municipal employees"  
16 means all persons employed by a county or municipality in this  
17 State.

18 s. "Normal retirement age" means the age at which the member  
19 is first eligible for a service retirement based on age under section  
20 47 of P.L.1954, c.84 (C.43:15A-47), section 4 of P.L.1955, c.257  
21 (C.43:15A-100), or section 4 of P.L.2001, c.366 (C.43:15A-158) as  
22 shall apply to the member.

23 (cf: P.L.2010, c.50, s.71)  
24

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

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

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

35 b. Any person becoming an employee of the State or other  
36 employer after January 2, 1955 and every veteran, other than a  
37 retired member who returns to service pursuant to subsection b. of  
38 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those  
39 whose appointments are seasonal, becoming an employee of the  
40 State or other employer after such date, including a temporary  
41 employee with at least one year's continuous service. The  
42 membership of the retirement system shall not include those  
43 persons appointed to serve as described in paragraphs (2) and (3) of  
44 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a  
45 person who was a member of the retirement system prior to the  
46 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-  
47 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and  
48 C.43:15A-135) 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 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,  
10 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not  
11 be eligible for membership in the retirement system based on  
12 service in the elective public office, except that an elected official  
13 enrolled in the retirement system as of that effective date who  
14 continues to hold that elective public office without a break in  
15 service shall be eligible to continue membership in the retirement  
16 system under the terms and conditions of enrollment. Service in the  
17 Legislature shall be considered a single elective public office. Any  
18 part-time school crossing guard who is eligible for benefits under  
19 any other pension system and who was hired as a part-time school  
20 crossing guard prior to March 4, 1976, may at any time terminate  
21 his membership in the retirement system by making an application  
22 in writing to the board of trustees of the retirement system. Upon  
23 receiving such application, the board of trustees shall terminate his  
24 enrollment in the system and direct the employer to cease accepting  
25 contributions from the member or deducting from the compensation  
26 paid to the member. State employees who become members of any  
27 other retirement system supported wholly or partly by the State as a  
28 condition of employment shall not be eligible for membership in  
29 this retirement system. Notwithstanding any other law to the  
30 contrary, all other persons accepting employment in the service of  
31 the State shall be required to enroll in the retirement system as a  
32 condition of their employment, regardless of age.

33 (1) Before or on November 1, 2008, no person in employment,  
34 office or position, for which the annual salary or remuneration is  
35 fixed at less than \$1,500.00, shall be eligible to become a member  
36 of the retirement system.

37 (2) After November 1, 2008, a person who was a member of the  
38 retirement system on that date and continuously thereafter shall be  
39 eligible to be a member of the retirement system in employment,  
40 office or position, for which the annual salary or remuneration is  
41 fixed at \$1,500 or more.

42 (3) After November 1, 2008 and before or on the effective date  
43 of P.L.2010, c.1, a person who was not a member of the retirement  
44 system on November 1, 2008, or who was a member of the  
45 retirement system on that date but not continuously thereafter, and  
46 who is in employment, office or position, for which the annual  
47 salary or remuneration is certified by the applicable public entity at  
48 \$7,500 or more, shall be eligible to become a member of the

1 retirement system. The \$7,500 minimum annual salary or  
2 remuneration amount shall be adjusted annually by the Director of  
3 the Division of Pensions and Benefits, by regulation, in accordance  
4 with changes in the Consumer Price Index but by no more than 4  
5 percent. "Consumer Price Index" means the average of the annual  
6 increase, expressed as a percentage, in the consumer price index for  
7 all urban consumers in the New York City and Philadelphia  
8 metropolitan statistical areas during the preceding calendar year as  
9 reported by the United States Department of Labor.

10 (4) After the effective date of P.L.2010, c.1, no person in an  
11 employment, office or position of the State, or an agency, board,  
12 commission, authority or instrumentality of the State, for which the  
13 hours of work are fixed at fewer than 35 per week shall be eligible  
14 to become a member of the retirement system; and no person in  
15 employment, office or position with a political subdivision of the  
16 State, or an agency, board, commission, authority or instrumentality  
17 of a political subdivision of the State, for which the hours of work  
18 are fixed by an ordinance or resolution of the political subdivision,  
19 or agency, board, commission, authority or instrumentality thereof,  
20 at fewer than 32 per week shall be eligible to become a member of  
21 the retirement system. Any hour or part thereof, during which the  
22 person does not work due to the person's participation in a  
23 voluntary or mandatory furlough program shall not be deducted in  
24 determining if a person's hours of work are fixed at fewer than 35 or  
25 32 per week, as appropriate, for the purpose of eligibility. This  
26 subsection shall not apply to prohibit the enrollment or reenrollment  
27 of a retiree whose retirement was not bona fide within the meaning  
28 of section 92 of P.L. , c. (C. ) (pending before the Legislature  
29 as this bill).

30 e. Membership of any person in the retirement system shall  
31 cease if he shall discontinue his service for more than two  
32 consecutive years.

33 f. The accumulated deductions of the members of the former  
34 "State Employees' Retirement System" which have been set aside in  
35 a trust fund designated as Fund A as provided in section 5 of this  
36 act and which have not been claimed for refund prior to February 1,  
37 1955 shall be transferred from said Fund A to the Annuity Savings  
38 Fund of the Retirement System, provided for in section 25 of this  
39 act. Each member whose accumulated deductions are so transferred  
40 shall receive the same prior service credit, pension credit, and  
41 membership credit in the retirement system as he previously had in  
42 the former "State Employees' Retirement System" and shall have  
43 such accumulated deductions credited to his individual account in  
44 the Annuity Savings Fund. Any outstanding obligations of such  
45 member shall be continued.

46 g. Any school crossing guard electing to terminate his  
47 membership in the retirement system pursuant to subsection d. of  
48 this section shall, upon his request, receive a refund of his

1 accumulated deductions as of the date of his appointment to the  
2 position of school crossing guard. Such refund of contributions  
3 shall serve as a waiver of all benefits payable to the employee, to  
4 his dependent or dependents, or to any of his beneficiaries under the  
5 retirement system.

6 h. A temporary employee who is employed under the federal  
7 Workforce Investment Act shall not be eligible for membership in  
8 the system. Membership for temporary employees employed under  
9 the federal Job Training Partnership Act, Pub.L.97-300 (29  
10 U.S.C.s.1501) who are in the system on September 19, 1986 shall  
11 be terminated, and affected employees shall receive a refund of  
12 their accumulated deductions as of the date of commencement of  
13 employment in a federal Job Training Partnership Act program.  
14 Such refund of contributions shall serve as a waiver of all benefits  
15 payable to the employee, to his dependent or dependents, or to any  
16 of his beneficiaries under the retirement system.

17 i. Membership in the retirement system shall be optional for a  
18 special service employee who is employed under the federal Older  
19 American Community Service Employment Act, Pub.L.94-135 (42  
20 U.S.C.s.3056). Any special service employee employed under the  
21 federal Older American Community Service Employment Act,  
22 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on  
23 the effective date of P.L.1996, c.139 may terminate membership in  
24 the retirement system by making an application in writing to the  
25 board of trustees of the retirement system. Upon receiving the  
26 application, the board shall terminate enrollment in the system and  
27 the member shall receive a refund of accumulated deductions as of  
28 the date of commencement of employment in a federal Older  
29 American Community Service Employment Act program. This  
30 refund of contributions shall serve as a waiver of all benefits  
31 payable to the employee, to any dependent or dependents, or to any  
32 beneficiary under the retirement system.

33 j. An employee of the South Jersey Port Corporation who was  
34 employed by the South Jersey Port Corporation as of the effective  
35 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-  
36 employed within 365 days of such effective date by a subsidiary  
37 corporation or other corporation, which has been established by the  
38 Delaware River Port Authority pursuant to subdivision (m) of  
39 Article I of the compact creating the Delaware River Port Authority  
40 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-  
41 146), shall be eligible to continue membership while an employee  
42 of such subsidiary or other corporation.  
43 (cf: P.L.2010, c.1, s.3)

44  
45 39. Section 24 of P.L.1954, c.84 (C.43:15A-24) is amended to  
46 read as follows:

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

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

9       b. With respect to employers other than the State, upon the  
10 basis of the tables recommended by the actuary which the board  
11 adopts and regular interest, the actuary shall compute the amount of  
12 the accrued liability of the retirement system as of March 31, 1992  
13 under the projected unit credit method, excluding the liability for  
14 pension adjustment benefits for active employees funded pursuant  
15 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already  
16 covered by the assets of the retirement system, valued in accordance  
17 with the asset valuation method established in this section. Using  
18 the total amount of this unfunded accrued liability, the actuary shall  
19 compute the initial amount of contribution which, if [the  
20 contribution is increased at a specific rate and] paid annually in  
21 level dollars for a specific period of time, will amortize this  
22 liability. The State Treasurer shall determine, upon the advice of  
23 the Director of the Division of Pensions and Benefits, the board of  
24 trustees and the actuary, [the rate of increase for the contribution  
25 and] the time period for full funding of this liability, which shall  
26 not exceed 40 years on initial application of this section as amended  
27 by this act, P.L.1994, c.62. This shall be known as the "accrued  
28 liability contribution." Any increase or decrease in the unfunded  
29 accrued liability as a result of actuarial losses or gains for the 10  
30 valuation years following valuation year 1992 shall serve to  
31 increase or decrease, respectively, the unfunded accrued liability  
32 contribution. Thereafter, any increase or decrease in the unfunded  
33 accrued liability as a result of actuarial losses or gains for  
34 subsequent valuation years shall serve to increase or decrease,  
35 respectively, the amortization period for the unfunded accrued  
36 liability, unless an increase in the amortization period will cause it  
37 to exceed 30 years. If an increase in the amortization period as a  
38 result of actuarial losses for a valuation year would exceed 30 years,  
39 the accrued liability contribution shall be computed for the  
40 valuation year in the same manner provided for the computation of  
41 the initial accrued liability contribution under this section.

42       With respect to the State, upon the basis of the tables  
43 recommended by the actuary which the commission adopts and  
44 regular interest, the actuary shall annually determine if there is an  
45 amount of the accrued liability of the retirement system, computed  
46 under the projected unit credit method, which is not already covered  
47 by the assets of the retirement system, valued in accordance with  
48 the asset valuation method established in this section. This shall be



1 known as the "unfunded accrued liability." If there was no  
2 unfunded accrued liability for the valuation period immediately  
3 preceding the current valuation period, the actuary, using the total  
4 amount of this unfunded accrued liability, shall compute the initial  
5 amount of contribution which, if [the contribution is increased at a  
6 specific rate and] paid annually in level dollars for a specific period  
7 of time, will amortize this liability. The State Treasurer shall  
8 determine, upon the advice of the Director of the Division of  
9 Pensions and Benefits, the commission and the actuary, [the rate of  
10 increase for the contribution and] the time period for full funding of  
11 this liability, which shall not exceed 30 years. This shall be known  
12 as the "accrued liability contribution." Thereafter, any increase or  
13 decrease in the unfunded accrued liability as a result of actuarial  
14 losses or gains for subsequent valuation years shall serve to increase  
15 or decrease, respectively, the amortization period for the unfunded  
16 accrued liability, unless an increase in the amortization period will  
17 cause it to exceed 30 years. If an increase in the amortization  
18 period as a result of actuarial losses for a valuation year would  
19 exceed 30 years, the accrued liability contribution shall be  
20 computed for the valuation year in the same manner provided for  
21 the computation of the initial accrued liability contribution under  
22 this section. The State may pay all or any portion of its unfunded  
23 accrued liability under the retirement system from any source of  
24 funds legally available for the purpose, including, without  
25 limitation, the proceeds of bonds authorized by law for this purpose.

26 The value of the assets to be used in the computation of the  
27 contributions provided for under this section for valuation periods  
28 shall be the value of the assets for the preceding valuation period  
29 increased by the regular interest rate, plus the net cash flow for the  
30 valuation period (the difference between the benefits and expenses  
31 paid by the system and the contributions to the system) increased by  
32 one half of the regular interest rate, plus 20% of the difference  
33 between this expected value and the full market value of the assets  
34 as of the end of the valuation period. This shall be known as the  
35 "valuation assets." Notwithstanding the first sentence of this  
36 paragraph, the valuation assets for the valuation period ending  
37 March 31, 1996 shall be the full market value of the assets as of that  
38 date and, with respect to the valuation assets allocated to the State,  
39 shall include the proceeds from the bonds issued pursuant to the  
40 "Pension Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-  
41 7.45 et seq.), paid to the system by the New Jersey Economic  
42 Development Authority to fund the unfunded accrued liability of  
43 the system. Notwithstanding the first sentence of this paragraph,  
44 the valuation assets for the valuation period ending June 30, 1999  
45 shall be the full market value of the assets as of that date.

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

48 (1) the valuation assets allocated to the State; less

1       (2) the actuarial accrued liability of the State for basic benefits  
2 and pension adjustment benefits under the retirement system; 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 post retirement medical premium fund, created pursuant  
7 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by  
8 section 8 of P.L.1994, c.62; less

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

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

18       (1) the valuation assets allocated to the other employers; less

19       (2) the actuarial accrued liability of the other employers for  
20 basic benefits and pension adjustment benefits under the retirement  
21 system, excluding the unfunded accrued liability for early  
22 retirement incentive benefits pursuant to P.L.1991, c.229, P.L.1991,  
23 c.230, P.L.1993, c.138, and P.L.1993, c.181, for employers other  
24 than the State; less

25       (3) the contributory group insurance premium fund, created by  
26 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section  
27 4 of P.L.1960, c.79; less

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

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

1 there are excess valuation assets allocated to the State or to the  
2 other employers for a valuation period ending after March 31, 1996,  
3 the State Treasurer may reduce the normal contribution payable by  
4 the State or by the other employers for the next valuation period as  
5 follows:

6 (1) for valuation periods ending March 31, 1997 through March  
7 31, 2001, to the extent possible by up to 100% of the excess  
8 valuation assets allocated to the State or to the other employers,  
9 respectively;

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

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

16 (4) for valuation periods ending March 31, 2004 through June  
17 30, 2007, to the extent possible by up to 50% of the excess  
18 valuation assets allocated to the State or to the other employers,  
19 respectively.

20 For calendar years 1998 and 1999, the rate of contribution of  
21 members of the retirement system under section 25 of P.L.1954,  
22 c.84 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess  
23 valuation assets and for calendar years 2000 and 2001, the rate of  
24 contribution shall be reduced by 2% from excess valuation assets.  
25 Thereafter, through calendar year 2007, the rate of contribution of  
26 members of the retirement system under that section for a calendar  
27 year shall be reduced equally with normal contributions to the  
28 extent possible, but not by more than 2%, from excess valuation  
29 assets if the State Treasurer determines that excess valuation assets  
30 shall be used to reduce normal contributions by the State and local  
31 employers for the fiscal year beginning immediately prior to the  
32 calendar year, or for the calendar year for local employers whose  
33 fiscal year is the calendar year, and excess valuation assets above  
34 the amount necessary to fund the reduction for that calendar year in  
35 the member contribution rate plus an equal reduction in the normal  
36 contribution shall be available for the further reduction of normal  
37 contributions, subject to the limitations prescribed by this  
38 subsection.

39 If there are excess valuation assets after reductions in normal  
40 contributions and member contributions as authorized in the  
41 preceding paragraphs for a valuation period beginning with the  
42 valuation period ending June 30, 1999, an amount of excess  
43 valuation assets not to exceed the amount of the member  
44 contributions for the fiscal year in which the normal contributions  
45 are payable shall be credited to the benefit enhancement fund. The  
46 amount of excess valuation assets credited to the benefit  
47 enhancement fund shall not exceed the present value of the  
48 expected additional normal contributions attributable to the

1 provisions of P.L.2001, c.133 payable on behalf of the active  
2 members over the expected working lives of the active members in  
3 accordance with the tables of actuarial assumptions for the  
4 valuation period. No additional excess valuation assets shall be  
5 credited to the benefit enhancement fund after the maximum  
6 amount is attained. Interest shall be credited to the benefit  
7 enhancement fund as provided under section 33 of P.L.1954, c.84  
8 (C.43:15A-33).

9 The normal contribution for the increased benefits for active  
10 employees under P.L.2001, c.133 shall be paid from the benefit  
11 enhancement fund. If assets in the benefit enhancement fund are  
12 insufficient to pay the normal contribution for the increased benefits  
13 for a valuation period, the State shall pay the amount of normal  
14 contribution for the increased benefits not covered by assets from  
15 the benefit enhancement fund.

16 c. The retirement system shall certify annually the aggregate  
17 amount payable to the contingent reserve fund in the ensuing year,  
18 which amount shall be equal to the sum of the amounts described in  
19 this section.

20 The State Treasurer shall reduce the normal and accrued liability  
21 contributions payable by employers other than the State, excluding  
22 the contribution payable from the benefit enhancement fund, to a  
23 percentage of the amount certified annually by the retirement  
24 system, which percentage shall be: for payments due in the State  
25 fiscal year ending June 30, 2005, 20%; for payments due in the  
26 State fiscal year ending June 30, 2006, not more than 40%; for  
27 payments due in the State fiscal year ending June 30, 2007, not  
28 more than 60%; and for payments due in the State fiscal year ending  
29 June 30, 2008, not more than 80%.

30 The State Treasurer shall reduce the normal and accrued liability  
31 contributions payable by employers other than the State, excluding  
32 the contribution payable from the benefit enhancement fund, to 50  
33 percent of the amount certified annually by the retirement system,  
34 for payments due in the State fiscal year ending June 30, 2009. An  
35 employer that elects to pay the reduced normal and accrued liability  
36 contribution shall adopt a resolution, separate and apart from other  
37 budget resolutions, stating that the employer needs to pay the  
38 reduced contribution and providing an explanation of that need  
39 which shall include (1) a description of its inability to meet the levy  
40 cap without jeopardizing public safety, health, and welfare or  
41 without jeopardizing the fiscal stability of the employer, or (2) a  
42 description of another condition that offsets the long term fiscal  
43 impact of the payment of the reduced contribution. An employer  
44 also shall document those actions it has taken to reduce its  
45 operating costs, or provide a description of relevant anticipated  
46 circumstances that could have an impact on revenues or  
47 expenditures. This resolution shall be submitted to and approved by  
48 the Local Finance Board after making a finding that these fiscal

1 conditions are valid and affirming the findings contained in the  
2 employer resolution.

3 An employer that elects to pay 100 percent of the amount  
4 certified by the retirement system for the State fiscal year ending  
5 June 30, 2009 shall be credited with such payment and any such  
6 amounts shall not be included in the employer's unfunded liability.

7 The actuaries for the retirement system shall determine the  
8 unfunded liability of the retirement system, by employer, for the  
9 reduced normal and accrued liability contributions provided under  
10 P.L.2009, c.19. This unfunded liability shall be paid by the  
11 employer in level annual payments over a period of 15 years  
12 beginning with the payments due in the State fiscal year ending  
13 June 30, 2012 and shall be adjusted by the rate of return on the  
14 actuarial value of assets.

15 The retirement system shall annually certify to each employer  
16 the contributions due to the contingent reserve fund for the liability  
17 under P.L.2009, c.19. The contributions certified by the retirement  
18 system shall be paid by the employer to the retirement system on or  
19 before the date prescribed by law for payment of employer  
20 contributions for basic retirement benefits. If payment of the full  
21 amount of the contribution certified is not made within 30 days  
22 after the last date for payment of employer contributions for basic  
23 retirement benefits, interest at the rate of 10% per year shall be  
24 assessed against the unpaid balance on the first day after the  
25 thirtieth day.

26 The State shall pay into the contingent reserve fund during the  
27 ensuing year the amount so determined. The death benefits,  
28 payable as a result of contribution by the State under the provisions  
29 of this chapter upon the death of an active or retired member, shall  
30 be paid from the contingent reserve fund.

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

34 (cf: P.L.2009, c.19, s.1)

35

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

38 25. a. The annuity savings fund shall be the fund in which shall  
39 be credited accumulated deductions and contributions by members  
40 or on their behalf to provide for their allowances. A single account  
41 shall be established in this fund for each person who is or shall  
42 become a member and all contributions deducted from each such  
43 member's compensation shall be credited to this single account.

44 b. (1) Members enrolled in the retirement system on or after  
45 July 1, 1994 shall contribute 5% of compensation to the system.  
46 Members enrolled in the system prior to July 1, 1994 shall  
47 contribute 5% of compensation to the system effective with the  
48 payroll period for which the beginning date is closest to July 1,

1 1995, provided, however, that any member enrolled before July 1,  
2 1994, whose full contribution rate under the system prior to the  
3 revisions by this act was less than 6%, shall pay 4% of  
4 compensation to the system effective with the payroll period for  
5 which the beginning date is closest to July 1, 1995, and 5% of  
6 compensation to the system effective with the payroll period for  
7 which the beginning date is closest to July 1, 1996.

8 (2) Members enrolled in the retirement system on or after July  
9 1, 2007 who are:

10 employees of the State, other than employees of the Judicial  
11 Branch;

12 employees of an independent State authority, board, commission,  
13 corporation, agency or organization;

14 employees of a local school district, regional school district,  
15 county vocational school district, county special services school  
16 district, jointure commission, educational services commission,  
17 State-operated school district, charter school, county college, any  
18 officer, board, or commission under the authority of the  
19 Commissioner of Education or of the State Board of Education, and  
20 any other public entity which is established pursuant to authority  
21 provided by Title 18A of the New Jersey Statutes; or

22 employees of a State public institution of higher education, other  
23 than employees of the University of Medicine and Dentistry of New  
24 Jersey shall contribute 5.5% of compensation to the system, and all  
25 such members described above enrolled in the system prior to July  
26 1, 2007 shall contribute 5.5% of compensation to the system  
27 effective with the payroll period for which the beginning date is  
28 closest to July 1, 2007.

29 Members enrolled in the retirement system on or after July 1,  
30 2008, other than those described in the paragraph above, shall  
31 contribute 5.5% of compensation to the system. Members enrolled  
32 in the system prior to July 1, 2008, other than those described in the  
33 paragraph above, shall contribute 5.5% of compensation to the  
34 system effective with the payroll period that begins immediately  
35 after July 1, 2008.

36 (3) Commencing with the payroll period for which the payroll  
37 date occurs on or immediately following July 1, 2011, all members  
38 shall contribute an additional 3% of compensation to the system.  
39 This additional contribution, however, shall not be used to reduce  
40 the employer normal contribution required pursuant to section 24 of  
41 P.L.1954, c.84 (C.43:15A-24).

42 c. The retirement system shall certify to each State department  
43 or subdivision thereof, and to each branch of the State service not  
44 included in a State department, and to every other employer, the  
45 proportion of each member's compensation to be deducted and to  
46 facilitate the making of deductions the retirement system may  
47 modify the deduction required by a member by such an amount as

1 shall not exceed 1/10 of 1% of the compensation upon the basis of  
2 which the deduction is to be made.

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

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

20 (cf: P.L.2010, c.1, s.26)

21

22 41. Section 28 of P.L.1966, c.217 (C.43:15A-25.1) is amended  
23 to read as follows:

24 28. a. If any member of the retirement system receives periodic  
25 benefits payable under the Workers' Compensation Law during the  
26 course of his active service, in lieu of his normal compensation, his  
27 regular salary deductions shall be paid to the retirement system by  
28 his employer. Such payments shall be computed, in accordance  
29 with section 25 of P.L.1954, c.84 (C.43:15A-25), at the rate of  
30 contribution on the base salary subject to the retirement system, just  
31 prior to the receipt of the workers' compensation benefits. The  
32 moneys paid by the employer shall be credited to the member's  
33 account in the annuity savings fund and shall be treated as  
34 employee contributions for all purposes. The employer will  
35 terminate the payment of these moneys when the periodic benefits  
36 payable under the Workers' Compensation Law are terminated or  
37 when the member retires.

38 The member for whom the employer is making such payments,  
39 will be considered as if he were in the active service and shall be  
40 permitted to continue to make contributions to purchase the  
41 additional death benefit coverage provided by section 57 of  
42 P.L.1954, c.84 (C.43:15A-57).

43 b. An application for retirement benefits may be approved by  
44 the board of trustees while the member, applying for such benefits,  
45 is in receipt of periodic benefits under the Workers' Compensation  
46 Law. If a retirant receiving a work-related disability retirement or  
47 an accidental disability retirement allowance approved prior to the  
48 effective date of P.L. , c. (pending before the Legislature as this

1 bill) becomes a recipient of periodic benefits under the workers'  
2 compensation law after the date of retirement, the pension portion  
3 of the retirement allowance payable to the retirant shall be reduced,  
4 during the period of the payment of the periodic benefits, dollar-for-  
5 dollar in the amount of the periodic benefits received after the date  
6 of retirement, subject to the provisions of section 64 of P.L.1954,  
7 c.84 (C.43:15A-64). The reduction provided for herein shall not  
8 affect the retirant's pension adjustment benefits or survivor benefits  
9 that may be payable upon the death of the retirant. Notwithstanding  
10 the provisions of R.S.34:15-26 and R.S.34:15-40, the amount of the  
11 dollar-for-dollar reduction from the receipt of workers'  
12 compensation periodic benefits shall not be reduced by a payment  
13 for legal services nor by receipt of a third party recovery.

14 If a work-related disability retirant or an accidental disability  
15 retirant approved prior to that effective date receives a retirement  
16 allowance without reduction and periodic benefits under the  
17 workers' compensation law for any period of time after the date of  
18 retirement, the retirant shall repay to the retirement system the  
19 amount of the pension portion of the retirement allowance which  
20 should have been subject to reduction under this subsection. The  
21 repayment may be in the form of a lump sum payment or scheduled  
22 as deductions from the retirant's retirement allowance and pension  
23 adjustment benefits. If the retirant dies before full repayment of the  
24 amount required, the remaining balance shall be deducted from any  
25 death benefits payable on behalf of the retirant.  
26 (cf: P.L.1995, c.369, s.2)

27  
28 42. Section 33 of P.L.1954, c.84 (C.43:15A-33) is amended to  
29 read as follows:

30 33. The board of trustees at the end of each fiscal year shall  
31 allow interest on the balance of the annuity savings fund, contingent  
32 reserve fund, the retirement reserve fund, benefit enhancement fund  
33 and the members' death benefit fund as of the beginning of said  
34 fiscal year at the regular interest rate applicable thereto to cover the  
35 interest creditable to the respective funds for the year.  
36 Commencing with the effective date of this section of P.L. , c.  
37 (pending before the Legislature as this bill), the regular interest rate  
38 applicable to the annuity savings fund shall be 4 percent. The  
39 amount so allowed shall be due and payable to said funds and shall  
40 be credited annually thereto by the board.  
41 (cf: P.L.2001, c.133, s.10)

42  
43 43. Section 38 of P.L.1954, c.84 (C.43:15A-38) is amended to  
44 read as follows:

45 38. Should a member of the Public Employees' Retirement  
46 System, after having completed 10 years of service, be separated  
47 voluntarily or involuntarily from the service, before reaching



1 service retirement age, and not by removal for cause on charges of  
2 misconduct or delinquency, such person may elect to receive:

3 (a) The payments provided for in section 41b. of this act, if he  
4 so qualifies under said section; or

5 (b) A deferred retirement allowance, beginning at the retirement  
6 age 60 for a member who has 25 or more years of creditable service  
7 on the effective date of this section of P.L. , c. (pending before  
8 the Legislature as this bill) or at age 65 for a member who has fewer  
9 than 25 years of creditable service on that effective date and a  
10 person who becomes a member of the retirement system on or after  
11 that effective date, which shall be made up of an annuity derived  
12 from the accumulated deductions standing to the credit of the  
13 individual member's account in the annuity savings fund at the time  
14 of his severance from the service together with regular interest,  
15 which rate of interest shall be 4 percent commencing with the  
16 effective date of this provision of this section of P.L. , c.  
17 (pending before the Legislature as this bill), and a pension which  
18 when added to the annuity will produce a total retirement allowance  
19 of (1) 1/64 of final compensation for each year of service credited  
20 as Class A service **[and]** , 1/55 of final compensation for each year  
21 of service credited as Class B service, **[or]** and for a person who  
22 becomes a member of the retirement system on or after the effective  
23 date of P.L.2010, c.1, 1/60 of final compensation for each year of  
24 service credited as Class B service, prior to the effective date of this  
25 section of P.L. , c. (pending before the Legislature as this bill),  
26 plus (2) 1/65 of final compensation for each year of service credited  
27 on or after the effective date of this section of P.L. , c. (pending  
28 before the Legislature as this bill), calculated in accordance with  
29 section 48 of this act, with optional privileges provided for in  
30 section 50 of this act **[if he exercises such optional privilege at least**  
31 **30 days before his attainment of the normal retirement age;**  
32 **provided, that such election is communicated by such member to**  
33 **the retirement system in writing stating at what time subsequent to**  
34 **the execution and filing thereof he desires to be retired]**; and  
35 provided further, that such member, as referred to in this subsection  
36 may later elect: (1) to receive the payments provided for in section  
37 41b. of this act, if he had qualified under that section at the time of  
38 leaving service**],** except that in order to avail himself of the  
39 optional privileges pursuant to section 50, he must exercise such  
40 optional privilege at least 30 days before the effective date of his  
41 retirement**];** or (2) to withdraw his accumulated deductions with  
42 interest as provided in section 41a. If such member shall die before  
43 attaining service retirement age then his accumulated deductions,  
44 plus regular interest, shall be paid in accordance with section 41c.;  
45 or if such member shall die after attaining service retirement age  
46 and has not withdrawn his accumulated deductions, an amount  
47 equal to 3/16 of the compensation received by the member in the

1 last year of creditable service shall be paid to such person, if living,  
2 as he shall have nominated by written designation duly executed  
3 and filed with the retirement system; otherwise to the executor or  
4 administrator of the member's estate.

5 A member who, having elected to receive a deferred retirement  
6 allowance, again becomes an employee covered by the retirement  
7 system while under the age of 65, shall thereupon be reenrolled. If  
8 he had discontinued service for more than two consecutive years, he  
9 shall be enrolled in the retirement system under a new membership  
10 account and shall be subject to such benefits and requirements as  
11 shall apply to new members of the retirement system as of the date  
12 of such new enrollment. The member may elect to transfer all  
13 service credit associated with the previously vested membership to  
14 the new membership account and such service credit will be subject  
15 to the benefit and requirements as shall apply to new members of  
16 the retirement system as of the date of such new enrollment.  
17 Should the member elect not to transfer the service credit associated  
18 with the vested membership to the new membership account, no  
19 benefits shall be payable from the previous application for deferred  
20 retirement until such time as the member has terminated all Public  
21 Employees' Retirement System eligible employment.

22 (cf: P.L.2010, c.1, s.11)

23  
24 44. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to  
25 read as follows:

26 41. a. A member who withdraws from service or ceases to be an  
27 employee for any cause other than death or retirement shall, upon  
28 the filing of an application therefor, receive all of his accumulated  
29 deductions standing to the credit of his individual account in the  
30 annuity savings fund, plus regular interest, which rate of interest  
31 shall be 4 percent commencing with the effective date of this  
32 provision of this section of P.L. , c. (pending before the  
33 Legislature as this bill), less any outstanding loan, except that for  
34 any period after June 30, 1944, the interest payable shall be such  
35 proportion of the interest determined at the regular rate of 2% per  
36 annum bears to the regular rate of interest, and except that no  
37 interest shall be payable in the case of a member who has less than  
38 three years of membership credit for which he has made  
39 contributions. He shall cease to be a member two years from the  
40 date he discontinued service as an eligible employee, or, if prior  
41 thereto, upon payment to him of his accumulated deductions. If any  
42 such person or member shall die before withdrawing or before  
43 endorsing the check constituting the return of his accumulated  
44 deductions, such deductions shall be paid to the member's  
45 beneficiary. No member shall be entitled to withdraw the amounts  
46 contributed by his employer covering his military leave unless he  
47 shall have returned to the payroll and contributed to the retirement  
48 system for a period of 90 days.

1       b. Should a member with 25 or more years of creditable service  
2 on the effective date of this section of P.L. , c. (pending before  
3 the Legislature as this bill), resign after having established 25 years  
4 of creditable service before reaching age 60, or [before reaching  
5 age 62 if the person became a member of the retirement system on  
6 or after the effective date of P.L.2008, c.89] should a member with  
7 fewer than 25 years of creditable service on the effective date of  
8 this section of P.L. , c. (pending before the Legislature as this  
9 bill) or a person who becomes a member of the retirement system  
10 on or after that effective date, resign after having established 30  
11 years of creditable service before reaching age 65, he may elect  
12 "early retirement," provided, that such election is communicated by  
13 such member to the retirement system by filing a written  
14 application, duly attested, stating at what time subsequent to the  
15 execution and filing thereof he desires to be retired. He shall  
16 receive, in lieu of the payment provided in subsection a. of this  
17 section, an annuity which is the actuarial equivalent of his  
18 accumulated deductions together with regular interest, which rate of  
19 interest shall be 4 percent commencing with the effective date of  
20 this provision of this section of P.L. , c. (pending before the  
21 Legislature as this bill), and a pension in the amount which, when  
22 added to the member's annuity, will provide a total retirement  
23 allowance of (1) 1/64 of final compensation for each year of service  
24 credited as Class A service [and] , 1/55 of final compensation for  
25 each year of service credited as Class B service, [or] and for a  
26 person who becomes a member of the retirement system on or after  
27 the effective date of P.L.2010, c.1, 1/60 of final compensation for  
28 each year of service credited as Class B service, prior to the  
29 effective date of this section of P.L. , c. (pending before the  
30 Legislature as this bill), plus (2) 1/65 of final compensation for each  
31 year of service credited on or after the effective date of this section  
32 of P.L. , c. (pending before the Legislature as this bill),  
33 calculated in accordance with section 48 (C.43:15A-48) of this act,  
34 reduced:

35       (a) by 1/4 of 1% for each month that the member lacks of being  
36 age 55, if the member has established 25 or more years of creditable  
37 service on the effective date of this section of P.L. , c. (pending  
38 before the Legislature as this bill); or

39       (b) [for a person who becomes a member of the retirement  
40 system on or after July 1, 2007, by 1/4 of 1% for each month that  
41 the member lacks of being age 55 and by 1/12 of 1% for each  
42 month that the member lacks of being age 60 but over age 55; or

43       (c) for a person who becomes a member of the retirement  
44 system on or after the effective date of P.L.2008, c.89,] by 1/4 of  
45 1% for each month that the member lacks of being age [55 and by  
46 1/12 of 1% for each month that the member lacks of being age 62  
47 but over age 55] 65 , if the member has established fewer than 25

1 years of creditable service on the effective date of this section of  
2 P.L. , c. (pending before the Legislature as this bill) or the  
3 person becomes a member of the retirement system on or after that  
4 effective date; provided, however, that upon the receipt of proper  
5 proofs of the death of such a member there shall be paid to his  
6 beneficiary an amount equal to three-sixteenths of the compensation  
7 upon which contributions by the member to the annuity savings  
8 fund were based in the last year of creditable service.

9 Paragraph (b) **[or (c)]** of this subsection shall not apply to a  
10 person who at the time of enrollment in the retirement system on or  
11 after July 1, 2007 transfers service credit from another State-  
12 administered retirement system pursuant to section 14 of P.L.1954,  
13 c.84 (C.43:15A-14), but shall apply to a former member of the  
14 retirement system who has been granted a retirement allowance and  
15 is reenrolled in the retirement system on or after July 1, 2007  
16 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after  
17 becoming employed again in a position that makes the person  
18 eligible to be a member of the retirement system.

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 c. Upon the receipt of proper proofs of the death of a member  
23 in service on account of which no accidental death benefit is  
24 payable under section 49 there shall be paid to such member's  
25 beneficiary:

26 (1) The member's accumulated deductions at the time of death  
27 together with regular interest which shall be 4 percent commencing  
28 with the effective date of this provision of this section of P.L. , c.  
29 (pending before the Legislature as this bill); and

30 (2) An amount equal to one and one-half times the  
31 compensation upon which contributions by the member to the  
32 annuity savings fund were based in the last year of creditable  
33 service.

34 (cf: P.L.2010, c.1, s.12)

35  
36 45. Section 42 of P.L.1954, c.84 (C.43:15A-42) is amended to  
37 read as follows:

38 42. a. A member, under **[60 years of]** normal retirement age,  
39 who has 10 or more years of credit for New Jersey service, shall,  
40 upon the application of the head of the department in which he shall  
41 have been employed or upon his own application or the application  
42 of one acting in his behalf, be retired for ordinary disability by the  
43 board of trustees. The physician or physicians designated by the  
44 board shall have first made a medical examination of him **[at his**  
45 **residence or at any other place mutually agreed upon]** and shall  
46 have certified to the board that the member is physically or  
47 mentally incapacitated for the performance of his usual duty or of

1 any other available duty that his employer is willing to assign to  
2 him and should be retired.

3     **【The service requirement provisions of this amendatory and**  
4 **supplementary act shall not become effective for 5 years following**  
5 **the effective date of the act.**

6     No person who becomes a member of the retirement system on  
7 or after the effective date of P.L.2010, c.3 shall be eligible for  
8 retirement pursuant to this section.】

9     b. Upon the written application by a member in service, by one  
10 acting in his behalf or by his employer, any member under normal  
11 retirement age who has less than 10 years of creditable service may  
12 be retired on a work-related disability retirement allowance, if he  
13 meets the requirements of the medical examination under  
14 subsection a. of this section and the incapacity from the  
15 performance of duties is the direct result of a work-related accident  
16 or occupational exposure occurring during and as a result of his  
17 regular and assigned duties and not the result of willful negligence.  
18 In order to qualify for a work-related disability benefit, the member  
19 shall have received a workers' compensation award of permanent  
20 disability under R.S.34:15-1 et seq. The board may, in its  
21 discretion, waive the requirement for a medical examination under  
22 this subsection when the Division of Workers' Compensation in the  
23 Department of Labor and Workforce Development has determined  
24 that the member is 100 percent totally and permanently disabled.

25     c. Upon approval for ordinary or work-related disability, a  
26 member shall receive a disability retirement allowance as set forth  
27 in section 45 of P.L.1954, c.84 (C.43:15A-45).

28 (cf: P.L.2010, c.3, s.8)

29

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

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

45     The application **【to accomplish such retirement】** for a work-  
46 related disability retirement under section 42 of P.L.1954, c.84  
47 (C.43:15A-42) must be filed within five years of the original

1 **【traumatic event】** accident or occupational exposure, but the board  
2 of trustees may consider an application filed after the five-year  
3 period if it can be factually demonstrated to the satisfaction of the  
4 board of trustees that the disability is due to the accident or  
5 occupational exposure and the filing was not accomplished within  
6 the five-year period due to a delayed manifestation of the disability  
7 or to circumstances beyond the control of the member.

8 **【Permanent and total disability resulting from a cardiovascular,**  
9 pulmonary or musculo-skeletal condition which was not a direct  
10 result of a traumatic event occurring in the performance of duty  
11 shall be deemed an ordinary disability.

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

25 No person who becomes a member of the retirement system on  
26 or after the effective date of P.L.2010, c.3 shall be eligible for  
27 retirement pursuant to this section.】

28 (cf: P.L.2010, c.3, s.9)

29  
30 47. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to  
31 read as follows:

32 45. A member upon retirement for ordinary or work-related  
33 disability shall receive a retirement allowance, which shall consist  
34 of:

35 a. An annuity which shall be the actuarial equivalent of his  
36 accumulated deductions together with regular interest ,which rate of  
37 interest shall be 4 percent commencing with the effective date of  
38 this provision of this section of P.L. , c. (pending before the  
39 Legislature as this bill), and

40 b. A pension in the amount which, when added to the member's  
41 annuity, will provide a total retirement allowance of 1.64% of final  
42 compensation multiplied by his number of years of creditable  
43 service; provided further, that in no event shall the allowance be  
44 less than **【43.6%】** 40% of final compensation.

45 c. Upon the receipt of proper proofs of the death of a member  
46 who has retired on an ordinary or work-related disability retirement  
47 allowance, there shall be paid to such member's beneficiary, an  
48 amount equal to 1 1/2 times the compensation upon which

1 contributions by the member to the annuity savings fund were based  
2 in the last year of creditable service; provided, however, that if such  
3 death shall occur after the member shall have attained age 60, the  
4 amount payable shall equal 3/16 of such compensation.

5 (cf: P.L.2001, c.353, s.9)

6  
7 48. Section 47 of P.L.1954, c.84 (C.43:15A-47) is amended to  
8 read as follows:

9 47. a. A person who was a member before the effective date of  
10 P.L.2008, c.89 who has attained age 60 on the effective date of this  
11 section of P.L. , c. (pending before the Legislature as this bill) or  
12 who has 25 or more years of creditable service on that effective date  
13 and has attained 60 years of age may retire on a service retirement  
14 allowance by filing with the retirement system a written application,  
15 duly attested, stating at which time subsequent to the execution and  
16 filing thereof the member desires to be retired. The board of  
17 trustees shall retire him at the time specified or at such other time  
18 within one month after the date so specified as the board finds  
19 advisable.

20 b. A person who becomes a member on or after the effective  
21 date of P.L.2008, c.89 **[and has attained]** who has attained age 62  
22 on the effective date of this section of P.L. , c. (pending before  
23 the Legislature as this bill) or who has 25 or more years of  
24 creditable service on that effective date upon attaining 62 years of  
25 age may retire on a service retirement allowance by filing with the  
26 retirement system a written application, duly attested, stating at  
27 which time subsequent to the execution and filing thereof the  
28 member desires to be retired. The board of trustees shall retire the  
29 member at the time specified or at such other time within one month  
30 after the date so specified as the board finds advisable.

31 c. A member who has established fewer than 25 years of  
32 creditable service on the effective date of this section of P.L. , c.  
33 (pending before the Legislature as this bill) and who is not eligible  
34 for retirement under subsection a. or b. of this section and a person  
35 who becomes a member on or after that effective date and who has  
36 attained 65 years of age may retire on a service retirement  
37 allowance by filing with the retirement system a written application,  
38 duly attested, stating at which time subsequent to the execution and  
39 filing thereof the member desires to be retired. The board of trustees  
40 shall retire the member at the time specified or at such other time  
41 within 1 month after the date so specified as the board finds  
42 advisable.

43 (cf: P.L.2008, c.89, s.24)

44  
45 49. Section 48 of P.L.1954, c.84 (C.43:15A-48) is amended to  
46 read as follows:

47 48. A member, upon retirement for service, shall receive a  
48 retirement allowance consisting of:

1 a. An annuity which shall be the actuarial equivalent of his  
2 accumulated deductions together with regular interest, which rate of  
3 interest shall be 4 percent commencing with the effective date of  
4 this provision of this section of P.L. , c. (pending before the  
5 Legislature as this bill); and

6 b. A pension in the amount which, when added to the member's  
7 annuity, will provide a total retirement allowance of (1) 1/64 of  
8 final compensation for each year of service credited as Class A  
9 service [and] , 1/55 of final compensation for each year of service  
10 credited as Class B service, [or] and for a person who becomes a  
11 member of the retirement system on or after the effective date of  
12 P.L.2010, c.1, 1/60 of final compensation for each year of service  
13 credited as Class B service, prior to the effective date of this section  
14 of P.L. , c. (pending before the Legislature as this bill), plus (2)  
15 1/65 of final compensation for each year of service credited on or  
16 after the effective date of P.L. , c. (pending before the  
17 Legislature as this bill).

18 c. Upon the receipt of proper proofs of the death of a member  
19 who has retired on a service retirement allowance, there shall be  
20 paid to the member's beneficiary, an amount equal to 3/16 of the  
21 compensation upon which contributions by the member to the  
22 annuity savings fund were based in the last year of creditable  
23 service.

24 (cf: P.L.2010, c.1, s.13)

25  
26 50. Section 25 of P.L.1966, c.217 (C.43:15A-57.1) is amended  
27 to read as follows:

28 25. The designation of beneficiary by a member or retirant shall  
29 be made in writing on a form satisfactory to the retirement system,  
30 and filed with the retirement system. The member or retirant may,  
31 from time to time and without the consent of his death benefit  
32 designee, change the beneficiary by filing written notice of the  
33 change with the system on a form satisfactory to it. The new  
34 nomination will be effective on the date the notice, in proper form,  
35 is received by the system, and any prior nomination shall thereupon  
36 become void.

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

45 Any amounts due for which there is no beneficiary at the death  
46 of a member, retirant or beneficiary shall be payable to the estate  
47 of such member, retirant or beneficiary.



1 Except with regard to the payment of the member's accumulated  
2 deductions with regular interest, which rate of interest shall be 4  
3 percent commencing with the effective date of this section of  
4 P.L. , c. (pending before the Legislature as this bill), and the  
5 payment, upon the death of (1) a retirant after attaining the age of  
6 60 or receiving an allowance pursuant to section 41(b) of chapter 84  
7 of the laws of 1954, or (2) a member after attaining the age of 70  
8 years, of the death benefits provided in sections 38, 41, 45, 46, 48,  
9 49(e) and 57 of chapter 84 of the laws of 1954, a member may  
10 elect, by making written request to the retirement system, that the  
11 whole or any part of his death benefits be made payable to his  
12 beneficiary either as a life annuity or in equal installments over a  
13 period of years specified in such election, and may alter such  
14 election from time to time during his lifetime by again making such  
15 written request. In the event of a change of beneficiary, any  
16 previous arrangement by the member or retirant under this  
17 paragraph shall be void. The election set forth in this paragraph  
18 shall not apply or be available when the beneficiary is an estate, or  
19 a corporation, partnership, association, institution, trustee, or any  
20 fiduciary.

21 If, at the member's or retirant's death, an amount of death benefit  
22 would be payable to the beneficiary in a single sum, any election  
23 with regard to such amount which was available to the member or  
24 retirant immediately prior to his death in accordance with the  
25 provisions of the immediately preceding paragraph shall then be  
26 available to such beneficiary for the benefit of such beneficiary.  
27 (cf: P.L.1971, c.213, s.44)

28

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

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

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

46 (2) After the effective date of this section of P.L. , c. (pending  
47 before the Legislature as this bill) any public employee veteran  
48 member in office, position or employment of this State or of a

1 county, municipality, public agency, school district or board of  
2 education and who (a) shall have attained 60 years of age and who  
3 has 20 years of aggregate service credit in such office, position or  
4 employment, or (b) shall have attained 55 years of age and who has  
5 25 years of aggregate service credit in such office, position or  
6 employment, shall have the privilege of retiring for service and  
7 receiving, instead of the retirement allowance provided under  
8 section 48 of P.L.1954, c.84 (C.43:15A-48), a retirement allowance  
9 of 54.5% of the compensation for which contributions are made  
10 during the 12-month period of membership providing the largest  
11 possible benefit to the member or the member's beneficiary for  
12 service accrued prior to that effective date multiplied by the number  
13 of years of service accrued prior to the effective date divided by the  
14 total number of years of service accrued, plus 50% of the  
15 compensation for which contributions are made during the 36-  
16 month period of membership providing the largest possible benefit  
17 to the member or the member's beneficiary for service accrued after  
18 that effective date multiplied by the number of years of service  
19 accrued after that effective date divided by the total number of  
20 years of service accrued.

21 c. Any public employee veteran member who has been for 20  
22 years in the aggregate in office, position or employment of this  
23 State or of a county, municipality, public agency, school district or  
24 board of education as of January 2, 1955, shall have the privilege of  
25 retiring for ordinary disability and of receiving, instead of the  
26 retirement allowance provided under section 45 of this act, a  
27 retirement allowance of one-half of the compensation received  
28 during the last year of employment upon which contributions to the  
29 annuity savings fund or contingent reserve fund are made. Such  
30 retirement shall be subject to the provisions governing ordinary  
31 disability retirement in sections 42 and 44 of this act.

32 d. (1) Any public employee veteran member who shall be in  
33 office, position or employment of this State or of a county,  
34 municipality, public agency, school district or board of education  
35 and who on or before the effective date of this section of P.L. , c.  
36 (pending before the Legislature as this bill) shall have attained 55  
37 years of age and who has at least 35 years of aggregate service  
38 credit in such office, position or employment, shall have the  
39 privilege of retiring for service and receiving a retirement  
40 allowance of 1/55 of the compensation the member received during  
41 the 12-month period of membership providing the largest possible  
42 benefit to the member or the member's beneficiary for each year of  
43 creditable service.

44 (2) After the effective date of this section of P.L. , c. (pending  
45 before the Legislature as this bill) any public employee veteran  
46 member who shall be in office, position or employment of this State  
47 or of a county, municipality, public agency, school district or board  
48 of education and who shall have attained 55 years of age and who

1 has 35 years of aggregate service credit in such office, position or  
2 employment, shall have the privilege of retiring for service and  
3 receiving a retirement allowance equal to 1/55 of the compensation  
4 the member received during the 12-month period of membership  
5 providing the largest possible benefit to the member or the  
6 member's beneficiary for each year of creditable service for service  
7 accrued prior to that effective date multiplied by the number of  
8 years of service accrued prior to that effective date divided by the  
9 total number of years of service accrued, plus 1/60 of the  
10 compensation the member received during the 36-month period of  
11 membership providing the largest possible benefit to the member or  
12 the member's beneficiary for each year of creditable service for  
13 service accrued after that effective date multiplied by the number of  
14 years of service accrued after that effective date divided by the total  
15 number of years of service accrued.

16 e. The death benefit provided in section 48 shall apply in the  
17 case of any member retiring under the provisions of subsections a.,  
18 b. and d. of this section. The death benefit provided in section 45  
19 shall apply in the case of any member retired under the provisions  
20 of subsection c. of this section.

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

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

26

27 52. Section 4 of P.L.1955, c.257 (C.43:15A-100) is amended to  
28 read as follows:

29 4. Upon service retirement as a law enforcement officer a  
30 member shall receive a service retirement allowance consisting of:

31 a. An annuity which shall be the actuarial equivalent of his  
32 accumulated deductions together with regular interest, which rate of  
33 interest shall be 4 percent commencing with the effective date of  
34 this section of P.L. , c. (pending before the Legislature as this  
35 bill); and

36 b. A pension in the amount which, when added to the member's  
37 annuity, will provide a total retirement allowance equal to 2% of his  
38 final compensation multiplied by his number of years of service  
39 credit as a law enforcement officer for which he has made  
40 contributions up to 25, plus the amount determined as provided in  
41 section 48 of P.L.1954, c.84 (C.43:15A-48) for years of service  
42 credit other than service as a law enforcement officer, for which he  
43 has made contributions, plus 1% of his final compensation  
44 multiplied by his number of years of service credit as a law  
45 enforcement officer for which he has made contributions over 25 or  
46 for which he has made no contributions to the retirement system for  
47 the period while he was a law enforcement officer or, in the case of  
48 a veteran, while he was in office, position or employment of this

1 State, or of any county, municipality, public agency or school  
2 district; provided, however, that in the case of any member electing  
3 to receive benefits under section 38(b) of chapter 84 of the laws of  
4 1954, such benefits shall be payable at age 60.

5 The death benefit provided in section 48(c) of chapter 84 of the  
6 laws of 1954 shall apply in the case of any member retiring under  
7 the provisions of this section.

8 (cf: P.L.2001, c.353, s.17)

9  
10 53. Section 4 of P.L.2001, c.4 (C.43:15A-100.1) is amended to  
11 read as follows:

12 4. a. Should a law enforcement officer member retire after  
13 having established 25 years of creditable service, the member shall  
14 receive, in addition to the service retirement allowance provided in  
15 section 4 of P.L.1955, c.257 (C.43:15A-100), a supplementary  
16 "special" retirement allowance equal to 5% of the member's final  
17 compensation or such lesser amount as will, if added to the  
18 member's service retirement allowance, provide (1) for a member  
19 with 25 or more years of creditable service on the effective date of  
20 this section of P.L. , c. (pending before the Legislature as this  
21 bill), a total retirement allowance of 70% of the member's final  
22 compensation or (2) for a member with fewer than 25 years of  
23 creditable service on the effective date of this section of P.L. , c.  
24 (pending before the Legislature as this bill) and a person who  
25 becomes a member of the retirement system on or after that  
26 effective date, a total retirement allowance of 60% of the member's  
27 final compensation, plus 1% of final compensation multiplied by  
28 the number of years of creditable service over 25 but not over 30.

29 b. The supplementary "special" retirement allowance provided  
30 under subsection a. of this section shall be payable to any former  
31 member of the retirement system who, prior to the effective date of  
32 this act, P.L.2001, c.4, retired as a law enforcement officer member  
33 of the retirement system after having established 25 years of  
34 creditable service. The provisions of this subsection shall not be  
35 construed either to require a reduction in the retirement allowance  
36 payable to any retirant or to provide for the payment of any  
37 adjustment in such an allowance with respect to any period of time  
38 prior to the first day of the month following that effective date.

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

40  
41 54. Section 7 of P.L.1955, c.257 (C.43:15A-103) is amended to  
42 read as follows:

43 7. Upon the receipt of proper proofs of the death of a member  
44 who at the time of retirement was a law enforcement officer and  
45 who has retired on an accidental disability retirement allowance or  
46 after the effective date of P.L. , c. (pending before the  
47 Legislature as this bill) on a work-related disability retirement  
48 allowance, there shall be paid to such person, if living, as he shall

1 have nominated by written designation duly executed and filed  
2 with the board of trustees, otherwise to the executor or  
3 administrator of the member's estate, the sum of \$5,000.00 or the  
4 amount payable pursuant to section 46c of the act to which this act  
5 is a supplement, whichever is greater.

6 (cf: P.L.1955, c.257, s.7)

7  
8 55. Section 8 of P.L.1955, c.257 (C.43:15A-104) is amended to  
9 read as follows:

10 8. The percentage contribution rate of each member who is a  
11 law enforcement officer shall be fixed according to his age at the  
12 time of becoming a permanent and full-time employee of the State  
13 and shall be 1/2 of the total percentage contribution rate calculated  
14 for such age by the actuary of the board of trustees to be required  
15 to provide all benefits of service retirement, ordinary disability  
16 retirement, and termination of service benefits provided by this act  
17 and the act to which this act is a supplement. In the event that a  
18 member ceases to hold a position as a law enforcement officer  
19 although continuing his employment in a position covered by the  
20 Public Employees' Retirement System, his rate of contribution shall  
21 be fixed in accordance with the rates applicable at that time to  
22 persons becoming members who are not law enforcement officers,  
23 except that his age at the time of becoming a permanent full-time  
24 employee of the State shall be used in determining his rate of  
25 contribution.

26 Commencing with the payroll period for which the payroll date  
27 occurs on or immediately following July 1, 2011, all members shall  
28 contribute an additional 3% of compensation to the system. This  
29 additional contribution, however, shall not be used to reduce the  
30 employer normal contribution required pursuant to section 24 of  
31 P.L.1954, c.84 (C.43:15A-24).

32 (cf: P.L.1956, c.55, s.4)

33  
34 56. Section 2 of P.L.1972, c.167 (C.43:15A-136) is amended to  
35 read as follows:

36 2. Notwithstanding the provisions of section 25 of P.L.1954,  
37 c.84 (C.43:15A-25), (a) a separate account shall be established in  
38 the annuity savings fund for each member of the Legislature and all  
39 contributions based on legislative salaries shall be credited to this  
40 account as distinguished from any other account that the legislator  
41 may have as a result of other public service covered by the  
42 retirement system; and (b) the member of the Legislature shall  
43 contribute at a rate equal to 5% of his legislative salary, which  
44 contribution shall be deducted from his salary at the time or times it  
45 is paid, and which shall be exclusive of any other contribution  
46 required of the member for Social Security, contributory death  
47 benefits or deductions for any other purpose. The contribution rate

1 shall be 5.5% of the member's legislative salary beginning July 1,  
2 2007.

3 Commencing with the payroll period for which the payroll date  
4 occurs on or immediately following July 1, 2011, all members shall  
5 contribute an additional 3% of compensation to the system. This  
6 additional contribution, however, shall not be used to reduce the  
7 employer normal contribution required pursuant to section 24 of  
8 P.L.1954, c.84 (C.43:15A-24).

9 A member of the Legislature who is enrolled on the basis of  
10 other public service before, during, or after his service as a member  
11 of the Legislature shall contribute for such other service at the rate  
12 of contribution required of other members as provided by section  
13 25.

14 (cf: P.L.2007, c.103, s.3)

15

16 57. Section 3 of P.L.1972, c.167 (C.43:15A-137) is amended to  
17 read as follows:

18 3. Notwithstanding any other law regarding the purchase of  
19 service credit in the retirement system, a member of the Legislature  
20 may purchase credit for all previous legislative service by paying  
21 into the annuity savings fund 5%, and 5.5% after July 1, 2007, of  
22 the salaries he received in such prior periods, in which event he  
23 shall agree to make such purchase within 1 year after the effective  
24 date of this supplementary act or during the first year of  
25 membership as a member of the Legislature; if the request for the  
26 purchase is received beyond the 1-year period, interest shall be  
27 added to the amount of the arrearage obligation at the regular  
28 interest rate. Commencing with the effective date of this section of  
29 P.L. , c. (pending before the Legislature as this bill), the regular  
30 interest rate applicable to the annuity savings fund shall be 4  
31 percent. The purchase of such credit may be by lump sum or in  
32 regular installments over a maximum period of 10 years.

33 In the case of any member of the Legislature coming under the  
34 provisions of this section, full pension credit for the period of  
35 service for which arrears are being paid by the member shall be  
36 given upon the payment of at least 1/2 of the total arrearage  
37 obligation and the completion of 1 year of membership and the  
38 making of such arrears payments, except that in the case of  
39 retirement pursuant to P.L.1954, c.84, sections 38, 41(b), 48 and 61  
40 and to the provisions of this supplementary act, the total  
41 membership credit for such service shall be in direct proportion as  
42 the amount paid bears to the total amount of the arrearage  
43 obligation of the member.

44 The contributions of all members of the Legislature related to  
45 their legislative service shall be adjusted for all years prior to the  
46 effective date of this supplementary act to determine either an  
47 overpayment or shortage in the separate account, requiring the  
48 payment of contributions at the percentage of salary provided for in

1 this section. Overpayments shall be refunded and shortages shall be  
2 established as arrearage obligations to be satisfied in the same  
3 manner as any other arrearage obligation established pursuant to  
4 this section.

5 No member shall receive credit for any legislative service for  
6 which he has not contributed as required by this section.

7 (cf: P.L.2007, c.103, s.4)

8  
9 58. Section 4 of P.L.1972, c.167 (C.43:15A-138) is amended to  
10 read as follows:

11 4. A member, who has attained age 60 on the effective date of  
12 this section of P.L. , c. (pending before the Legislature as this  
13 bill) or who has 25 or more years of creditable service on that  
14 effective date and shall have attained the age of 60 years, and a  
15 member who has attained fewer than 25 years of creditable service  
16 and has not attained age 60 on that effective date and who has  
17 attained 65 years of age, upon retirement on the basis of legislative  
18 service, shall receive a retirement allowance consisting of:

19 a. an annuity which shall be the actuarial equivalent of his  
20 accumulated deductions together with regular interest, which rate of  
21 interest shall be 4 percent commencing with the effective date of  
22 this provision of this section of P.L. , c. (pending before the  
23 Legislature as this bill); and

24 b. a pension in the amount which, when added to the member's  
25 annuity, will provide a total retirement allowance of 3% of final  
26 compensation as a legislator, for each year of creditable service as a  
27 member of the Legislature. In no event shall the allowance payable  
28 under this section exceed two-thirds of final compensation.

29 c. The death benefit provided in P.L.1954, c. 84, s. 48(c) (C.  
30 43:15A-48c) shall apply in the case of any member retiring under  
31 the provisions of this section.

32 d. No member shall be eligible to retire pursuant to this section  
33 until he has terminated all public service covered by the retirement  
34 system.

35 (cf: P.L.1972, c.167, s.4)

36  
37 59. Section 3 of P.L.2001, c.259 (C.43:15A-144) is amended to  
38 read as follows:

39 3. a. Notwithstanding the provisions of section 25 of P.L.1954,  
40 c.84 (C.43:15A-25) to the contrary, a separate account shall be  
41 established in the annuity savings fund for each workers  
42 compensation judge and all contributions based on the judge's  
43 salary shall be credited to this account. This account shall be  
44 separate from any other account that the member may have as a  
45 result of other public service covered by the retirement system.

46 b. (1) A workers compensation judge shall contribute at a rate  
47 equal to 5% of the judge's salary, which contribution shall be  
48 deducted from the salary at the time or times it is paid, and which

1 shall be exclusive of any other contribution required of the member  
2 for Social Security, contributory death benefits or deductions for  
3 any other purpose. The contribution rate shall be 5.5% of the  
4 judge's salary effective with the payroll period for which the  
5 beginning date is closest to July 1, 2007.

6 (2) Commencing with the payroll period for which the payroll  
7 date occurs on or immediately following July 1, 2011, all members  
8 shall contribute an additional 3% of compensation to the system.  
9 This additional contribution, however, shall not be used to reduce  
10 the employer normal contribution required pursuant to section 24 of  
11 P.L.1954, c.84 (C.43:15A-24).

12 c. A workers compensation judge who is enrolled on the basis  
13 of other public service before, during, or after service as a judge of  
14 compensation shall contribute for such other service at the rate of  
15 contribution required of other members as provided by section 25.

16 (cf: P.L.2007, c.103, s.5)

17  
18 60. Section 5 of P.L.2001, c.259 (C.43:15A-146) is amended to  
19 read as follows:

20 5. Any workers compensation judge who has served at least 10  
21 years as a judge of compensation and attained the age of 70 years  
22 shall be retired and shall receive the retirement allowance  
23 prescribed by this section.

24 Any workers compensation judge who has served at least 15  
25 years as a judge of compensation and attained the age of 65 years,  
26 or served at least 20 years as a judge of compensation and attained  
27 the age of 60 years, may retire and receive the retirement allowance  
28 prescribed by this section. The retirement allowance shall consist  
29 of an annuity that shall be the actuarial equivalent of the member's  
30 accumulated deductions together with regular interest, which rate of  
31 interest shall be 4 percent commencing with the effective date of  
32 this section of P.L. , c. (pending before the Legislature as this  
33 bill), and a pension that, when added to the member's annuity, shall  
34 provide a retirement allowance during the remainder of the  
35 member's life in the amount equal to three-quarters of the member's  
36 final salary.

37 (cf: P.L.2001, c.259, s.5)

38  
39 61. Section 6 of P.L.2001, c.259 (C.43:15A-147) is amended to  
40 read as follows:

41 6. Any workers compensation judge who has:

42 a. served at least five years successively as a judge of  
43 compensation and attained the age of 65 years or more while  
44 serving in such office and has served at least 15 years of aggregate  
45 public service, or

46 b. served at least five years successively as a judge of  
47 compensation and attained the age of 60 years or more while  
48 serving in such office and has served at least 20 years of aggregate



1 public service, may retire and receive the retirement allowance  
2 prescribed by this section. The retirement allowance shall consist  
3 of an annuity that shall be the actuarial equivalent of the member's  
4 accumulated deductions together with regular interest, which rate of  
5 interest shall be 4 percent commencing with the effective date of  
6 this section of P.L. , c. (pending before the Legislature as this  
7 bill), and a pension that, when added to the member's annuity, shall  
8 provide a retirement allowance during the remainder of the  
9 member's life in an amount equal to one-half of the member's final  
10 salary.

11 (cf: P.L.2001, c.259, s.6)

12  
13 62. Section 7 of P.L.2001, c.259 (C.43:15A-148) is amended to  
14 read as follows:

15 7. Any workers compensation judge who has served at least  
16 five years successively as a judge of compensation and at least 25  
17 years of aggregate public service, and who resigns or is not  
18 reappointed before reaching age 60, may elect "early" retirement,  
19 provided, that such election is communicated by the member to the  
20 retirement system by filing a written application, duly attested,  
21 stating at what time subsequent to the execution and filing thereof  
22 the member desires to be retired. Any member of the retirement  
23 system, eligible to retire under the provisions of this section, shall  
24 receive a retirement allowance consisting of an annuity which shall  
25 be the actuarial equivalent of the member's accumulated deductions  
26 together with regular interest, which rate of interest shall be 4  
27 percent commencing with the effective date of this section of  
28 P.L. , c. (pending before the Legislature as this bill), and a  
29 pension which, when added to the member's annuity, shall provide a  
30 retirement allowance during the remainder of the member's life in  
31 the amount of 2% of the member's final salary multiplied by the  
32 number of years of service up to 25 plus 1% of the member's final  
33 salary multiplied by the number of years of service over 25. Such  
34 retirement allowance shall be reduced in accordance with a table of  
35 actuarial equivalents recommended by the actuary and adopted by  
36 the retirement system reflecting all months that the member lacks of  
37 being age 60. The board of trustees shall retire the member at the  
38 time specified or at such other time within one month after the date  
39 so specified as the board finds advisable.

40 (cf: P.L.2001, c.259, s.7)

41  
42 63. Section 8 of P.L.2001, c.259 (C.43:15A-149) is amended to  
43 read as follows:

44 8. Any workers compensation judge who has served at least  
45 five years successively as a judge of compensation and at least 10  
46 years of aggregate public service, and who resigns or is not  
47 reappointed before reaching age 60, and not by removal for cause  
48 on charges of misconduct or delinquency, may elect to receive:

1       a. all of the member's accumulated deductions standing to the  
2 credit of the member's individual account in the annuity savings  
3 fund as provided under subsection a. of section 41 of P.L.1954, c.84  
4 (C.43:15A-41), or

5       b. a deferred retirement allowance, beginning on the first day  
6 of the month following the member's attainment of age 60 and the  
7 filing of an application therefor, which shall consist of an annuity  
8 derived from the accumulated deductions standing to the credit of  
9 the member's account in the annuity savings fund at the time of  
10 severance from service together with regular interest which shall be  
11 4 percent commencing with the effective date of this section of  
12 P.L. , c. (pending before the Legislature as this bill), and a  
13 pension which, when added to the annuity, shall produce a  
14 retirement allowance in the amount of 2% of the member's final  
15 salary multiplied by the number of years of service up to 25 plus  
16 1% of the member's final salary multiplied by the number of years  
17 of service over 25, provided that such inactive member may elect to  
18 receive payments provided under section 7 of this act, P.L.2001,  
19 c.259 (C.43:15A-148), if the member had qualified under that  
20 section at the time of leaving service, except that in order to avail  
21 the member of the option, the member shall exercise such option at  
22 least one month before the effective date of retirement.

23       If such inactive member shall die after attaining age 60 but  
24 before filing an application for retirement benefits pursuant to this  
25 section or section 7 of this act and for which benefits the member  
26 would have qualified, or in the event of death after retirement, there  
27 shall be paid to such member's beneficiary the death benefits  
28 prescribed by section 10 of this act.

29       No beneficiary shall be eligible for a pension or survivor's  
30 benefit if the member who elected to receive a deferred pension  
31 shall die before attaining age 60. Upon receipt of the proper proofs  
32 of death, the beneficiary of a member who elects to receive a  
33 deferred retirement allowance shall be paid the member's  
34 accumulated deductions at the time of death together with regular  
35 interest.

36       Any member who, having elected to receive a deferred pension  
37 or deferred retirement allowance, again becomes a member while  
38 under the age of 60, shall thereupon be reenrolled. The member  
39 shall be credited with all service as a member standing to the  
40 member's credit at the time of the member's election to receive a  
41 deferred pension or deferred retirement allowance.

42 (cf: P.L.2001, c.259, s.8)

43  
44       64. Section 3 of P.L.2001, c.366 (C.43:15A-157) is amended to  
45 read as follows:

46       3. a. Notwithstanding the provisions of section 25 of P.L.1954,  
47 c.84 (C.43:15A-25) to the contrary, a separate account shall be  
48 established in the annuity savings fund for each prosecutor and all

1 contributions based on the prosecutor's salary shall be credited to  
2 this account.

3 b. A prosecutor shall contribute at a rate [established by the  
4 board] of 8.5% of salary, which contribution shall be deducted from  
5 the salary at the time or times it is paid, and which shall be  
6 exclusive of any other contribution required of the prosecutor for  
7 Social Security, contributory death benefits or deductions for any  
8 other purpose.

9 c. A prosecutor who is enrolled on the basis of other public  
10 service before, during, or after service as a prosecutor shall  
11 contribute for such other service at the rate of contribution required  
12 of other members as provided by section 25.

13 (cf: P.L.2001, c.366, s.3)  
14

15 65. Section 4 of P.L.2001, c.366 (C.43:15A-158) is amended to  
16 read as follows:

17 4. a. Any member of the Prosecutors Part who has attained age  
18 55 years may retire on a service retirement allowance by filing with  
19 the retirement system a written application, duly attested, stating at  
20 what time subsequent to the execution and filing thereof the  
21 member desires to be retired. The board of trustees shall retire the  
22 member at the time specified or at such other time within one month  
23 after the date so specified as the board finds advisable. Any  
24 prosecutor in service who attains age 70 years shall be retired by the  
25 board of trustees on a service retirement allowance forthwith on the  
26 first day of the next calendar month or at such time within one  
27 month thereafter as it finds advisable, except that a prosecutor  
28 attaining age 70 years may be continued in service on an annual  
29 basis upon written notice to the retirement system by the Attorney  
30 General or the Board of Chosen Freeholders of the county  
31 employing the prosecutor.

32 b. Upon retirement for service a prosecutor shall receive a  
33 service retirement allowance which shall consist of:

34 (1) An annuity which shall be the actuarial equivalent of the  
35 prosecutor's aggregate contributions and

36 (2) A pension in the amount which, when added to the  
37 prosecutor's annuity, will provide a total retirement allowance of  
38 one-sixtieth of average final compensation multiplied by the  
39 number of years of creditable service, or 2% of average final  
40 compensation multiplied by the number of years of creditable  
41 service up to 30 plus 1% of average final compensation multiplied  
42 by the number of years of creditable service over 30, or 50% of  
43 final compensation if the prosecutor has established 20 or more  
44 years of creditable service, whichever is greater.

45 c. Any prosecutor as of the effective date of P.L.2001, c.366  
46 (C.43:15A-155 et seq.) who has 20 or more years of creditable  
47 service at the time of retirement shall be entitled to receive a  
48 retirement allowance equal to 50% of final compensation plus, in

1 the case of a prosecutor required to retire pursuant to the provisions  
2 of subsection a. of this section, ~~3%~~ 2% of final compensation  
3 multiplied by the number of years of creditable service over 20 but  
4 not over 25.

5 d. Upon the receipt of proper proofs of the death of a  
6 prosecutor who has retired on a service retirement allowance, there  
7 shall be paid to the prosecutor's beneficiary an amount equal to one-  
8 half of the compensation upon which contributions by the  
9 prosecutor to the annuity savings fund were based in the last year of  
10 creditable service.

11 (cf: P.L.2001, c.366, s.4)

12  
13 66. Section 5 of P.L.2001, c.366 (C.43:15A-159) is amended to  
14 read as follows:

15 5. Should a member of the Prosecutors Part resign after having  
16 established 25 years of creditable service, the prosecutor may elect  
17 "special retirement," provided, that such election is communicated  
18 by the prosecutor to the retirement system by filing a written  
19 application, duly attested, stating at what time subsequent to the  
20 execution and filing thereof the prosecutor desires to be retired.  
21 The prosecutor shall receive, in lieu of the payment provided in  
22 section 4 of P.L.2001, c.366 (C.43:15A-158), a retirement  
23 allowance which shall consist of:

24 (1) An annuity which shall be the actuarial equivalent of the  
25 prosecutor's aggregate contributions and

26 (2) A pension in the amount which, when added to the  
27 prosecutor's annuity, will provide (a) for a member with 25 or more  
28 years of creditable service on the effective date of this section of  
29 P.L. , c. (pending before the Legislature as this bill), a total  
30 retirement allowance of 65% of final compensation, plus 1% of  
31 final compensation multiplied by the number of years of creditable  
32 service over 25 but not over 30 or (b) for a member with fewer than  
33 25 years of creditable service on the effective date of this section of  
34 P.L. , c. (pending before the Legislature as this bill) and a person  
35 who becomes a member of the retirement system on or after that  
36 effective date, a total retirement allowance of 60% of final  
37 compensation, plus 1% of final compensation multiplied by the  
38 number of years of creditable service over 25 but not over 30.

39 The board of trustees shall retire the prosecutor at the time  
40 specified or at such other time within one month after the date so  
41 specified as the board finds advisable.

42 Upon the receipt of proper proofs of the death of such a retirant,  
43 there shall be paid to the retirant's beneficiary an amount equal to  
44 one-half of the final compensation received by the prosecutor.

45 (cf: P.L.2001, c.366, s.5)

46  
47 67. Section 1 of P.L.2007, c.92 (C.43:15C-1) is amended to read  
48 as follows:

1       1. There is hereby established in the Department of the  
2 Treasury a Defined Contribution Retirement Program. The program  
3 design shall be one that is permitted for governmental plans under  
4 the federal Internal Revenue Code as determined by the State  
5 Treasurer. The retirement program is deemed to be a pension fund  
6 or retirement system for purposes of P.L.1968, c.23 (C.43:3C-1 et  
7 seq.).

8       The State Treasurer may adopt, pursuant to the "Administrative  
9 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a plan  
10 document by regulation which incorporates the plan document by  
11 reference and may adopt other rules and regulations as necessary to  
12 implement the provisions of sections 1 through 15 of P.L.2007, c.92  
13 (C.43:15C-1 et seq.), except that notwithstanding the provisions of  
14 P.L.1968, c.410 to the contrary, the State Treasurer may adopt,  
15 immediately upon filing with the Office of Administrative Law,  
16 such plan document and rules and regulations as the State Treasurer  
17 deems necessary to implement the provisions of sections 1 through  
18 15 of P.L.2007, c.92 (C.43:15C-1 et seq.), which shall be effective  
19 for a period not to exceed 12 months and shall thereafter be adopted  
20 or re-adopted by the State Treasurer in accordance with the  
21 provisions of P.L.1968, c.410.

22       For the purposes of the Defined Contribution Retirement  
23 Program:

24       "Base salary" means a participant's regular base salary; except  
25 that for a participant pursuant to paragraph (5) of subsection a. of  
26 section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12  
27 of P.L.2007, c.103, it shall mean the excess over the maximum  
28 compensation as specified in that paragraph. It shall exclude  
29 overtime or other forms of extra compensation, including but not  
30 limited to, longevity lump sum payments, lump sum terminal sick  
31 leave or vacation pay, the value of maintenance, individual pay  
32 adjustments made within or at the conclusion of the participant's  
33 final year of service, retroactive salary adjustments or other pay  
34 adjustments made in the participant's final year of service unless the  
35 adjustment was made as a result of a general pay adjustment for all  
36 personnel of the public office or agency in which the participant is  
37 employed, or any unscheduled individual adjustment made in the  
38 final year to place the participant at the maximum salary level  
39 within salary range.

40       "Employer" means the State or a political subdivision thereof, or  
41 an agency, board, commission, authority or instrumentality of the  
42 State or a subdivision, that pays the base salary of a participant for  
43 services rendered by the participant.

44       "Normal retirement age" means age 65.

45       "Retirement program" means the Defined Contribution  
46 Retirement Program established by this section.  
47 (cf: P.L.2007, c.103, s.11)

1       68. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read  
2 as follows:

3       2. a. The following persons shall be eligible and shall  
4 participate in the Defined Contribution Retirement Program:

5       (1) A person who commences service on or after the effective  
6 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an  
7 elective public office of this State or of a political subdivision  
8 thereof, except that it shall not include a person who holds elective  
9 public office on the effective date of this section and is enrolled in  
10 the Public Employees' Retirement System while that person  
11 continues to hold that elective public office without a break in  
12 service. Service in the Legislature shall be considered a single  
13 elective public office.

14       (2) A person who commences service on or after the effective  
15 date of this section in an employment, office or position of the State  
16 or of a political subdivision thereof, or an agency, board,  
17 commission, authority or instrumentality of the State or of a  
18 subdivision, pursuant to an appointment by the Governor that  
19 requires the advice and consent of the Senate, or pursuant to an  
20 appointment by the Governor to serve at the pleasure of the  
21 Governor only during his or her term of office. This paragraph shall  
22 not be deemed to include a person otherwise eligible for  
23 membership in the State Police Retirement System or the Judicial  
24 Retirement System.

25       (3) A person who commences service on or after the effective  
26 date of this section in an employment, office or position in a  
27 political subdivision of the State, or an agency, board, commission,  
28 authority or instrumentality of a subdivision, pursuant to an  
29 appointment by an elected public official or elected governing  
30 body, that requires the specific consent or approval of the elected  
31 governing body of the political subdivision that is substantially  
32 similar in nature to the advice and consent of the Senate for  
33 appointments by the Governor of the State as that similarity is  
34 determined by the elected governing body and set forth in an  
35 adopted ordinance or resolution, pursuant to guidelines or policy  
36 that shall be established by the Local Finance Board in the  
37 Department of Community Affairs or the Department of Education,  
38 as appropriate to the elected governing body. This paragraph shall  
39 not be deemed to include a person otherwise eligible for  
40 membership in the Teachers' Pension and Annuity Fund or the  
41 Police and Firemen's Retirement System, or a person who is  
42 employed or appointed in the regular or normal course of  
43 employment or appointment procedures and consented to or  
44 approved in a general or routine manner appropriate for and  
45 followed by the political subdivision, or the agency, board,  
46 commission, authority or instrumentality of a subdivision, or a  
47 person who holds a professional license or certificate to perform  
48 and is performing as a certified health officer, tax assessor, tax

1 collector, municipal planner, chief financial officer, registered  
2 municipal clerk, construction code official, licensed uniform  
3 subcode inspector, qualified purchasing agent, or certified public  
4 works manager.

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

9 (5) A member of the Teachers' Pension and Annuity Fund,  
10 Police and Firemen's Retirement System, State Police Retirement  
11 System, or the Public Employees' Retirement System for whom  
12 compensation is defined as the amount of base or contractual salary  
13 equivalent to the annual maximum wage contribution base for  
14 Social Security, pursuant to the Federal Insurance Contributions  
15 Act, for contribution and benefit purposes of those retirement  
16 systems, for whom participation in this retirement program shall be  
17 with regard to any excess over the maximum compensation only.

18 (6) A person in employment, office or position for which the  
19 annual salary or remuneration is less, or the hours of work per week  
20 are fewer, than that which is required to become a member of the  
21 Teachers' Pension and Annuity Fund or the Public Employees'  
22 Retirement System, or to make contributions to those systems as a  
23 member on the basis of any such employment, office or position,  
24 after November 1, 2008.

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

28 (1) the base salary for that employment, office, or position is  
29 less than \$5,000 per year;

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

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

40 (4) the person is an officer or employee of a political  
41 subdivision of this State or of a board of education, or of any  
42 agency, authority or instrumentality thereof, who is ineligible for  
43 membership in the Public Employees' Retirement System pursuant  
44 to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

45 c. A person eligible and required to participate in the  
46 retirement program pursuant to paragraph (5) of subsection a. of  
47 this section may elect to waive participation with regard to that  
48 employment, office, or position by filing, when first eligible, on a

1 form required by the division, a written waiver with the Division of  
2 Pensions and Benefits that waives all rights and benefits that would  
3 otherwise be provided by the retirement program. ~~【Such】~~ To the  
4 extent permitted by the federal Internal Revenue Code, such a  
5 person may thereafter elect to participate in the retirement program  
6 by filing, on a form required by the division, a written election to  
7 participate in the retirement program and participation in the  
8 retirement program pursuant to such election shall commence on  
9 the January 1 next following the filing of the election to participate.

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

16 e. Membership or participation in the Defined Contribution  
17 Retirement Program shall terminate and the individual shall be  
18 considered retired once he or she has (1) attained normal retirement  
19 age as defined under section 1 of P.L.2007, c.92 (C.43:15C-1) and  
20 (2) elected to receive a cash distribution upon separation from  
21 service or an annuity option from the individual's retirement  
22 account. Notwithstanding the foregoing provision, a member  
23 receiving a cash distribution or an annuity option upon separation  
24 from service from the individual's retirement account, the amount  
25 of such computed by using only those funds provided through  
26 employee contributions, as provided under subsection a. of section  
27 3 of P.L.2007, c.92 (C.43:15C-3), plus or minus any investment  
28 gains or losses, shall not be considered retired from the Defined  
29 Contribution Retirement Program.

30 (cf: P.L.2010, c.1, s.7)

31  
32 69. Section 3 of P.L.2007, c.92 (C.43:15C-3) is amended to read  
33 as follows:

34 3. a. The employer shall reduce the compensation of each  
35 participant in the Defined Contribution Retirement Program and pay  
36 over to the plan provider for the benefit of the participant an  
37 employee contribution for the retirement benefit contract or  
38 contracts equal to 5.5% of the participant's base salary. At the  
39 option and request of a participant, the employer shall reduce the  
40 compensation of the participant for additional contributions as  
41 permitted by the federal Internal Revenue Code. The intervals for  
42 reductions and payments shall be determined by the Division of  
43 Pensions and Benefits.

44 All required participant contributions shall be made in  
45 accordance with section 414(h) of the federal Internal Revenue  
46 Code (26 U.S.C. s.414(h)). All optional contributions made by a  
47 participant shall be made to the State Employees Deferred  
48 Compensation Plan, established pursuant to P.L.1978, c.39



1 (C.52:18A-163 et seq.), or to a deferred compensation plan  
2 established pursuant to P.L.1977, c.381 (C.43:15B-1 et seq.),  
3 whichever the participant is eligible to participate in pursuant to the  
4 action of the employer of the participant, in accordance with section  
5 457(b) of the federal Internal Revenue Code (26 U.S.C. s.457(b)).

6 b. The employer shall make payment of the employer  
7 contributions to the program at a rate equal to 3% of the employee's  
8 base salary, which moneys shall be paid to the designated provider  
9 for the benefit of each participant. Additionally, employers shall  
10 pay their share of the administrative costs of the program. The  
11 intervals for all payments and the allocation of administrative costs  
12 shall be determined by the Division of Pensions and Benefits  
13 including due dates and penalties for noncompliance.

14 c. No employer contributions shall be vested in a participant  
15 until after the participant commences the second year of  
16 employment unless the participant, at the time of initial  
17 employment, either (1) participates in a program substantially  
18 similar to the retirement program, or (2) is a member of another  
19 State-administered pension fund or retirement system.  
20 (cf: P.L.2007, c.103, s.6)

21  
22 70. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to  
23 read as follows:

24 1. As used in this act:

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

28 (2) (a) "Policeman" shall mean a permanent, full-time employee  
29 of a law enforcement unit as defined in section 2 of P.L.1961, c.56  
30 (C.52:17B-67) or the State, other than an officer or trooper of the  
31 Division of State Police whose position is covered by the State  
32 Police Retirement System, whose primary duties include the  
33 investigation, apprehension or detention of persons suspected or  
34 convicted of violating the criminal laws of the State and who:

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

37 (ii) has police powers;

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

42 (iv) is subject to the physical and mental fitness requirements  
43 applicable to the position of municipal police officer established by  
44 an agency authorized to establish these requirements on a Statewide  
45 basis, or comparable physical and mental fitness requirements as  
46 determined by the board of trustees.

47 The term shall also include an administrative or supervisory  
48 employee of a law enforcement unit or the State whose duties

1 include general or direct supervision of employees engaged in  
2 investigation, apprehension or detention activities or training  
3 responsibility for these employees and a requirement for  
4 engagement in investigation, apprehension or detention activities if  
5 necessary, and who is authorized to carry a firearm while in the  
6 actual performance of his official duties and has police powers.

7 (b) "Fireman" shall mean a permanent, full-time employee of a  
8 firefighting unit whose primary duties include the control and  
9 extinguishment of fires and who is subject to the training and  
10 physical and mental fitness requirements applicable to the position  
11 of municipal firefighter established by an agency authorized to  
12 establish these requirements on a Statewide basis, or comparable  
13 training and physical and mental fitness requirements as determined  
14 by the board of trustees. The term shall also include an  
15 administrative or supervisory employee of a firefighting unit whose  
16 duties include general or direct supervision of employees engaged  
17 in fire control and extinguishment activities or training  
18 responsibility for these employees and a requirement for  
19 engagement in fire control and extinguishment activities if  
20 necessary. As used in this paragraph, "firefighting unit" shall mean  
21 a municipal fire department, a fire district, or an agency of a county  
22 or the State which is responsible for control and extinguishment of  
23 fires.

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

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

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

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

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

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

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

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

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

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

9       (13) "Retirement allowance" shall mean the pension plus the  
10 annuity.

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

17       (15) "Average final compensation" shall mean final  
18 compensation.

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

22       (17) "Annuity reserve" shall mean the present value of all  
23 payments to be made on account of any annuity or benefit in lieu of  
24 any annuity computed upon the basis of such mortality tables  
25 recommended by the actuary as shall be adopted by the board of  
26 trustees, and regular interest.

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

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

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

38       (21) "Child" shall mean a deceased member's or retirant's  
39 unmarried child (a) under the age of 18, or (b) 18 years of age or  
40 older and enrolled in a secondary school, or (c) under the age of 24  
41 and enrolled in a degree program in an institution of higher  
42 education for at least 12 credit hours in each semester, provided that  
43 the member died in active service as a result of an accident met in  
44 the actual performance of duty at some definite time and place, and  
45 the death was not the result of the member's willful misconduct, or  
46 (d) of any age who, at the time of the member's or retirant's death, is  
47 disabled because of an intellectual disability or physical incapacity,  
48 is unable to do any substantial, gainful work because of the

1 impairment and his impairment has lasted or can be expected to last  
2 for a continuous period of not less than 12 months, as affirmed by  
3 the medical board.

4 (22) "Parent" shall mean the parent of a member who was  
5 receiving at least one-half of his support from the member in the  
6 12-month period immediately preceding the member's death or the  
7 accident which was the direct cause of the member's death. The  
8 dependency of such a parent will be considered terminated by  
9 marriage of the parent subsequent to the death of the member.

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

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

22 (c) A public employer other than the State may adopt a  
23 resolution providing that the term "widower" as defined in  
24 paragraph (b) of this subsection shall include domestic partners as  
25 provided in paragraph (a) of this subsection.

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

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

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

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

44 (26) (a) "Compensation" shall mean the base salary, for services  
45 as a member as defined in this act, which is in accordance with  
46 established salary policies of the member's employer for all  
47 employees in the same position but shall not include individual  
48 salary adjustments which are granted primarily in anticipation of

1 the member's retirement or additional remuneration for performing  
2 temporary duties beyond the regular workday.

3 (b) In the case of a person who becomes a member of the  
4 retirement system on or after the effective date of P.L.2010, c.1,  
5 "compensation" means the amount of base salary equivalent to the  
6 annual maximum wage contribution base for Social Security,  
7 pursuant to the Federal Insurance Contributions Act, for services as  
8 a member as defined in this act, 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 duties beyond the regular workday.

14 (27) "Department" shall mean any police or fire department of a  
15 municipality or a fire department of a fire district located in a  
16 township or a county police or park police department or the  
17 appropriate department of the State or instrumentality thereof.

18 (28) (a) In the case of a member with 25 or more years of  
19 creditable service or who has attained normal retirement age on the  
20 effective date of this section of P.L. , c. (pending before the  
21 Legislature as this bill), **["Final"]** final compensation" means the  
22 compensation received by the member in the last 12 months of  
23 creditable service preceding his retirement or death.

24 (b) In the case of a member with fewer than 25 years of  
25 creditable service and who has not attained normal retirement age  
26 on the effective date of this section of P.L. , c. (pending before  
27 the Legislature as this bill) and a person who becomes a member of  
28 the retirement system on or after the effective date of P.L.2010, c.1,  
29 "final compensation" means the average annual compensation for  
30 service for which contributions are made during any three fiscal  
31 years of membership providing the largest possible benefit to the  
32 member or the member's beneficiary.

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

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

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

38 (b) Subject to the provisions of paragraph (c) of this subsection,  
39 "spouse," for employees of public employers other than the State,  
40 means the husband or wife of a member.

41 (c) A public employer other than the State may adopt a  
42 resolution providing that the term "spouse" as defined in paragraph  
43 (b) of this subsection shall include domestic partners as provided in  
44 paragraph (a) of this subsection.

45 (32) "Normal retirement age" means the age at which the  
46 member is first eligible for a service retirement based on age under  
47 section 5 of P.L.1944, c.255 (C.43:16A-5).

48 (cf: P.L.2010, c.50, s.74)

1       71. Section 1 of P.L.1968, c.325 (C.43:16A-3.4) is amended to  
2 read as follows:

3       1. a. **【Any】** (1) Prior to the effective date of this section of  
4 P.L. , c. (pending before the Legislature as this bill), any  
5 member elected to public office may continue to be a member  
6 during the time he remains in such public office. The member's rate  
7 of contribution to the retirement system as applied to his salary as  
8 an elected official shall be the same rate, established pursuant to  
9 section 15 of P.L.1944, c. 255 (C. 43:16A-15), he paid prior to  
10 assuming elective office. The employer of the elected official shall  
11 make the employer's normal contribution and any accrued liability  
12 contribution to the retirement system on the basis of the member's  
13 salary as an elected official as provided in section 15 of P.L.1944,  
14 c. 255 (C.43:16A-15) for so long as such member holds elective  
15 office and remains a member of the retirement system.

16       (2) Except as provided by section 1 of P.L.1976, c.134  
17 (C.43:16A-3.5), elected officials commencing service on or after  
18 the effective date of this section of P.L. , c. (pending before the  
19 Legislature as this bill) shall not be eligible for membership in the  
20 retirement system based on service in the elective public office,  
21 except that an elected official enrolled in the retirement system as  
22 of that effective date who continues to hold that elective public  
23 office without a break in service shall be eligible to continue  
24 membership in the retirement system under the terms and  
25 conditions of enrollment.

26       b. Any member of the retirement system who on the effective  
27 date of **【this amendatory act】** P.L.1981, c. 30 (C.43:16A-3.4) is an  
28 elected official and whose membership in the retirement system has  
29 been continued pursuant to the provisions of the act of which this  
30 act is amendatory shall have his rate of contribution thereto adjusted  
31 in accordance with the provisions of subsection a. of this section.  
32 The employer of the elected official shall make contributions to the  
33 retirement system on behalf of the member as provided in  
34 subsection a. of this section. No member who realizes a reduction  
35 in his rate of contribution as a result of subsection a. of this section  
36 shall be entitled to a refund of any contributions made to the  
37 retirement system prior to the effective date of **【this amendatory**  
38 **act】** P.L.1981, c. 30 (C.43:16A-3.4) which exceed the amount he  
39 would have contributed had his rate of contribution as an elected  
40 official enrolled in the retirement system been the same as provided  
41 by **【this amendatory act】** P.L.1981, c. 30 (C.43:16A-3.4).  
42 (cf: P.L.1981, c. 30, s. 1)  
43

44       72. Section 1 of P.L.1976, c.134 (C.43:16A-3.5) is amended to  
45 read as follows:

46       1. Any member of the Police and Firemen's Retirement System  
47 of New Jersey who has been or shall be elected to the position of

1   sheriff or who has accepted or shall accept appointment to the office  
2   or position of undersheriff may, by irrevocable written notification  
3   to the Director of the Division of Pensions and the county  
4   treasurer, elect to continue to be a member of the retirement system  
5   while serving as sheriff or undersheriff and shall be deemed to  
6   have waived any and all benefits to which he would otherwise be  
7   entitled by eligibility for membership in the Public Employees'  
8   Retirement System. The county treasurer shall make deductions  
9   from the salary of the sheriff or undersheriff and contributions on  
10   his behalf to the Police and Firemen's Retirement System as is  
11   required by law for members of that system.

12   (cf: P.L.1976, c. 134, s. 1)

13

14       73. Section 1 of P.L.1993, c.247 (C.43:16A-3.8) is amended to  
15   read as follows:

16       1.   a. The following are eligible, regardless of age, to become  
17   members of the Police and Firemen's Retirement System of New  
18   Jersey (PFRS) as provided in this supplementary act:

19       (1) any policeman or fireman employed on the effective date of  
20   this supplementary act by a municipality, which was not required to  
21   participate in PFRS under section 3 of P.L.1944, c.255 (C.43:16A-  
22   3) and has not adopted that act, who meets the requirements for  
23   membership in PFRS as set forth in the definitions of "Policeman"  
24   and "Fireman" in section 1 of that act, as amended and  
25   supplemented, and who is enrolled in the Public Employees'  
26   Retirement System of New Jersey (PERS) on that date;

27       (2) any policeman employed on the effective date of this  
28   supplementary act by a county who is enrolled in PERS on that  
29   date;

30       (3) any sheriff's officer, sergeant sheriff's officer, lieutenant  
31   sheriff's officer, captain sheriff's officer, chief sheriff's officer, or  
32   sheriff's investigator employed on the effective date of this  
33   supplementary act in the offices of the county sheriffs who is  
34   enrolled in PERS on that date;

35       (4) any correction officer, senior correction officer, correction  
36   officer sergeant, correction officer lieutenant, correction officer  
37   captain, investigator, senior investigator, principal investigator,  
38   assistant chief investigator, chief investigator, or director of custody  
39   operations I, II, III employed on the effective date of this  
40   supplementary act in the Department of Corrections who is enrolled  
41   in PERS on that date;

42       (5) any county correction officer, county correction sergeant,  
43   county correction lieutenant, county correction captain, or county  
44   deputy warden employed on the effective date of this  
45   supplementary act in the several county jails who is enrolled in  
46   PERS on that date;

47       (6) any principal inspector employed on the effective date of  
48   this supplementary act in the Alcoholic Beverage Control

1 Enforcement Bureau, Department of Law and Public Safety who is  
2 enrolled in PERS on that date;

3 (7) any police officer, police sergeant, or police lieutenant  
4 employed on the effective date of this supplementary act in the  
5 Department of Human Services who is enrolled in PERS on that  
6 date; and

7 (8) any fireman employed on the effective date of this  
8 supplementary act by a fire district in which the provisions of  
9 P.L.1944, c.255 (C.43:16A-1 et seq.) are not operative who meets  
10 the requirements for membership in PFRS as set forth in the  
11 definition of "Fireman" in section 1 of that act, as amended and  
12 supplemented, and who is enrolled in PERS on that date.

13 b. Any person eligible pursuant to subsection a. of this section  
14 to become a member of PFRS may, regardless of age, transfer  
15 membership from PERS to PFRS in accordance with the provisions  
16 of the law and regulations governing the retirement system relative  
17 to interfund transfers by waiving, within 90 days of the effective  
18 date of this supplementary act, all rights and benefits which would  
19 otherwise be provided by PERS. If an eligible person does not file  
20 a timely waiver of PERS benefits, the person's pension status shall  
21 remain unchanged and the person's membership shall not be  
22 transferred to PFRS. Transfers under this section shall take effect  
23 on the first day of the first full calendar month following the  
24 effective date of this supplementary act by at least 180 days. PERS  
25 shall transmit to PFRS an amount equal to the present value of the  
26 benefit under PERS accrued to the date of transfer by each person  
27 transferring to PFRS. The service credit accrued in PERS to the  
28 date of transfer shall be transferred to PFRS and may be used to  
29 meet any service credit requirement for benefits under PFRS. Any  
30 benefit of a member who transfers membership from PERS to PFRS  
31 under this supplementary act based upon service credit shall be the  
32 amount of benefit determined as provided under PFRS based upon  
33 the total amount of service credit multiplied by the ratio of the  
34 service credit under PFRS from the date of transfer to the total  
35 amount of service credit, plus a benefit comparable to a PERS  
36 deferred, early or regular service retirement benefit, as appropriate,  
37 based upon the age of the member at the time of retirement and the  
38 amount of PERS service credit transferred to PFRS, determined as  
39 provided under the law and regulations governing PERS for the  
40 benefit. The total amount of service credit in PFRS, including the  
41 transferred PERS service credit, may be used to meet the service  
42 credit requirement for the benefit comparable to a PERS deferred or  
43 early retirement benefit, but the benefit shall be calculated only on  
44 the transferred PERS service credit.

45 Active and retired death benefits, accidental death benefits, and  
46 ordinary and **【accidental】** work-related disability retirement  
47 benefits for members transferring to PFRS under this supplementary  
48 act shall be the benefits provided under PFRS.



1 For members transferring to PFRS under this supplementary act,  
2 the widows' or widowers' pensions provided under section 26 of  
3 P.L.1967, c.250 (C.43:16A-12.1) shall be the amount of the benefit  
4 determined as provided in section 26 multiplied by the ratio of the  
5 service credit under PFRS from the date of transfer to the total  
6 amount of service credit. Transferring members shall be entitled to  
7 elect optional retirement allowances for the portions of their  
8 retirement benefits based upon their PERS service credit as  
9 provided under the laws and regulations governing selection of  
10 optional retirement allowances under PERS.

11 (cf: P.L.1993, c.247, s.1)

12

13 74. Section 1 of P.L.2005, c.326 (C.43:16A-3.15) is amended to  
14 read as follows:

15 1. a. Upon the approval by the municipal governing body, any  
16 fireman employed by a municipality on the effective date of this act  
17 who (1) was not eligible for membership in the Police and  
18 Firemen's Retirement System (PFRS), established pursuant to  
19 P.L.1944, c.255 (C.43:16A-1 et seq.), at the time of appointment to  
20 a paid position pursuant to N.J.S.40A:14-42 through 40A:14-44, (2)  
21 meets the requirements for membership in the retirement system as  
22 set forth in the definition of "fireman" in section 1 of P.L.1944,  
23 c.255 (C.43:16A-1) and (3) is enrolled in the Public Employees'  
24 Retirement System of New Jersey (PERS), established pursuant to  
25 P.L.1954, c.84 (C.43:15A-1 et seq.), on the effective date of this  
26 act, is eligible to become a member of PFRS, regardless of age, and  
27 may transfer membership from PERS to PFRS in accordance with  
28 the provisions of the law and regulations governing the retirement  
29 system relative to interfund transfers by waiving, within 90 days of  
30 the effective date of this act, all rights and benefits which would  
31 otherwise be provided by PERS. If an eligible person does not file  
32 a timely waiver of PERS benefits, the person's pension status shall  
33 remain unchanged and the person's membership shall not be  
34 transferred to PFRS. Transfers under this section shall take effect  
35 on the first day of the first full calendar month following the  
36 effective date of this act by at least 180 days. PERS shall transmit  
37 to PFRS an amount equal to the present value of the benefit under  
38 PERS accrued to the date of transfer by each person transferring to  
39 PFRS. The service credit accrued in PERS to the date of transfer  
40 shall be transferred to PFRS and may be used to meet any service  
41 credit requirement for benefits under PFRS. Any benefit of a  
42 member who transfers membership from PERS to PFRS under this  
43 act based upon service credit shall be the amount of benefit  
44 determined as provided under PFRS based upon the total amount of  
45 service credit multiplied by the ratio of the service credit under  
46 PFRS from the date of transfer to the total amount of service credit,  
47 plus a benefit comparable to a PERS deferred, early or regular  
48 service retirement benefit, as appropriate, based upon the age of the

1 member at the time of retirement and the amount of PERS service  
2 credit transferred to PFRS, determined as provided under the law  
3 and regulations governing PERS for the benefit. The total amount  
4 of service credit in PFRS, including the transferred PERS service  
5 credit, may be used to meet the service credit requirement for the  
6 benefit comparable to a PERS deferred or early retirement benefit,  
7 but the benefit shall be calculated only on the transferred PERS  
8 service credit.

9 Active and retired death benefits, accidental death benefits, and  
10 ordinary and **【accidental】** work-related disability retirement  
11 benefits for members transferring to PFRS under this act shall be  
12 the benefits provided under PFRS.

13 For members transferring to PFRS under this act, the widows' or  
14 widowers' pensions provided under section 26 of P.L.1967, c.250  
15 (C.43:16A-12.1) shall be the amount of the benefit determined as  
16 provided in section 26 multiplied by the ratio of the service credit  
17 under PFRS from the date of transfer to the total amount of service  
18 credit. Transferring members shall be entitled to elect optional  
19 retirement allowances for the portions of their retirement benefits  
20 based upon their PERS service credit as provided under the laws  
21 and regulations governing selection of optional retirement  
22 allowances under PERS.

23 b. Notwithstanding the provisions of subsection a. of this  
24 section, a fireman who transfers membership from PERS to PFRS  
25 may receive full credit toward benefits under PFRS for the  
26 transferred PERS service credit if the member agrees to pay the full  
27 cost of the accrued liability for the transferred PERS service credit  
28 in the same manner and subject to the same terms and conditions  
29 provided for the purchase of credit for military service under  
30 section 3 of P.L.1991, c.153 (C.43:16A-11.11).

31 c. The State shall not be liable for additional costs incurred by  
32 a local employer as a result of the transfers permitted by this  
33 section.

34 (cf: P.L.2005, c.326, s.1)

35  
36 75. Section 5 of P.L.1944, c.255 (C.43:16A-5) is amended to  
37 read as follows:

38 5. (1) Any member in service who has attained age 55 years  
39 may retire on a service retirement allowance upon filing a written  
40 and duly executed application to the retirement system, setting forth  
41 at what time, not less than one month subsequent to the filing  
42 thereof, he desires to be retired. Any member in service who attains  
43 age 65 years shall be retired on a service retirement allowance  
44 forthwith on the first day of the next calendar month, except that a  
45 member hired prior to January 1, 1987 may remain a member of the  
46 system until the member attains age 68 years or 25 years of  
47 creditable service, whichever comes first.

1 (2) Upon retirement for service a member shall receive a service  
2 retirement allowance which shall consist of:

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

5 (b) A pension in the amount which, when added to the member's  
6 annuity, will provide a total retirement allowance of one-sixtieth of  
7 his average final compensation multiplied by the number of years of  
8 his creditable service, or 2% of his average final compensation  
9 multiplied by the number of years of his creditable service up to 30  
10 plus 1% of his average final compensation multiplied by the number  
11 of years of creditable service over 30, or 50% of his final  
12 compensation if the member has established 20 or more years of  
13 creditable service, whichever is greater.

14 (3) Any member of the retirement system as of the effective date  
15 of P.L.1999, c.428 who has 20 or more years of creditable service at  
16 the time of retirement shall be entitled to receive a retirement  
17 allowance equal to 50% of the member's final compensation plus, in  
18 the case of a member required to retire pursuant to the provisions of  
19 subsection (1) of this section, ~~3%~~ 2% of final compensation  
20 multiplied by the number of years of creditable service over 20 but  
21 not over 25.

22 (4) Upon the receipt of proper proofs of the death of a member  
23 who has retired on a service retirement allowance, there shall be  
24 paid to his beneficiary an amount equal to one-half of the  
25 compensation upon which contributions by the member to the  
26 annuity savings fund were based in the last year of creditable  
27 service.

28 (cf: P.L.2005, c.381, s.1)

29

30 76. Section 6 of P.L.1944, c.255 (C.43:16A-6) is amended to  
31 read as follows:

32 6. (1) (a) Upon the written application by a member in service,  
33 by one acting in his behalf or by his employer, any member, under  
34 ~~55 years of age~~ normal retirement age, who has had ~~four~~ ten or  
35 more years of creditable service may be retired on an ordinary  
36 disability retirement allowance; provided, that the medical board,  
37 after a medical examination of such member, shall certify that such  
38 member is mentally or physically incapacitated for the performance  
39 of his usual duty and of any other available duty in the department  
40 which his employer is willing to assign to him and that such  
41 incapacity is likely to be permanent and to such an extent that he  
42 should be retired.

43 (b) Upon the written application by a member in service, by one  
44 acting in his behalf or by his employer, any member under normal  
45 retirement age who has less than 10 years of creditable service may  
46 be retired on a work-related disability retirement allowance, if he  
47 meets the requirements of the medical examination under paragraph  
48 (a) of this subsection and the incapacity from the performance of

1 duties is the direct result of an accident or occupational exposure  
2 occurring during and as a result of his regular and assigned duties  
3 and not the result of willful negligence. In order to qualify for a  
4 work-related disability benefit, the member shall have received a  
5 workers' compensation award of permanent disability under  
6 R.S.34:15-1 et seq. The board may, in its discretion, waive the  
7 requirement for a medical examination under this subsection when  
8 the Division of Workers' Compensation in the Department of Labor  
9 and Workforce Development has determined that the member is 100  
10 percent totally and permanently disabled.

11 (2) Upon retirement for ordinary or work-related disability, a  
12 member shall receive **[an ordinary]** a disability retirement  
13 allowance which shall consist of:

14 (a) An annuity which shall be the actuarial equivalent of his  
15 aggregate contributions and

16 (b) A pension in the amount which, when added to the member's  
17 annuity, will provide a total retirement allowance of 1 1/2 % of  
18 final compensation multiplied by his number of years of creditable  
19 service but in no event shall the total allowance be less than 40% of  
20 the member's final compensation.

21 (3) **[Notwithstanding the provisions of subsection (2) of this**  
22 **section, a member who has more than 20 but less than 25 years of**  
23 **creditable service and who is required to retire upon application by**  
24 **the employer on or after the effective date of P.L.1999, c.428, shall**  
25 **receive an ordinary disability retirement allowance which shall**  
26 **consist of:**

27 (a) An annuity which shall be the actuarial equivalent of the  
28 member's aggregate contributions; and

29 (b) A pension in the amount which, when added to the member's  
30 annuity, will provide a total retirement allowance of 50% of final  
31 compensation plus 3% of final compensation multiplied by the  
32 number of years of creditable service over 20 but not over 25**]**  
33 (Deleted by amendment, P.L. , c. (pending before the  
34 Legislature as this bill)).

35 (4) Upon the receipt of proper proofs of the death of a member  
36 who has retired on **[an ordinary]** a disability retirement allowance,  
37 there shall be paid to such member's beneficiary, an amount equal  
38 to 3 1/2 times the compensation upon which contributions by the  
39 member to the annuity savings fund were based in the last year of  
40 creditable service; provided, however, that if such death shall occur  
41 after the member shall have attained 55 years of age the amount  
42 payable shall equal 1/2 of such compensation instead of 3 1/2 times  
43 such compensation.

44 (cf: P.L.1999, c.428, s.3)

45

46 77. (New section) a. Once each year the retirement system  
47 may, and upon his application shall, require any disability  
48 beneficiary who is under normal retirement age to undergo a

1 medical examination by a physician or physicians designated by the  
2 system for a period of five years following his retirement in order to  
3 determine whether or not the disability which existed at the time he  
4 was retired has vanished or has materially diminished. If the  
5 disability beneficiary is under normal retirement age and engaged in  
6 an occupation, then the amount of his pension shall be reduced to an  
7 amount which when added to the amount then earned by him, shall  
8 not exceed the amount of the salary now attributable to his former  
9 position. If his earnings have changed since the date of his last  
10 adjustment, then the amount of his pension may be further altered,  
11 but the new pension shall not exceed the amount of pension  
12 originally granted.

13 If a disability beneficiary, while under normal retirement age,  
14 refuses to submit to at least one medical examination in any year by  
15 a physician or physicians designated by the system, his pension  
16 shall be discontinued until withdrawal of his refusal. If the report  
17 of the medical board shall show that such beneficiary is able to  
18 perform either his former duty or other comparable duty which his  
19 former employer is willing to assign to him, the beneficiary shall  
20 report for duty. Such a beneficiary shall not suffer any loss of  
21 benefits while he awaits his restoration to active service. If the  
22 beneficiary fails to return to duty within 10 days after being ordered  
23 so to do, or within such further time as may be allowed by the board  
24 of trustees for valid reason as the case may be, the pension shall be  
25 discontinued during such default. For the purposes of this section,  
26 normal retirement age means the age at which a member is eligible  
27 to receive a service retirement from the retirement system based on  
28 eligibility by age.

29 b. If a disability beneficiary becomes employed again in a  
30 position which makes him eligible to be a member of the retirement  
31 system, his allowance and the right to any death benefit as a result  
32 of his former membership, shall be canceled until he retires.

33 Such person shall be reenrolled in the retirement system and  
34 shall be treated as an active member based upon his prior  
35 enrollment.

36 Upon subsequent retirement of such member, he shall receive a  
37 retirement allowance based on all his service as a member  
38 computed in accordance with applicable provisions of P.L.1944,  
39 c.255 (C.43:16A-1 et seq.), but the total retirement allowance upon  
40 subsequent retirement shall not be a greater proportion of his final  
41 compensation than the proportion to which he would have been  
42 entitled had he remained in service during the period of his prior  
43 retirement. Any death benefit to which such member shall be  
44 eligible shall be based on his latest retirement.

45

46 78. Section 16 of P.L.1964, c.241 (C.43:16A-11.1) is amended  
47 to read as follows:

1        16. a. Should a member resign after having established 25 years  
2 of creditable service, he may elect "special retirement," provided,  
3 that such election is communicated by such member to the  
4 retirement system by filing a written application, duly attested,  
5 stating at what time subsequent to the execution and filing thereof  
6 he desires to be retired. He shall receive, in lieu of the payment  
7 provided in section 11, a retirement allowance which shall consist  
8 of:

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

11        (2) A pension in the amount which, when added to the member's  
12 annuity, will provide (a) for a member with 25 or more years of  
13 creditable service credit on the effective date of this section of  
14 P.L. , c. (pending before the Legislature as this bill), a total  
15 retirement allowance of 65% of [his] final compensation, plus 1%  
16 of [his] final compensation multiplied by the number of years of  
17 creditable service over 25 but not over 30 or (b) for a member with  
18 fewer than 25 years of creditable service on the effective date of  
19 this section of P.L. , c. (pending before the Legislature as this  
20 bill) and a person who becomes a member of the retirement system  
21 on or after that effective date, a total retirement allowance of 60%  
22 of final compensation, plus 1% of final compensation multiplied by  
23 the number of years of creditable service over 25 but not over 30;  
24 provided, however, that any member who has earned, prior to July  
25 1, 1979, more than 30 years of creditable service, shall receive an  
26 additional 1% of his final compensation for each year of his  
27 creditable service over 30.

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

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

34        b. The "special retirement" allowance payable under subsection  
35 a. of this section to any person who retired under the retirement  
36 system prior to December 20, 1989 shall be increased by an amount  
37 equal to 5% of the person's final compensation or by such lesser  
38 amount as would, if added to the allowance payable at the time of  
39 retirement, provide a total retirement allowance of 70% of final  
40 compensation, except that in the case of such a retirant who retired  
41 on or after July 1, 1979 and had earned prior to that date more than  
42 30 years of creditable service, the amount of the increase shall be  
43 equal to 5% of the person's final compensation irrespective of the  
44 total retirement allowance which such an increase would provide.  
45 The provisions of this subsection shall not be construed either to  
46 require a reduction in the retirement allowance payable to any  
47 retirant or to provide for the payment of any adjustment in such an

1 allowance with respect to any period of time prior to the first day of  
2 the month following that effective date.

3 (cf: P.L.2010, c.1, s.31)

4  
5 79. Section 17 of P.L.1964, c.241 (C.43:16A-11.2) is amended  
6 to read as follows:

7 17. Should a member, after having established 10 years of  
8 creditable service, be separated voluntarily or involuntarily from the  
9 service, before reaching age 55, and not by removal for cause on  
10 charges of misconduct or delinquency, such person may elect to  
11 receive the payments provided for in section 11 of P.L.1944, c. 255  
12 or section 16 of P.L.1964, c. 241, or a deferred retirement  
13 allowance, beginning on the first day of the month following his  
14 attainment of age 55 and the filing of an application therefor, which  
15 shall consist of:

16 (1) An annuity which shall be the actuarial equivalent of his  
17 aggregate contributions at the time of his severance from the service  
18 and

19 (2) A pension in the amount which, when added to the member's  
20 annuity, will provide a total retirement allowance of 2% of the  
21 member's final compensation multiplied by the number of years of  
22 creditable service up to 30 plus 1% of final compensation  
23 multiplied by the number of years of creditable service over 30,  
24 provided that such inactive member may elect to receive payments  
25 provided under section 11 of P.L.1944, c.255 or section 16 of  
26 P.L.1964, c. 241 if the member had qualified under that section at  
27 the time of leaving service[, except that in order to avail himself or  
28 herself of the option, the member must exercise such option at least  
29 30 days before the effective date of retirement]. If such inactive  
30 member shall die before attaining age 55, the member's aggregate  
31 contributions shall be paid in accordance with section 11 of  
32 P.L.1944, c.255 and, in addition if such inactive member shall die  
33 after attaining age 55 but before filing an application for retirement  
34 benefits pursuant to this section or section 16 of P.L.1964, c.241  
35 and has not withdrawn his or her aggregate contributions, or in the  
36 event of death after retirement, an amount equal to one-half of the  
37 compensation upon which contributions by the member to the  
38 annuity savings fund were based in the last year of creditable  
39 service shall be paid to such member's beneficiary.

40 Any member who, having elected to receive a deferred  
41 retirement allowance, again becomes an employee covered by the  
42 retirement system while under the age of 55, shall thereupon be  
43 reenrolled. If he had discontinued his service for more than two  
44 consecutive years, [subsequent contributions shall be at his former  
45 rate increased for the years of his inactive membership. He shall be  
46 credited with all service as a member standing to his credit at the  
47 time of his election to receive a deferred retirement allowance] he  
48 shall be enrolled in the retirement system under a new membership

1 account and shall be subject to such benefits and requirements as  
2 shall apply to new members of the retirement system as of the date  
3 of such new enrollment. The member may elect to transfer all  
4 service credit associated with the previously vested membership to  
5 the new membership account and such service credit will be subject  
6 to the benefit and requirements as shall apply to new members of  
7 the retirement system as of the date of such new enrollment.  
8 Should the member elect not to transfer the service credit associated  
9 with the vested membership to the new membership account, no  
10 benefits shall be payable from the previous application for deferred  
11 retirement until such time as the member has terminated all Police  
12 and Firemen's Retirement System eligible employment.

13 (cf: P.L.1999, c.428, s.6)

14  
15 80. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to  
16 read as follows:

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

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

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

22 (4) 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, 1991, the amount of  
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 (5) (Deleted by amendment, P.L.1989, c.204).

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

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

38 (8) The deductions provided for herein shall be made  
39 notwithstanding that the minimum salary provided for by law for  
40 any member shall be reduced thereby. Every member shall be  
41 deemed to consent and agree to the deductions made and provided  
42 for herein, and payment of salary or compensation less said  
43 deduction shall be a full and complete discharge and acquittance of  
44 all claims and demands whatsoever for the service rendered by such  
45 person during the period covered by such payment, except as to the  
46 benefits provided under this act. The chief fiscal officer of each  
47 employer shall certify to the retirement system in such manner as  
48 the retirement system may prescribe, the amounts deducted; and



1 when deducted shall be paid into said annuity savings fund, and  
2 shall be credited to the individual account of the member from  
3 whose salary said deduction was made.

4 (9) With respect to employers other than the State, upon the  
5 basis of the tables recommended by the actuary which the board  
6 adopts and regular interest, the actuary shall compute the amount of  
7 the accrued liability as of June 30, 1991 under the projected unit  
8 credit method, which is not already covered by the assets of the  
9 retirement system, valued in accordance with the asset valuation  
10 method established in this section. Using the total amount of this  
11 unfunded accrued liability, the actuary shall compute the initial  
12 amount of contribution which, if the contribution is [increased at a  
13 specific rate and] paid annually in level dollars for a specific period  
14 of time, will amortize this liability. The State Treasurer shall  
15 determine, upon the advice of the Director of the Division of  
16 Pensions and Benefits, the board of trustees and the actuary, [the  
17 rate of increase for the contribution and] the time period for full  
18 funding of this liability, which shall not exceed 40 years on initial  
19 application of this section as amended by this act, P.L.1994, c.62.  
20 This shall be known as the "accrued liability contribution." Any  
21 increase or decrease in the unfunded accrued liability as a result of  
22 actuarial losses or gains for the 10 valuation years following  
23 valuation year 1991 shall serve to increase or decrease,  
24 respectively, the unfunded accrued liability contribution.  
25 Thereafter, any increase or decrease in the unfunded accrued  
26 liability as a result of actuarial losses or gains for subsequent  
27 valuation years shall serve to increase or decrease, respectively, the  
28 amortization period for the unfunded accrued liability, unless an  
29 increase in the amortization period will cause it to exceed 30 years.  
30 If an increase in the amortization period as a result of actuarial  
31 losses for a valuation year would exceed 30 years, the accrued  
32 liability contribution shall be computed for the valuation year in the  
33 same manner provided for the computation of the initial accrued  
34 liability contribution under this section.

35 With respect to the State, upon the basis of the tables  
36 recommended by the actuary which the board adopts and regular  
37 interest, the actuary shall annually determine if there is an amount  
38 of the accrued liability, computed under the projected unit credit  
39 method, which is not already covered by the assets of the retirement  
40 system, valued in accordance with the asset valuation method  
41 established in this section. This shall be known as the "unfunded  
42 accrued liability." If there was no unfunded accrued liability for the  
43 valuation period immediately preceding the current valuation  
44 period, the actuary, using the total amount of this unfunded accrued  
45 liability, shall compute the initial amount of contribution which, if  
46 the contribution is [increased at a specific rate and] paid annually  
47 in level dollars for a specific period of time, will amortize this

1 liability. The State Treasurer shall determine, upon the advice of  
2 the Director of the Division of Pensions and Benefits, the board of  
3 trustees and the actuary, [the rate of increase for the contribution  
4 and] the time period for full funding of this liability, which shall  
5 not exceed 30 years. This shall be known as the "accrued liability  
6 contribution." Thereafter, any increase or decrease in the unfunded  
7 accrued liability as a result of actuarial losses or gains for  
8 subsequent valuation years shall serve to increase or decrease,  
9 respectively, the amortization period for the unfunded accrued  
10 liability, unless an increase in the amortization period will cause it  
11 to exceed 30 years. If an increase in the amortization period as a  
12 result of actuarial losses for a valuation year would exceed 30 years,  
13 the accrued liability contribution shall be computed for the  
14 valuation year in the same manner provided for the computation of  
15 the initial accrued liability contribution under this section. The  
16 State may pay all or any portion of its unfunded accrued liability  
17 under the retirement system from any source of funds legally  
18 available for the purpose, including, without limitation, the  
19 proceeds of bonds authorized by law for this purpose.

20 The value of the assets to be used in the computation of the  
21 contributions provided for under this section for valuation periods  
22 shall be the value of the assets for the preceding valuation period  
23 increased by the regular interest rate, plus the net cash flow for the  
24 valuation period (the difference between the benefits and expenses  
25 paid by the system and the contributions to the system) increased by  
26 one half of the regular interest rate, plus 20% of the difference  
27 between this expected value and the full market value of the assets  
28 as of the end of the valuation period. This shall be known as the  
29 "valuation assets." Notwithstanding the first sentence of this  
30 paragraph, the valuation assets for the valuation period ending June  
31 30, 1995 shall be the full market value of the assets as of that date  
32 and, with respect to the valuation assets allocated to the State, shall  
33 include the proceeds from the bonds issued pursuant to the "Pension  
34 Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et  
35 seq.), paid to the system by the New Jersey Economic Development  
36 Authority to fund the unfunded accrued liability of the system.  
37 Notwithstanding the first sentence of this paragraph, the percentage  
38 of the difference between the expected value and the full market  
39 value of the assets to be added to the expected value of the assets  
40 for the valuation period ending June 30, 1998 for the State shall be  
41 100% and for other employers shall be 57% plus such additional  
42 percentage as is equivalent to \$150,000,000. Notwithstanding the  
43 first sentence of this paragraph, the amount of the difference  
44 between the expected value and the full market value of the assets  
45 to be added to the expected value of the assets for the valuation  
46 period ending June 30, 1999 shall include an additional amount of  
47 the market value of the assets sufficient to fund (1) the unfunded  
48 accrued liability for the supplementary "special retirement"

1 allowances provided under subsection b. of section 16 of P.L.1964,  
2 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the  
3 full credit toward benefits under the retirement system for service  
4 credited in the Public Employees' Retirement System and  
5 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)  
6 and the reimbursement of the cost of any credit purchase pursuant  
7 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under  
8 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

9 "Excess valuation assets" means, with respect to the valuation  
10 assets allocated to the State, the valuation assets allocated to the  
11 State for a valuation period less the actuarial accrued liability of the  
12 State for the valuation period, and beginning with the valuation  
13 period ending June 30, 1998, less the present value of the expected  
14 additional normal cost contributions attributable to the provisions of  
15 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the  
16 active members employed by the State as of the valuation period  
17 over the expected working lives of the active members in  
18 accordance with the tables of actuarial assumptions applicable to  
19 the valuation period, and less the present value of the expected  
20 additional normal cost contributions attributable to the provisions of  
21 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241  
22 (C.43:16A-11.1) payable on behalf of the active members employed  
23 by the State as of the valuation period over the expected working  
24 lives of the active members in accordance with the tables of  
25 actuarial assumptions applicable to the valuation period, if the sum  
26 is greater than zero. "Excess valuation assets" means, with respect  
27 to the valuation assets allocated to other employers, the valuation  
28 assets allocated to the other employers for a valuation period less  
29 the actuarial accrued liability of the other employers for the  
30 valuation period, excluding the unfunded accrued liability for early  
31 retirement incentive benefits pursuant to P.L.1993, c.99 for the  
32 other employers, and beginning with the valuation period ending  
33 June 30, 1998, less the present value of the expected additional  
34 normal cost contributions attributable to the provisions of P.L.1999,  
35 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active  
36 members employed by other employers as of the valuation period  
37 over the expected working lives of the active members in  
38 accordance with the tables of actuarial assumptions applicable to  
39 the valuation period, and less the present value of the expected  
40 additional normal cost contributions attributable to the provisions of  
41 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241  
42 (C.43:16A-11.1) payable on behalf of the active members employed  
43 by other employers as of the valuation period over the expected  
44 working lives of the active members in accordance with the tables  
45 of actuarial assumptions applicable to the valuation period, if the  
46 sum is greater than zero.

47 If there are excess valuation assets allocated to the State or to the  
48 other employers for the valuation period ending June 30, 1995, the

1 normal contributions payable by the State or by the other employers  
2 for the valuation periods ending June 30, 1995, and June 30, 1996  
3 which have not yet been paid to the retirement system shall be  
4 reduced to the extent possible by the excess valuation assets  
5 allocated to the State or to the other employers, respectively,  
6 provided that with respect to the excess valuation assets allocated to  
7 the State, the General Fund balances that would have been paid to  
8 the retirement system except for this provision shall first be  
9 allocated as State aid to public schools to the extent that additional  
10 sums are required to comply with the May 14, 1997 decision of the  
11 New Jersey Supreme Court in *Abbott v. Burke*.

12 If there are excess valuation assets allocated to the other  
13 employers for the valuation period ending June 30, 1998, the  
14 accrued liability contributions payable by the other employers for  
15 the valuation period ending June 30, 1997 shall be reduced to the  
16 extent possible by the excess valuation assets allocated to the other  
17 employers.

18 If there are excess valuation assets allocated to the State or to the  
19 other employers for a valuation period ending after June 30, 1998,  
20 the State Treasurer may reduce the normal contribution payable by  
21 the State or by other employers for the next valuation period as  
22 follows:

23 (1) for valuation periods ending June 30, 1996 through June 30,  
24 2000, to the extent possible by up to 100% of the excess valuation  
25 assets allocated to the State or to the other employers, respectively;

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

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

32 (4) for valuation periods ending June 30, 2003 through June 30,  
33 2007, to the extent possible by up to 50% of the excess valuation  
34 assets allocated to the State or to the other employers, respectively.

35 Notwithstanding the discretion provided to the State Treasurer in  
36 the previous paragraph to reduce the amount of the normal  
37 contribution payable by employers other than the State, the State  
38 Treasurer shall reduce the amount of the normal contribution  
39 payable by employers other than the State by \$150,000,000 in the  
40 aggregate for the valuation period ending June 30, 1998, and then  
41 the State Treasurer may reduce further pursuant to the provisions of  
42 the previous paragraph the normal contribution payable by such  
43 employers for that valuation period.

44 The normal and accrued liability contributions shall be certified  
45 annually by the retirement system and shall be included in the  
46 budget of the employer and levied and collected in the same manner  
47 as any other taxes are levied and collected for the payment of the  
48 salaries of members.

1       Notwithstanding the preceding sentence, the normal and accrued  
2 liability contributions to be included in the budget of and paid by  
3 the employer other than the State shall be as follows: for the  
4 payment due in the State fiscal year ending on June 30, 2004, 20%  
5 of the amount certified by the retirement system; for the payment  
6 due in the State fiscal year ending on June 30, 2005, a percentage of  
7 the amount certified by the retirement system as the State Treasurer  
8 shall determine but not more than 40%; for the payment due in the  
9 State fiscal year ending on June 30, 2006, a percentage of the  
10 amount certified by the retirement system as the State Treasurer  
11 shall determine but not more than 60%; and for the payment due in  
12 the State fiscal year ending on June 30, 2007, a percentage of the  
13 amount certified by the retirement system as the State Treasurer  
14 shall determine but not more than 80%.

15       The State Treasurer shall reduce the normal and accrued liability  
16 contributions payable by employers other than the State to 50  
17 percent of the amount certified annually by the retirement system  
18 for payments due in the State fiscal year ending June 30, 2009. An  
19 employer that elects to pay the reduced normal and accrued liability  
20 contribution shall adopt a resolution, separate and apart from other  
21 budget resolutions, stating that the employer needs to pay the  
22 reduced contribution and providing an explanation of that need  
23 which shall include (1) a description of its inability to meet the levy  
24 cap without jeopardizing public safety, health, and welfare or  
25 without jeopardizing the fiscal stability of the employer, or (2) a  
26 description of another condition that offsets the long term fiscal  
27 impact of the payment of the reduced contribution. An employer  
28 also shall document those actions it has taken to reduce its  
29 operating costs, or provide a description of relevant anticipated  
30 circumstances that could have an impact on revenues or  
31 expenditures. This resolution shall be submitted to and approved by  
32 the Local Finance Board after making a finding that these fiscal  
33 conditions are valid and affirming the findings contained in the  
34 employer resolution.

35       An employer that elects to pay 100 percent of the amount  
36 certified by the retirement system for the State fiscal year ending  
37 June 30, 2009 shall be credited with such payment and any such  
38 amounts shall not be included in the employer's unfunded liability.

39       The actuaries for the retirement system shall determine the  
40 unfunded liability of the retirement system, by employer, for the  
41 reduced normal and accrued liability contributions provided under  
42 P.L.2009, c.19. This unfunded liability shall be paid by the  
43 employer in level annual payments over a period of 15 years  
44 beginning with the payments due in the State fiscal year ending  
45 June 30, 2012 and shall be adjusted by the rate of return on the  
46 actuarial value of assets.

47       The retirement system shall annually certify to each employer  
48 the contributions due to the contingent reserve fund for the liability

1 under P.L.2009, c.19. The contributions certified by the retirement  
2 system shall be paid by the employer to the retirement system on or  
3 before the date prescribed by law for payment of employer  
4 contributions for basic retirement benefits. If payment of the full  
5 amount of the contribution certified is not made within 30 days  
6 after the last date for payment of employer contributions for basic  
7 retirement benefits, interest at the rate of 10% per year shall be  
8 assessed against the unpaid balance on the first day after the  
9 thirtieth day.

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

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

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

26 (11) The expenses of administration of the retirement system  
27 shall be paid by the State of New Jersey. Each employer shall  
28 reimburse the State for a proportionate share of the amount paid by  
29 the State for administrative expense. This proportion shall be  
30 computed as the number of members under the jurisdiction of such  
31 employer bears to the total number of members in the system. The  
32 pro rata share of the cost of administrative expense shall be  
33 included with the certification by the retirement system of the  
34 employer's contribution to the system.

35 (12) Notwithstanding anything to the contrary, the retirement  
36 system shall not be liable for the payment of any pension or other  
37 benefits on account of the employees or beneficiaries of any  
38 employer participating in the retirement system, for which reserves  
39 have not been previously created from funds, contributed by such  
40 employer or its employees for such benefits.

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

42 (14) Commencing with valuation year 1991, with payment to be  
43 made in Fiscal Year 1994, the Legislature shall annually  
44 appropriate and the State Treasurer shall pay into the pension  
45 accumulation fund of the retirement system an amount equal to  
46 1.1% of the compensation of the members of the system for the  
47 valuation year to fund the benefits provided by section 16 of  
48 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

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

6 (16) The savings realized as a result of the amendments to this  
7 section by P.L.2001, c.44 in the payment of normal contributions  
8 computed by the actuary for the valuation periods ending June 30,  
9 1998 for employers other than the State shall be used solely and  
10 exclusively by a county or municipality for the purpose of reducing  
11 the amount that is required to be raised by the local property tax  
12 levy by the county for county purposes or by the municipality for  
13 municipal purposes, as appropriate. The Director of the Division of  
14 Local Government Services in the Department of Community  
15 Affairs shall certify for each year that each county or municipality  
16 has complied with the requirements set forth herein. If the director  
17 finds that a county or municipality has not used the savings solely  
18 and exclusively for the purpose of reducing the amount that is  
19 required to be raised by the local property tax levy by the county for  
20 county purposes or by the municipality for municipal purposes, as  
21 appropriate, the director shall direct the county or municipal  
22 governing body, as appropriate, to make corrections to its budget.  
23 (cf: P.L.2010, c.1, s.32)  
24

25 81. Section 30 of P.L.1967, c.250 (C.43:16A-15.2) is amended  
26 to read as follows:

27 30. a. If any member of the retirement system receives periodic  
28 benefits payable under the Workers' Compensation Law during the  
29 course of his active service, in lieu of his normal compensation, his  
30 regular salary deductions shall be paid to the retirement system by  
31 his employer. Such payments shall be computed, in accordance  
32 with section 15 of P.L.1944, c.255 (C.43:16A-15), at the rate of  
33 contribution on the base salary subject to the retirement system, just  
34 prior to the receipt of the workers' compensation benefits. The  
35 moneys paid by the employer shall be credited to the member's  
36 account in the annuity savings fund and shall be treated as  
37 employee contributions for all purposes. The employer will  
38 terminate the payment of these moneys when the periodic benefits  
39 payable under the Workers' Compensation Law are terminated or  
40 when the member retires.

41 The member for whom the employer is making such payments,  
42 will be considered as if he were in the active service.

43 b. An application for retirement benefits may be approved by  
44 the board of trustees while the member, applying for such benefits,  
45 is in receipt of periodic benefits under the Workers' Compensation  
46 Law. If a retirant receiving an accidental disability retirement  
47 allowance becomes a recipient of periodic benefits under the  
48 workers' compensation law after the date of retirement, the pension

1 portion of the retirement allowance payable to the retirant shall be  
2 reduced, during the period of the payment of the periodic benefits,  
3 dollar-for-dollar in the amount of the periodic benefits received  
4 after the date of retirement, subject to the provisions of section 19  
5 of P.L.1971, c.175 (C.43:16A-12.4). Notwithstanding the  
6 provisions of R.S.34:15-26 and R.S.34:15-40, the amount of the  
7 dollar-for-dollar reduction from the receipt of workers'  
8 compensation periodic benefits shall not be reduced by a payment  
9 for legal services nor by receipt of a third party recovery. The  
10 reduction provided for herein shall not affect the retirant's pension  
11 adjustment benefits or survivor benefits that may be payable upon  
12 the death of the retirant.

13 If a work-related disability retirant or an accidental disability  
14 retirant approved prior to the effective date of P.L. , c. (pending  
15 before the Legislature as this bill) receives a retirement allowance  
16 without reduction and periodic benefits under the workers'  
17 compensation law for any period of time after the date of  
18 retirement, the retirant shall repay to the retirement system the  
19 amount of the pension portion of the retirement allowance which  
20 should have been subject to reduction under this subsection. The  
21 repayment may be in the form of a lump sum payment or scheduled  
22 as deductions from the retirant's retirement allowance and pension  
23 adjustment benefits. If the retirant dies before full repayment of the  
24 amount required, the remaining balance shall be deducted from any  
25 death benefits payable on behalf of the retirant.  
26 (cf: P.L.1995, c.369, s.3)

27  
28 82. Section 3 of P.L.1965, c.89 (C.53:5A-3) is amended to read  
29 as follows:

30 3. As used in this act:

31 a. "Aggregate contributions" means the sum of all the amounts,  
32 deducted from the salary of a member or contributed by him or on  
33 his behalf, standing to the credit of his individual account in the  
34 Annuity Savings Fund. Interest credited on contributions to the  
35 former "State Police Retirement and Benevolent Fund" shall be  
36 included in a member's aggregate contributions.

37 b. "Annuity" means payments for life derived from the  
38 aggregate contributions of a member.

39 c. "Annuity reserve" means the present value of all payments  
40 to be made on account of any annuity or benefit in lieu of an  
41 annuity, computed upon the basis of such mortality tables  
42 recommended by the actuary as the board of trustees adopts and  
43 regular interest.

44 d. "Beneficiary" means any person entitled to receive any  
45 benefit pursuant to the provisions of this act by reason of the death  
46 of a member or retirant.

47 e. "Board of trustees" or "board" means the board provided for  
48 in section 30 of this act.



1 f. "Child" means a deceased member's or retirant's unmarried  
2 child either (a) under the age of 18 or (b) of any age who, at the  
3 time of the member's or retirant's death, is disabled because of an  
4 intellectual disability or physical incapacity, is unable to do any  
5 substantial, gainful work because of the impairment and his  
6 impairment has lasted or can be expected to last for a continuous  
7 period of not less than 12 months, as affirmed by the medical board.

8 g. "Creditable service" means service rendered for which credit  
9 is allowed on the basis of contributions made by the member or the  
10 State.

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

17 i. (1) In the case of a member with 25 or more years of  
18 creditable service or who has attained normal retirement age on the  
19 effective date of this section of P.L. , c. (pending before the  
20 Legislature as this bill), **["Final"]** final compensation" means the  
21 average compensation received by the member in the last 12 months  
22 of creditable service preceding his retirement or death. Such term  
23 includes the value of the member's maintenance allowance for this  
24 same period.

25 (2) In the case of a member with fewer than 25 years of  
26 creditable service and who has not attained normal retirement age  
27 on the effective date of this section of P.L. , c. (pending before  
28 the Legislature as this bill) and a person who becomes a member of  
29 the retirement system on or after the effective date of P.L.2010, c.1,  
30 "final compensation" means the average annual compensation for  
31 service for which contributions are made during any three fiscal  
32 years of membership providing the largest possible benefit to the  
33 member or the member's beneficiary. **[Such term includes the**  
34 **value of the member's maintenance allowance for this same period.]**

35 j. (1) In the case of a member with 25 or more years of  
36 creditable service or who has attained normal retirement age on the  
37 effective date of this section of P.L. , c. (pending before the  
38 Legislature as this bill), **["Final"]** final salary" means the average  
39 salary received by the member in the last 12 months of creditable  
40 service preceding his retirement or death. Such term shall not  
41 include the value of the member's maintenance allowance.

42 (2) In the case of a member with fewer than 25 years of  
43 creditable service and who has not attained normal retirement age  
44 on the effective date of this section of P.L. , c. (pending before  
45 the Legislature as this bill) and a person who becomes a member of  
46 the retirement system on or after the effective date of P.L.2010, c.1,  
47 "final salary" means the average annual salary for service for which  
48 contributions are made during any three fiscal years of membership

1 providing the largest possible benefit to the member or the  
2 member's beneficiary. Such term shall not include the value of the  
3 member's maintenance allowance.

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

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

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

12 n. "Pension" means payment for life derived from contributions  
13 by the State.

14 o. "Pension reserve" means the present value of all payments to  
15 be made on account of any pension or benefit in lieu of any pension  
16 computed on the basis of such mortality tables recommended by the  
17 actuary as shall be adopted by the board of trustees and regular  
18 interest.

19 p. "Regular interest" means interest as determined by the State  
20 Treasurer, after consultation with the Directors of the Divisions of  
21 Investment and Pensions, the board of trustees and the actuary. It  
22 shall bear a reasonable relationship to the percentage rate of  
23 earnings on investments based on the market value of the assets but  
24 shall not exceed the assumed percentage rate of increase applied to  
25 salaries plus 3%, provided however that the board of trustees shall  
26 not set the average percentage rate of increase applied to salaries  
27 below 6%.

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

30 r. "Retirement allowance" means the pension plus the annuity.

31 s. "State Police Retirement System of New Jersey," herein also  
32 referred to as the "retirement system" or "system," is the corporate  
33 name of the arrangement for the payment of retirement allowances  
34 and of the benefits under the provisions of this act including the  
35 several funds placed under said system. By that name, all of its  
36 business shall be transacted, its funds invested, warrants for moneys  
37 drawn, and payments made and all of its cash and securities and  
38 other property held. All assets held in the name of the former  
39 "State Police Retirement and Benevolent Fund" shall be transferred  
40 to the retirement system established by this act.

41 t. "Surviving spouse" means the person to whom a member or  
42 a retirant was married, or a domestic partner as defined in section 3  
43 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the  
44 member or retirant. The dependency of such a surviving spouse will  
45 be considered terminated by the marriage of, or establishment of a  
46 domestic partnership by, the surviving spouse subsequent to the  
47 member's or the retirant's death, except that in the event of the  
48 payment of accidental death benefits, pursuant to section 14 of

1 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving  
2 spouse or domestic partner will not be considered terminated by the  
3 marriage of, or establishment of a domestic partnership by, the  
4 surviving spouse subsequent to the member's death.

5 u. (1) "Compensation" for purposes of computing pension  
6 contributions means the base salary, for services as a member as  
7 defined in this act, which is in accordance with established salary  
8 policies of the State for all employees in the same position but shall  
9 not include individual salary adjustments which are granted  
10 primarily in anticipation of the member's retirement or additional  
11 remuneration for performing temporary duties beyond the regular  
12 workday or shift.

13 (2) In the case of a person who becomes a member of the  
14 retirement system on or after the effective date of P.L.2010, c.1,  
15 "compensation" means the amount of base salary equivalent to the  
16 annual maximum wage contribution base for Social Security,  
17 pursuant to the Federal Insurance Contributions Act, for services as  
18 a member as defined in this act, which is in accordance with  
19 established salary policies of the State for all employees in the same  
20 position but shall not include individual salary adjustments which  
21 are granted primarily in anticipation of the member's retirement or  
22 additional remuneration for performing temporary duties beyond  
23 the regular workday or shift.

24 v. "Normal retirement age" means the age at which the member  
25 is first eligible for a service retirement based on age under section 8  
26 of P.L.1965, c.89 (C.53:5A-8).

27 (cf: P.L.2010, c.50, s.80)

28

29 83. Section 8 of P.L.1965, c.89 (C.53:5A-8) is amended to read  
30 as follows:

31 8. a. The Legislature finds and declares that the public health,  
32 safety and welfare require the ongoing health and fitness of all  
33 members of the New Jersey State Police so that they may safely and  
34 efficiently protect the public. The Legislature further finds and  
35 declares that such continued health and fitness cannot be  
36 determined except with reference to age, and therefore finds and  
37 concludes that retirement of all members of the State Police at age  
38 55, except as provided for in subsection c. of this section, shall  
39 constitute a bona fide occupational qualification which is  
40 reasonably necessary to the normal operation of the State Police,  
41 which qualification the Legislature hereby promulgates and  
42 establishes.

43 b. Any member of the retirement system may retire on a  
44 service retirement allowance upon the completion of at least 20  
45 years of creditable service as a State policeman, which includes the  
46 creditable service of those members appointed to the Division of  
47 State Police under section 3 of P.L.1983, c.403 (C.39:2-9.3) and the  
48 creditable service of those members appointed to the Division of

1 State Police under section 1 of P.L.1997, c.19 (C.53:1-8.2). Upon  
2 the filing of a written and duly executed application with the  
3 retirement system, setting forth at what time, not less than one  
4 month subsequent to the filing thereof, he desires to be retired, any  
5 such member retiring for service shall receive a service retirement  
6 allowance which shall consist of:

7 (1) An annuity which shall be the actuarial equivalent of his  
8 aggregate contributions; and

9 (2) A pension in the amount which, when added to the member's  
10 annuity, will provide a total retirement allowance of 50% of his  
11 final compensation.

12 c. Except for the Superintendent of State Police, any member  
13 of the retirement system, including a member appointed to the  
14 State Police under section 3 of P.L.1983, c.403 (C.39:2-9.3) and a  
15 member appointed to the State Police under section 1 of P.L.1997,  
16 c.19 (C.53:1-8.2), who has attained the age of 55 years, shall be  
17 retired forthwith on the first day of the next calendar month  
18 following the effective date of this 1985 amendatory act. Any  
19 member of the retirement system so retired shall receive a service  
20 retirement allowance pursuant to this section or section 27 of  
21 P.L.1965, c.89 (C.53:5A-27), as appropriate.

22 d. Any member of the retirement system who is required to  
23 retire pursuant to subsection c. of this section and who has more  
24 than 20 but fewer than 25 years of creditable service at the time of  
25 retirement shall be entitled to continued health benefits coverage  
26 during retirement as provided in the "New Jersey State Health  
27 Benefits Program Act," P.L.1961, c.49 (C.52:14-17.25 et seq.).  
28 Notwithstanding the provisions of section 8 of P.L.1961, c.49  
29 (C.52:14-17.32), the State shall pay the premium or periodic charge  
30 for the benefits provided under this subsection to a member retiring  
31 under subsection c. of this section with fewer than 25 years of  
32 service credited in the retirement system, and the member's  
33 dependents covered under the program, but not including survivors.

34 e. Any member of the retirement system as of the effective date  
35 of P.L.1985, c.175 who is required to retire pursuant to subsection  
36 c. of this section shall be entitled to the retirement allowance  
37 provided for by subsection b. of this section, notwithstanding that  
38 the member shall have fewer than 20 years' creditable service.

39 f. Any member of the retirement system as of the effective date  
40 of P.L.1985, c.175 who is required to retire pursuant to subsection  
41 c. of this section and who has more than 20 but less than 25 years of  
42 creditable service at the time of retirement shall be entitled to the  
43 retirement allowance provided for by subsection b. of this section  
44 plus **[3%]** 2% of his final compensation multiplied by the number  
45 of years of creditable service over 20 but not over 25.

46 g. Upon the receipt of proper proofs of the death of a member  
47 who has retired on a service retirement allowance, there shall be

1 paid to the member's beneficiary an amount equal to one-half of the  
2 final compensation received by the member.

3 (cf: P.L.2001, c.316, s.1)  
4

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

7 9. a. (1) Upon the written application by a member in service,  
8 by one acting in his behalf or by the State, any member, under **55**  
9 years of normal retirement age, who has had **four** 10 or more  
10 years of creditable service as a State policeman, or **four** 10 or  
11 more years of creditable service as a person formerly employed by  
12 the Division of Motor Vehicles or the Division of State Police prior  
13 to appointment as provided in section 3 of P.L.1983, c.403 (C.39:2-  
14 9.3), or **four** 10 or more years of creditable service as a person  
15 formerly employed by the Alcoholic Beverage Control Enforcement  
16 Bureau, the State Capitol Police Force, or the Bureau of Marine  
17 Law Enforcement prior to appointment as provided in section 1 of  
18 P.L.1997, c.19 (C.53:1-8.2), may be retired, not less than one month  
19 next following the date of filing such application with the  
20 retirement system, on an ordinary disability retirement allowance;  
21 provided, that the medical board, after a medical examination of  
22 such member, shall certify that such member is mentally or  
23 physically incapacitated for the performance of his usual duty and  
24 of any other available duty in the Division of State Police which the  
25 Superintendent of State Police is willing to assign to him and that  
26 such incapacity is likely to be permanent and of such an extent that  
27 he should be retired.

28 (2) Upon the written application by a member in service under  
29 normal retirement age, by one acting in his behalf or by his  
30 employer, who has less than 10 years of creditable service may be  
31 retired on a work-related disability retirement allowance, if he  
32 meets the requirements of the medical examination under paragraph  
33 (1) of this subsection and the incapacity from the performance of  
34 duties is the direct result of an accident or occupational exposure  
35 occurring during and as a result of his regular and assigned duties  
36 and not the result of willful negligence. In order to qualify for a  
37 work-related disability benefit, the member must have received a  
38 workers' compensation award of permanent disability under  
39 R.S.34:15-1 et seq. The board may, in its discretion, waive the  
40 requirement for a medical examination under this subsection where  
41 the Division of Workers' Compensation in the Department of Labor  
42 and Workforce Development has determined that the member is 100  
43 percent totally and permanently disabled.

44 b. Upon retirement for ordinary or work-related disability, a  
45 member shall receive **an ordinary** a disability retirement  
46 allowance which shall consist of:

1 (1) An annuity which shall be the actuarial equivalent of his  
2 aggregate contributions; and

3 (2) A pension in the amount which, when added to the member's  
4 annuity, will provide a total retirement allowance of 1 1/2% of final  
5 compensation multiplied by his number of years of creditable  
6 service, but in no event shall the total allowance be less than 40% of  
7 final compensation.

8 c. [Notwithstanding the provisions of subsection b. of this  
9 section, a member of the retirement system who has more than 20  
10 but less than 25 years of creditable service and who is required to  
11 retire pursuant to subsection a. of this section upon application by  
12 the State made on or after October 1, 1988, shall receive an  
13 ordinary disability retirement allowance which shall consist of:

14 (1) An annuity which shall be the actuarial equivalent of the  
15 member's aggregate contributions; and

16 (2) A pension in the amount which, when added to the member's  
17 annuity, will provide a total retirement allowance of 50% of final  
18 compensation plus 3% of final compensation multiplied by the  
19 number of years of creditable service over 20 but not over 25.

20 Any increase in the disability retirement allowance of a member  
21 who was required to retire on or after October 1, 1988 and prior to  
22 the effective date of this amendatory and supplementary act,  
23 P.L.1989, c.308, shall be retroactive to the date of retirement]  
24 (Deleted by amendment, P.L. , c. (pending before the  
25 Legislature as this bill)).

26 d. Upon the receipt of proper proofs of the death of a member  
27 who has retired on an ordinary or work-related disability retirement  
28 allowance, there shall be paid to the member's beneficiary an  
29 amount equal to three and one-half times the final compensation  
30 received by the member in the last year of creditable service;  
31 provided, however, that if such death shall occur after the member  
32 shall have attained 55 years of age, the amount payable shall equal  
33 one-half of such compensation instead of three and one-half times  
34 such compensation.

35 (cf: P.L.1997, c.19, s.10)

36

37 85. (New section) a. Once each year the retirement system  
38 may, and upon his application shall, require any disability  
39 beneficiary who is under normal retirement age to undergo a  
40 medical examination by a physician or physicians designated by the  
41 system for a period of five years following his retirement in order to  
42 determine whether or not the disability which existed at the time he  
43 was retired has vanished or has materially diminished. If the  
44 disability beneficiary is under normal retirement age and engaged in  
45 an occupation, then the amount of his pension shall be reduced to an  
46 amount which when added to the amount then earned by him, shall  
47 not exceed the amount of the salary now attributable to his former  
48 position. If his earnings have changed since the date of his last

1 adjustment, then the amount of his pension may be further altered;  
2 but the new pension shall not exceed the amount of pension  
3 originally granted.

4 If a disability beneficiary, while under normal retirement age,  
5 refuses to submit to at least one medical examination in any year by  
6 a physician or physicians designated by the system, his pension  
7 shall be discontinued until withdrawal of his refusal. If the report  
8 of the medical board shall show that such beneficiary is able to  
9 perform either his former duty or other comparable duty which his  
10 former employer is willing to assign to him, the beneficiary shall  
11 report for duty; such a beneficiary shall not suffer any loss of  
12 benefits while he awaits his restoration to active service. If the  
13 beneficiary fails to return to duty within 10 days after being ordered  
14 so to do, or within such further time as may be allowed by the board  
15 of trustees for valid reason as the case may be, the pension shall be  
16 discontinued during such default. For the purposes of this section  
17 normal retirement age means the age at which a member is eligible  
18 to receive a service retirement from the retirement system based on  
19 eligibility by age.

20 b. If a disability beneficiary becomes employed again in a  
21 position which makes him eligible to be a member of the retirement  
22 system, his allowance and the right to any death benefit as a result  
23 of his former membership, shall be canceled until he retires.

24 Such person shall be reenrolled in the retirement system and  
25 shall be treated as an active member based upon his prior  
26 enrollment.

27 Upon subsequent retirement of such member, he shall receive a  
28 retirement allowance based on all his service as a member  
29 computed in accordance with applicable provisions of P.L.1944,  
30 c.255 (C.43:16A-1 et seq.), but the total retirement allowance upon  
31 subsequent retirement shall not be a greater proportion of his final  
32 compensation than the proportion to which he would have been  
33 entitled had he remained in service during the period of his prior  
34 retirement. Any death benefit to which such member shall be  
35 eligible shall be based on his latest retirement.

36

37 86. Section 27 of P.L.1965, c.89 (C.53:5A-27) is amended to  
38 read as follows:

39 27. a. Should a member resign after having established 25 years  
40 of creditable service as a full-time commissioned officer,  
41 noncommissioned officer or trooper of the Division of State Police  
42 or a member appointed to the State Police under section 3 of  
43 P.L.1983, c.403 (C.39:2-9.3) or a member appointed to the State  
44 Police under section 1 of P.L.1997, c.19 (C.53:1-8.2), he may elect  
45 "special" retirement; provided that such election is communicated  
46 by such member to the retirement system by filing a written  
47 application, duly attested, stating at what time subsequent to the  
48 execution and filing thereof he desires to be retired. He shall

1 receive, in lieu of the payment provided in section 26, a retirement  
2 allowance which shall consist 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 member's  
6 annuity, will provide (a) for a member with 25 or more years of  
7 creditable service credit on the effective date of this section of  
8 P.L. , c. (pending before the Legislature as this bill), a total  
9 retirement allowance of 65% of [his] final compensation, plus 1%  
10 of [his] final compensation multiplied by the number of years of  
11 creditable service over 25, but not over 30 or (b) for a member with  
12 fewer than 25 years of creditable service on the effective date of  
13 this section of P.L. , c. (pending before the Legislature as this  
14 bill) and a person who becomes a member of the retirement system  
15 on or after that effective date, a total retirement allowance of 60%  
16 of final compensation, plus 1% of final compensation multiplied by  
17 the number of years of creditable service over 25 but not over 30.

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

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

25 (cf: P.L.1997, c.19, s.11)

26

27 87. Section 34 of P.L.1965, c.89 (C.53:5A-34) is amended to  
28 read as follows:

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

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

39 b. Upon the basis of the tables recommended by the actuary  
40 which the board adopts and regular interest, the actuary shall  
41 annually determine if there is an amount of the accrued liability of  
42 the retirement system, computed under the projected unit credit  
43 method, which is not already covered by the assets of the retirement  
44 system, valued in accordance with the asset valuation method  
45 established in this section. This shall be known as the "unfunded  
46 accrued liability." If there was no unfunded accrued liability for the  
47 valuation period immediately preceding the current valuation  
48 period, the actuary, using the total amount of this unfunded accrued



1 liability, shall compute the initial amount of contribution which, if  
2 **【the contribution is increased at a specific rate and】** paid annually  
3 in level dollars for a specific period of time, will amortize this  
4 liability. The State Treasurer shall determine, upon the advice of  
5 the Director of the Division of Pensions and Benefits, the board of  
6 trustees and the actuary, **【the rate of increase for the contribution**  
7 **and】** the time period for full funding of this liability, which shall  
8 not exceed 30 years. This shall be known as the "accrued liability  
9 contribution." Thereafter, any increase or decrease in the unfunded  
10 accrued liability as a result of actuarial losses or gains for  
11 subsequent valuation years shall serve to increase or decrease,  
12 respectively, the amortization period for the unfunded accrued  
13 liability, unless an increase in the amortization period will cause it  
14 to exceed 30 years. If an increase in the amortization period as a  
15 result of actuarial losses for a valuation year would exceed 30 years,  
16 the accrued liability contribution shall be computed for the  
17 valuation year in the same manner provided for the computation of  
18 the initial accrued liability contribution under this section. The State  
19 may pay all or any portion of its unfunded accrued liability under  
20 the retirement system from any source of funds legally available for  
21 the purpose, including, without limitation, the proceeds of bonds  
22 authorized by law for this purpose.

23 The value of the assets to be used in the computation of the  
24 contributions provided for under this section for valuation periods  
25 shall be the value of the assets for the preceding valuation period  
26 increased by the regular interest rate, plus the net cash flow for the  
27 valuation period (the difference between the benefits and expenses  
28 paid by the system and the contributions to the system) increased by  
29 one half of the regular interest rate, plus 20% of the difference  
30 between this expected value and the full market value of the assets  
31 as of the end of the valuation period. This shall be known as the  
32 "valuation assets." Notwithstanding the first sentence of this  
33 paragraph, the valuation assets for the valuation period ending June  
34 30, 1996 shall be the full market value of the assets as of that date  
35 and shall include the proceeds from the bonds issued pursuant to the  
36 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-  
37 7.45 et seq.), paid to the system by the New Jersey Economic  
38 Development Authority to fund the unfunded accrued liability of  
39 the system.

40 "Excess valuation assets" means the valuation assets for a  
41 valuation period less the actuarial accrued liability for the valuation  
42 period, if the sum is greater than zero. If there are excess valuation  
43 assets for the valuation period ending June 30, 1996, the normal  
44 contributions for the valuation periods ending June 30, 1996 and  
45 June 30, 1997 which have not yet been paid to the retirement  
46 system shall be reduced to the extent possible by the excess  
47 valuation assets, provided that the General Fund balances that  
48 would have been paid to the retirement system except for this

1 provision shall first be allocated as State aid to public schools to the  
2 extent that additional sums are required to comply with the May 14,  
3 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.  
4 If there are excess valuation assets for a valuation period ending  
5 after June 30, 1996, the State Treasurer may reduce the normal  
6 contribution payable for the next valuation period as follows:

7 (1) for valuation periods ending June 30, 1997 through June 30,  
8 2001, to the extent possible by up to 100% of the excess valuation  
9 assets;

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

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

14 (4) for valuation periods ending June 30, 2004 through June 30,  
15 2007, to the extent possible by up to 50% of the excess valuation  
16 assets.

17 c. The actuary shall certify annually the aggregate amount  
18 payable to the Contingent Reserve Fund in the ensuing year, which  
19 amount shall be equal to the sum of the amounts described in this  
20 section. The State shall pay into the Contingent Reserve Fund  
21 during the ensuing year the amount so certified. In the event the  
22 amount certified to be paid by the State includes amounts due for  
23 services rendered by members to specific instrumentalities or  
24 authorities the total amounts so certified shall be paid to the  
25 retirement system by the State; provided, however, the full cost  
26 attributable to such services rendered to such instrumentalities and  
27 authorities shall be computed separately by the actuary and the  
28 State shall be reimbursed for such amounts by such  
29 instrumentalities or authorities.

30 The cash death benefits, payable as the result of contribution by  
31 the State under the provisions of this act upon the death of a  
32 member in active service and after retirement shall be paid from the  
33 Contingent Reserve Fund.

34 (cf: P.L.2007, c.92, s.27)

35  
36 88. Section 38 of P.L.1965, c.89 (C.53:5A-38) is amended to  
37 read as follows:

38 38. There shall be deducted from the payroll of each active  
39 member of the system 7 1/2 % of the amount of his salary, which  
40 shall be turned over to the State Treasurer and be credited by him to  
41 the account of the State Police Retirement System. Commencing  
42 with the payroll period for which the payroll date occurs on or  
43 immediately following July 1, 2011, all members shall contribute an  
44 additional 1% of salary to the system. This additional contribution,  
45 however, shall not be used to reduce the employer normal  
46 contribution required pursuant to section 34 of P.L.1965, c.89  
47 (C.53:5A-34). The deductions provided for herein shall be made  
48 notwithstanding that the minimum salary provided for by law for

1 any member shall be reduced thereby. Every member shall be  
2 deemed to consent and agree to the deductions made and provided  
3 for herein, and payment of salary or compensation less said  
4 deductions shall be a full and complete discharge and acquittance of  
5 all claims and demands whatsoever for the service rendered by such  
6 person during the period covered by such payment, except as to the  
7 benefits provided under this act.

8 (cf: P.L.1980, c.55, s.6)

9  
10 89. Section 30 of 1971, c.181 (C.53:5A-38.1) is amended to read  
11 as follows:

12 30. a. If any member of the retirement system receives periodic  
13 benefits payable under the Workers' Compensation Law during the  
14 course of his active service, in lieu of his normal compensation, his  
15 regular salary deductions shall be paid to the retirement system by  
16 his employer. Such payments shall be computed, in accordance  
17 with section 38 of P.L.1965, c.89 (C.53:5A-38), at the rate of  
18 contribution on the base salary subject to the retirement system, just  
19 prior to the receipt of the workers' compensation benefits. The  
20 moneys paid by the employer shall be credited to the member's  
21 account in the annuity savings fund and shall be treated as  
22 employee contributions for all purposes. The employer will  
23 terminate the payment of these moneys when the periodic benefits  
24 payable under the Workers' Compensation Law are terminated or  
25 when the member retires.

26 The member for whom the employer is making such payments,  
27 will be considered as if he were in the active service.

28 b. An application for retirement benefits may be approved by  
29 the board of trustees while the member, applying for such benefits,  
30 is in receipt of periodic benefits under the Workers' Compensation  
31 Law. If a retirant receiving **[an accidental]** a work-related  
32 disability retirement allowance becomes a recipient of periodic  
33 benefits under the workers' compensation law after the date of  
34 retirement, the pension portion of the retirement allowance payable  
35 to the retirant shall be reduced, during the period of the payment of  
36 the periodic benefits, dollar-for-dollar in the amount of the periodic  
37 benefits received after the date of retirement, subject to the  
38 provisions of section 31 of P.L.1971, c.181 (C.53:5A-15.3). The  
39 reduction provided for herein shall not affect the retirant's pension  
40 adjustment benefits or survivor benefits that may be payable upon  
41 the death of the retirant.

42 If a work-related disability retirant or an accidental disability  
43 retirant approved prior to the effective date of P.L. , c. (pending  
44 before the Legislature as this bill) receives a retirement allowance  
45 without reduction and periodic benefits under the workers'  
46 compensation law for any period of time after the date of  
47 retirement, the retirant shall repay to the retirement system the  
48 amount of the pension portion of the retirement allowance which

1 should have been subject to reduction under this subsection. The  
2 repayment may be in the form of a lump sum payment or scheduled  
3 as deductions from the retirant's retirement allowance and pension  
4 adjustment benefits. If the retirant dies before full repayment of the  
5 amount required, the remaining balance shall be deducted from any  
6 death benefits payable on behalf of the retirant.

7 (cf: P.L.1995, c.369, s.4)

8  
9 90. Section 2 of P.L.1958, c.143 (C.43:3B-2) is amended to read  
10 as follows:

11 2. The monthly retirement allowance or pension originally  
12 granted to any retirant and the pension or survivorship benefit  
13 originally granted to any beneficiary shall be adjusted in accordance  
14 with the provisions of this act provided, however, that:

15 a. the maximum retirement allowance, without option, shall be  
16 considered the retirement allowance originally granted to any  
17 retirant who, at retirement, elected an Option I allowance pursuant  
18 to the provisions of the statutes stipulated in subsection b. of section  
19 1 of this act (C.43:3B-1); and b. the minimum pension granted to  
20 any beneficiary stipulated in subsection d. (4) of section 1 of this  
21 act (C.43:3B-1), shall be considered the pension originally granted  
22 to such beneficiary.

23 Pension adjustments shall not be paid to retirants or beneficiaries  
24 who are not receiving their regular, full, monthly retirement  
25 allowances, pensions or survivorship benefits. The adjustment  
26 granted under the provisions of this act shall be effective only on  
27 the first day of a month, shall be paid in monthly installments, and  
28 shall not be decreased, increased, revoked or repealed except as  
29 otherwise provided in this act. No adjustment shall be due to a  
30 retirant or a beneficiary unless it constitutes a payment for an entire  
31 month; provided, however, that an adjustment shall be payable for  
32 the entire month in which the retirant or beneficiary dies.

33 Commencing with the effective date of P.L. , c. (pending  
34 before the Legislature as this bill) and thereafter, no further  
35 adjustments to the monthly retirement allowance or pension  
36 originally granted to any retirant and the pension or survivorship  
37 benefit originally granted to any beneficiary shall be made in  
38 accordance with the provisions of P.L.1958, c.143 (C.43:3B-1 et  
39 seq.). This provision shall not reduce the monthly retirement  
40 benefit that a retirant or a beneficiary is receiving on the effective  
41 date of P.L. , c. (pending before the Legislature as this bill)  
42 when the benefit includes an adjustment granted prior to that  
43 effective date.

44 (cf: P.L.1993, c.335, s.2)

45  
46 91. Section 1 of P.L.1968, c.23 (C.43:3C-1) is amended to read  
47 as follows:

1       1. Notwithstanding any other law to the contrary, if a former  
2 member of any pension fund or retirement system, contributory or  
3 noncontributory, established under any law of this State, who [has  
4 been granted] is in receipt of a pension or retirement allowance [for  
5 any cause other than vesting or deferred retirement] other than a  
6 disability retirement, becomes employed again in a position which  
7 makes him eligible to be a member of [another] any pension fund  
8 or retirement system established under any law of this State, such  
9 person shall not be enrolled in such [other] pension fund or  
10 retirement system [if he is eligible to receive such pension or  
11 retirement allowance].

12 (cf: P.L.1991, c.276, s.1)

13

14       92. (New section) No person shall be eligible for a retirement  
15 allowance unless his retirement is bona fide. A retirement is bona  
16 fide if a retiree terminates his public office, position or employment  
17 for a period of not less than six months during which time he is in  
18 receipt of a retirement allowance and is not reemployed in an office  
19 or position that is covered by the retirement system from which he  
20 retired, or any other pension fund or retirement system, contributory  
21 or noncontributory, established under any law of this State.

22       If a retirement is not bona fide, in the event the member is  
23 employed in a position that qualified for continued participation in  
24 the same retirement system, the retirement shall be cancelled and  
25 the member shall be reenrolled in the retirement system and shall  
26 repay any retirement benefits received to which he was not entitled.  
27 In the event the former member has become employed within the  
28 six month period in an office or position covered by another  
29 retirement system established under any law of this State, the  
30 retirement allowance shall be suspended until such time as the  
31 person has ceased all public employment in this State for a period  
32 of six months. The Director of the Division of Pensions and  
33 Benefits shall promulgate regulations implementing this section.

34

35       93. (New section) An employer of a retiree who becomes  
36 reemployed in an office or position that is covered by the retirement  
37 system from which he retired, or any other pension fund or  
38 retirement system, contributory or noncontributory, established  
39 under any law of this State, shall notify the Division of Pensions  
40 and Benefits upon commencement of the retiree's employment and  
41 shall report the amount of annual earnings to the Division of  
42 Pensions and Benefits, as prescribed by the director.

43

44       94. Section 1 of P.L.1997, c.113 (C.43:3C-9.1) is amended to  
45 read as follows:

46       1. In accordance with the provisions of section 401 (a) (2) of  
47 the federal Internal Revenue Code, and subject to such exceptions

1 as may be permitted for governmental plans under section 401 (a)  
2 (2) of the federal Internal Revenue Code, at no time prior to the  
3 satisfaction of all liabilities with respect to members and their  
4 beneficiaries under the Teachers' Pension and Annuity Fund,  
5 established pursuant to N.J.S.18A:66-1 et seq., the Judicial  
6 Retirement System, established pursuant to P.L.1973, c.140  
7 (C.43:6A-1 et seq.), the Prison Officers' Pension Fund, established  
8 pursuant to P.L.1941, c.220 (C.43:7-7 et seq.), the Public  
9 Employees' Retirement System, established pursuant to P.L.1954,  
10 c.84 (C.43:15A-1 et seq.), the Consolidated Police and Firemen's  
11 Pension Fund, established pursuant to R.S.43:16-1 et seq., the  
12 Police and Firemen's Retirement System, established pursuant to  
13 P.L.1944, c.255 (C.43:16A-1 et seq.), the State Police Retirement  
14 System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.),  
15 **[and]** the Alternate Benefit Program, established pursuant to  
16 P.L.1969, c.242 (C.18A:66-167 et seq.), and the Defined  
17 Contribution Retirement Program, established pursuant to P.L.2007,  
18 c.92 (C.43:15C-1 et seq.), shall any part of the corpus or income of  
19 the respective retirement systems, within the taxable year or  
20 thereafter, be used for or diverted to purposes other than for the  
21 exclusive benefit of the members or their beneficiaries.

22 (cf: P.L.1997, c.113, s.1)

23  
24 95. Section 2 of P.L.1997, c.113 (C.43:3C-9.2) is amended to  
25 read as follows:

26 2. Notwithstanding any law, rule or regulation to the contrary,  
27 the contributions to and benefits payable under the Teachers'  
28 Pension and Annuity Fund, the Judicial Retirement System, the  
29 Prison Officers' Pension Fund, the Public Employees' Retirement  
30 System, the Consolidated Police and Firemen's Pension Fund, the  
31 Police and Firemen's Retirement System, the State Police  
32 Retirement System **[and]** , the Alternate Benefit Program , and the  
33 Defined Contribution Retirement Program shall not exceed the  
34 limitations provided under section 415 of the federal Internal  
35 Revenue Code. The Division of Pensions and Benefits in the  
36 Department of the Treasury shall be responsible for implementation  
37 and enforcement of these limitations.

38 (cf: P.L.1997, c.113, s.2)

39  
40 96. Section 4 of P.L.1997, c.113 (C.43:3C-9.4) is amended to  
41 read as follows:

42 4. a. Notwithstanding any law, rule or regulation to the  
43 contrary, for members of the Alternate Benefit Program, the amount  
44 of compensation which may be used for employer and member  
45 contributions and benefits under the program after June 30, 1996  
46 shall not exceed the compensation limitation of section 401 (a) (17)  
47 of the federal Internal Revenue Code of 1986, (26 U.S.C. s.401 (a)  
48 (17)), as amended pursuant to section 13212 of the Omnibus Budget

1 Reconciliation Act of 1993, Pub. L.103-66, 107 Stat. 312, or as  
2 hereafter amended or supplemented, to the extent applicable to  
3 governmental plans. The provisions of this section shall not be  
4 applicable to members enrolled prior to July 1, 1996 if the employer  
5 of the members certifies to the Director of the Division of Pensions  
6 and Benefits, in the form and manner prescribed by the director,  
7 prior to July 1, 1997, that the employer will pay the additional cost  
8 for not applying the limit to the members.

9 b. Notwithstanding any law, rule or regulation to the contrary, for  
10 members of the Defined Contribution Retirement Program, the amount  
11 of compensation which may be used for employer and member  
12 contributions shall not exceed the compensation limitation of section  
13 401(a)(17) of the federal Internal Revenue Code of 1986 (26 U.S.C. s.  
14 401(a)(17)), as amended from time to time.  
15 (cf: P.L.1997, c.113, s.4)  
16

17 97. Section 41 of P.L.2007, c.92 (C.43:3C-9.6) is amended to  
18 read as follows:

19 41. a. Upon the termination of the Teachers' Pension and  
20 Annuity Fund, the Public Employees' Retirement System, the  
21 Judicial Retirement System, the Police and Firemen's Retirement  
22 System, the State Police Retirement System, the Prison Officers'  
23 Pension Fund, [or] the Consolidated Police and Firemen's Fund,  
24 the Alternate Benefit Program, or the Defined Contribution  
25 Retirement Program, or upon complete discontinuance of  
26 contributions to any of the retirement systems, the rights of all  
27 members of such retirement system to benefits accrued to the date  
28 of such termination or discontinuance, to the extent then funded, are  
29 non-forfeitable.

30 b. Notwithstanding any law, rule or regulation to the contrary,  
31 the form and timing of all distributions from the Teachers' Pension  
32 and Annuity Fund, the Public Employees' Retirement System, the  
33 Judicial Retirement System, the Police and Firemen's Retirement  
34 System, the State Police Retirement System, the Prison Officers'  
35 Pension Fund, [or] the Consolidated Police and Firemen's Fund,  
36 the Alternate Benefit Program, or the Defined Contribution  
37 Retirement Program, to a member, or to the beneficiary of a  
38 member if the member dies before the member's entire interest has  
39 been distributed, shall conform to the required distribution  
40 provisions of section 401(a)(9) of the federal Internal Revenue  
41 Code and the regulations issued by the United States Department of  
42 the Treasury under that Code section, including the incidental death  
43 benefit requirements of section 401(a)(9)(G) of the federal Internal  
44 Revenue Code. In addition, in no event shall payments under any  
45 of the retirement systems commence to be paid to a member later  
46 than the member's required beginning date, without regard to  
47 whether the member has filed application therefor. For this  
48 purpose, a member's required beginning date is the April 1 of the

1 calendar year following the later of (1) the calendar year in which  
2 the member attains age 70 1/2 or (2) the calendar year in which the  
3 member retires. The actuarial adjustment described in section  
4 401(a)(9)(C)(iii) of the federal Internal Revenue Code shall not  
5 apply.

6 (cf: P.L.2007, c.92, s.41)

7  
8 98. (New section) a. Notwithstanding any law, rule or regulation  
9 to the contrary, the Teachers' Pension and Annuity Fund, established  
10 pursuant to N.J.S.18A:66-1 et seq., the Judicial Retirement System,  
11 established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison  
12 Officers' Pension Fund, established pursuant to P.L.1941, c.220  
13 (C.43:7-7 et seq.), the Public Employees' Retirement System,  
14 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the  
15 Consolidated Police and Firemen's Pension Fund, established pursuant  
16 to R.S.43:16-1 et seq., the Police and Firemen's Retirement System,  
17 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), and the  
18 State Police Retirement System, established pursuant to P.L.1965, c.89  
19 (C.53:5A-1 et seq.), are established as qualified governmental defined  
20 benefit plans pursuant to sections 401(a) and 414(d) of the federal  
21 Internal Revenue Code of 1986 (26 U.S.C. ss. 401(a) and 414(d)), as  
22 amended, or such other provision of the federal Internal Revenue  
23 Code, as applicable, regulations of the U.S. Treasury Department, and  
24 other guidance of the federal Internal Revenue Service.

25 b. Notwithstanding any law, rule or regulation to the contrary, the  
26 Alternate Benefit Program, established pursuant to P.L.1969, c.242  
27 (C.18A:66-167 et seq.), and the Defined Contribution Retirement  
28 Program, established pursuant to P.L.2007, c.92 (C.43:15C-1 et seq.)  
29 are established as qualified governmental defined contribution plans  
30 pursuant to sections 401(a) and 414(d) of the federal Internal Revenue  
31 Code of 1986 (26 U.S.C. ss. 401(a) and 414(d)), as amended, or such  
32 other provision of the federal Internal Revenue Code, as applicable,  
33 regulations of the U.S. Treasury Department, and other guidance of the  
34 federal Internal Revenue Service.

35 c. Notwithstanding the provisions of any law, rule or regulation  
36 to the contrary, the Director of the Division of Pensions and  
37 Benefits in the Department of the Treasury shall be authorized to  
38 modify the provisions of the foregoing retirement plans, when a  
39 modification is required to maintain the qualified status of the  
40 retirement plans under the Internal Revenue Code of 1986,  
41 applicable regulations of the U.S. Treasury Department or other  
42 guidance of the federal Internal Revenue Service. Notwithstanding  
43 the provisions of the Administrative Procedure Act, P.L.1968, c.410  
44 (C.52:14B-1 et seq.), the director may modify the provisions of the  
45 foregoing retirement plans, when a modification is required to  
46 maintain the qualified status of the retirement plans by  
47 promulgating a rule or regulation which shall be effective upon  
48 filing with the Office of Administrative Law.



1       99. (New section) a. A member shall be fully vested in his or her  
2 accumulated contributions at all times.

3       b. A member shall be fully vested in his or her service  
4 retirement benefit upon the attainment of normal retirement age  
5 under the retirement system and the completion of any required  
6 years of service. Normal retirement age means the age established  
7 by regulation consistent with statute.

8       c. In conformity with section 401(a)(8) of the federal Internal  
9 Revenue Code (26 U.S.C. s. 401(c)(8)), any forfeitures of benefits  
10 by members or former members of the plan shall not be applied to  
11 increase the benefits any member would otherwise receive under  
12 the plan.

13

14       100. (New section) Notwithstanding any law, rule or regulation  
15 to the contrary, the Teachers' Pension and Annuity Fund, the  
16 Judicial Retirement System, the Prison Officers' Pension Fund, the  
17 Public Employees' Retirement System, the Consolidated Police and  
18 Firemen's Pension Fund, the Police and Firemen's Retirement  
19 System, the State Police Retirement System, the Alternate Benefit  
20 Program, and the Defined Contribution Retirement Program shall be  
21 administered in accordance with the rollover requirements of  
22 section 401(a)(31) of the federal Internal Revenue Code (26 U.S.C.  
23 s. 401(a)(31)).

24

25       101. (New section) Effective December 12, 1994,  
26 notwithstanding any other provision of the retirement system law,  
27 contributions, benefits and service credit with respect to qualified  
28 military service are governed by section 414(u) of the federal  
29 Internal Revenue Code (26 U.S.C. s. 414(u)) and the Uniformed  
30 Services Employment and Reemployment Rights Act of 1994 (38  
31 U.S.C. s. 4301 et seq.).

32

33       102. (New section) Effective as of July 1, 1989, a retirement  
34 board, or a member of such board, shall not engage in a transaction  
35 prohibited by section 503(b) of the federal Internal Revenue Code  
36 (26 U.S.C. s. 503(b)).

37

38       103. (New section) Each retirement system may participate  
39 under Section 401(a)(24) of the federal Internal Revenue Code in a  
40 qualified group trust that meets the requirements of Section 401(a)  
41 of the federal Internal Revenue Code (26 U.S.C. s. 401(a)(24)) in  
42 accordance with Revenue Ruling 81-100, as amended by Revenue  
43 Ruling 2004-67 and Revenue Ruling 2011-1.

44

45       104. (New section) a. Post-employment benefits other than  
46 pensions under the State Health Benefits Program, P.L.1961, c.49  
47 (C.52:14-17.25 et seq.), for retired employees, and their dependents, of  
48 employers other than the State that are participating in the State Health

1 Benefits Program pursuant to section 3 of P.L.1964, c.125 (C.52:14-  
2 17.34), as non-State participating employers, shall be funded and paid  
3 by means of contributions to a separate trust fund. For the purposes of  
4 this section, the term "post-employment benefits other than pensions"  
5 means post-employment benefits including, but not limited to, health,  
6 dental and vision care, which give rise to a liability under Statement  
7 No. 43 of the Governmental Accounting Standards Board, Reporting  
8 for Postemployment Benefit Plans Other Than Pension Plans, and  
9 Statement No. 45 of the Governmental Accounting Standards Board,  
10 Accounting and Financial Reporting by Employers for  
11 Postemployment Benefits Other Than Pensions, together, GASB  
12 43/45, as amended from time to time, or any successor publication.  
13 For purposes of this section, and notwithstanding anything to the  
14 contrary, the term "non-State participating employers" is limited only  
15 to entities that are a political subdivision of the State, as defined in  
16 federal Treas. Reg. s. 1.103-1(b), or entities the income of which is  
17 excluded from gross income under section 115 of the Internal Revenue  
18 Code of 1986 (26 U.S.C. s.115), as amended. For purposes of this  
19 section, the term "dependent" or "dependents" means a dependent as  
20 defined under section 152 of the Internal Revenue Code of 1986 (26  
21 U.S.C. s.152), as amended, without regard to subsections (b)(1),  
22 (b)(2), or (d)(1)(B) thereof, of a retired employee.

23 b. There is hereby established the State of New Jersey Other Post-  
24 Employment Benefits (OPEB) Fund, which is intended to qualify as an  
25 instrumentality of the State or a political subdivision of the State under  
26 section 115 of the Internal Revenue Code of 1986 (26 U.S.C. s. 115),  
27 as amended. The assets of the OPEB Fund shall be used only to fund  
28 and pay post-employment benefits other than pensions, and the  
29 reasonable cost of administering such benefits, with respect to eligible  
30 retired employees, and their dependents, of non-State participating  
31 employers, and deposits and contributions to the OPEB Fund shall be  
32 irrevocable except as specifically provided in subsection i. of this  
33 section. The OPEB Fund shall be a trust, trust account or custodial  
34 account, the assets of which shall be deemed an arrangement  
35 equivalent to a trust for all legal purposes, and shall be established by  
36 means of appropriate documentation so as to be exempt from taxation  
37 under the provisions of applicable federal and State tax law, which  
38 shall contain such terms and conditions as are required to comply with  
39 all State and federal law including but not limited to the following:

40 (1) The OPEB Fund shall provide no guaranty that payments or  
41 reimbursements to employees, former employees, retirees, spouses or  
42 beneficiaries will be tax-free.

43 (2) In the event that the OPEB Fund has obtained a ruling from the  
44 Internal Revenue Service concerning only the federal tax treatment of  
45 the OPEB Fund's income, that ruling may not be cited or relied upon  
46 by any non-State participating employer as precedent concerning any  
47 matter relating to the non-State participating employer's health plans,  
48 including post-retirement health plans. In particular, that ruling shall

1 have no effect on whether contributions to the non-State participating  
2 employer's health plans or payments from the non-State participating  
3 employer's health plans, including reimbursements of medical  
4 expenses, are excludable from the gross income of employees, former  
5 employees or retirees, under the Internal Revenue Code of 1986, as  
6 amended.

7 (3) The federal income tax consequences to employees, former  
8 employees and retirees shall depend on the terms and operation of the  
9 non-State participating employer's health plans.

10 c. The assets of the OPEB Fund shall be segregated from all other  
11 funds of the State and the non-State participating employers,  
12 including without limitation the fund described in section 48 of  
13 P.L.2007, c.103 (C.52:14-17.32a1), and shall be invested and  
14 administered solely in the interest of retired employees, and their  
15 dependents, of non-State participating employers entitled to post-  
16 employment benefits other than pensions provided by the State Health  
17 Benefits Program. However, the OPEB Fund may be invested in a  
18 group trust established pursuant to section 401(a)(24) of the Internal  
19 Revenue Code of 1986 (26 U.S.C. s. 401(a)(24)), as amended. Neither  
20 the State, the State Legislature, the State Health Benefits Commission,  
21 the Treasurer of the State of New Jersey, the Division of Pensions and  
22 Benefits in the Department of the Treasury, nor any public officer,  
23 employee or agency, nor service provider to the OPEB Fund, shall use  
24 or authorize the use of assets contributed to the OPEB Fund, or the  
25 investment earnings thereon, for any purpose other than the provision  
26 of post-employment benefits other than pensions in accordance with  
27 the terms of the State Health Benefits Program applicable to retired  
28 employees, and their dependents, of non-State participating employers,  
29 and the defraying of the reasonable costs of administering the OPEB  
30 Fund and the benefits provided by means of the OPEB Fund. The  
31 assets constituting the OPEB Fund shall under no circumstances be  
32 subject to assignment or alienation in favor of the creditors of the State  
33 or any non-State participating employer, or of the individuals or  
34 entities that administer the State Health Benefits Program or the OPEB  
35 Fund. Private parties' interests shall neither materially participate in  
36 the OPEB Fund nor benefit more than incidentally from the operation  
37 or earnings of the OPEB Fund.

38 d. The Director of the Division of Pensions and Benefits shall serve  
39 as the administrator of the OPEB Fund. The Director of the Division  
40 of Investment as trustee shall have the authority to adopt a trust  
41 agreement, to receive and hold all moneys in the OPEB Fund, and to  
42 disburse the same in accordance with instructions from the fund  
43 administrator. The Director of the Division of Investment shall have  
44 the authority to invest and reinvest the moneys in the OPEB Fund and  
45 to acquire for or on behalf of the OPEB Fund such investments in  
46 accordance with the standards governing the investment of other funds  
47 managed by the Director of the Division of Investment under the rules  
48 and regulations of the State Investment Council. The State, the

1 Division of Pensions and Benefits, the State Treasurer, the Division of  
2 Investment, and the State Investment Council, and their respective  
3 officers and employees, shall not be liable for any loss incurred by the  
4 OPEB Fund.

5 e. The fund administrator or the trustee may select and contract  
6 with custodians, record keepers, actuaries and other consultants, and  
7 other service providers with respect to the administration of the OPEB  
8 Fund, and may delegate to such persons or entities, or to any person  
9 within the Department of the Treasury, any of their duties and  
10 responsibilities. The Director of the Division of Investment may select  
11 and contract with investment managers, investment advisors and other  
12 service providers with respect to the investment of the OPEB Fund,  
13 and may delegate to such persons or entities, or to any person within  
14 the Division of Investment, any of its duties and responsibilities.

15 f. The fund administrator shall, with the assistance of a qualified  
16 actuary, determine a funding policy for the OPEB Fund and may  
17 promulgate rules and procedures with respect to the administration and  
18 funding of the OPEB Fund. The fund administrator, with the  
19 assistance of a qualified actuary, shall annually measure and determine  
20 an amount for the annual "other post-employment benefits" cost of  
21 providing benefits for the retirees and their dependents of each non-  
22 State participating employer in the State Health Benefits Program  
23 based on the "annual required cost" (ARC) for providing such benefits  
24 determined in accordance with applicable standards under GASB  
25 43/45. The fund administrator shall report the OPEB cost for each  
26 non-State participating employer to such employer on an annual basis.

27 g. The fund administrator, with the assistance of a qualified  
28 actuary, shall annually determine, and the fund administrator shall  
29 approve, the aggregate contribution to the OPEB Fund to fund post-  
30 employment benefits other than pensions under the terms of the State  
31 Health Benefit Program, which shall be the amount necessary to pay  
32 the anticipated premiums or periodic charges for the benefits for the  
33 following annual valuation period, with respect to all non-State  
34 employers participating in the OPEB Fund. The fund administrator  
35 shall determine and approve the rate or rates to be charged to non-State  
36 participating employers as contributions by such employers to the  
37 OPEB Fund, based on such allocable amounts of the above-described  
38 aggregate contribution and such other factors as the fund administrator  
39 shall determine with respect to the setting of such rates.

40 h. Deposits to the OPEB Fund shall be made by each non-State  
41 participating employer in the amounts specified by the fund  
42 administrator. Deposits to the OPEB Fund by each non-State  
43 participating employer shall be segregated in a separate account for  
44 recordkeeping purposes from the deposits from all other non-State  
45 participating employers in the OPEB Fund. Such deposits may be  
46 commingled for purposes of investment, but the fund administrator  
47 shall provide record keeping to establish the deposits allocable to each  
48 non-State participating employer and shall periodically report the

1 value of the separate accounts to the applicable non-State participating  
2 employers. Investment earnings attributable to the OPEB Fund shall  
3 be determined on an aggregate basis for all non-State participating  
4 employers. A non-State participating employer shall not make a  
5 deposit to the OPEB Fund if the total amount invested with respect to  
6 that employer would exceed such employer's actuarially determined  
7 liability for post-employment benefits other than pensions due to its  
8 employees, as determined under the applicable standards of GASB  
9 43/45.

10 i. In the event that, following the satisfaction in full of all  
11 liabilities for post-employment benefits other than pensions to  
12 retired employees, and their dependents, of non-State participating  
13 employers, there remain undistributed assets of the OPEB Fund,  
14 such assets shall be distributed in the manner determined by the  
15 fund administrator, provided that in no event shall such assets be  
16 distributed to, or used for the purpose of paying benefits for, the  
17 active or retired employees of an entity that is not a State, a political  
18 subdivision of the State or an entity the income of which is  
19 excluded from gross income under section 115 of the Internal  
20 Revenue Code of 1986 (26 U.S.C. s. 115), as amended.

21  
22 105. (New section) With respect to the portion of the alternate  
23 benefit program, P.L.1969, c.242 (C.18A:66-167 et seq.), that is  
24 subject to section 403(b) of the federal Internal Revenue Code (26  
25 U.S.C. s. 403(b)), the State may terminate the alternate benefit  
26 program as provided in this section.

27 a. The State adopted the alternate benefit program with the  
28 intention and expectation that contributions would be continued to the  
29 program indefinitely. The State, however, has no obligation or  
30 liability whatsoever to maintain the alternate benefit program for any  
31 length of time and may discontinue contributions under the alternate  
32 benefit program at any time without any liability hereunder for any  
33 discontinuance.

34 b. The State reserves the authority to amend or terminate the  
35 alternate benefit program at any time and for any reason.

36 c. The State may provide that, in connection with a termination of  
37 the alternate benefit program and subject to any restrictions contained  
38 in the investment options offered under the alternate benefit program,  
39 all accounts will be distributed, provided that the State and any related  
40 employer on the date of termination do not make contributions to an  
41 alternative plan or program subject to the rules under section 403(b) of  
42 the federal Internal Revenue Code (26 U.S.C. s. 403(b)), that is not  
43 part of the alternate benefit program during the period beginning on  
44 the date of termination and ending 12 months after the distribution of  
45 all assets from the alternate benefit program, except as permitted by  
46 the applicable regulations of the United States Department of the  
47 Treasury.

1       106. Section 2 of P.L.1963, c.123 (C.52:18A-108) is amended to  
2 read as follows:

3       2. As used in this act:

4       a. "Fiscal year" means any year commencing on July 1 and  
5 ending on June 30 next following.

6       b. "Participant" means (1) for the purposes of the Supplemental  
7 Annuity Collective Trust under section 4 of P.L.1965, c.90 (C.52:18A-  
8 113.1), any member of a State administered retirement system, who  
9 has elected to make voluntary additional contributions to the  
10 Supplemental Annuity Collective Trust, or for whom an employer  
11 has agreed to purchase an annuity from the Supplemental Annuity  
12 Collective Trust as hereinafter provided; or (2) for the purposes of  
13 the Additional Contributions Tax-Sheltered Program under section 1  
14 of P.L.1995, c.92 (C.52:18A-113.2), means any employee of the  
15 Department of Education, the Commission on Higher Education, the  
16 governing body of any public institution of education, or any public  
17 school, as defined in N.J.S.18A:1-1, regularly scheduled to work 20  
18 or more hours per week who has elected to make voluntary  
19 additional contributions to the Supplemental Annuity Collective  
20 Trust, or for whom an employer has agreed to purchase an annuity  
21 from the Supplemental Annuity Collective Trust as hereinafter  
22 provided. An employee regularly works less than 20 hours per  
23 week if, for the 12-month period beginning on the date the  
24 employee's employment commenced, the employee's employer  
25 reasonably expects the employee to work fewer than 1,000 hours of  
26 service, as defined under section 410(a)(3)(C) of the Internal  
27 Revenue Code of 1986 (26 U.S.C. s. 410(a)(3)(C)), as amended, and,  
28 for each plan year ending after the close of that 12-month period,  
29 the employee has worked fewer than 1,000 hours of service.

30       c. "State administered retirement system" means any of the  
31 following retirement plans: Public Employees' Retirement System  
32 of New Jersey established pursuant to chapter 84, P.L.1954;  
33 Teachers' Pension and Annuity Fund established pursuant to chapter  
34 37, P.L.1955; Police and Firemen's Retirement System of New  
35 Jersey established pursuant to chapter 255, P.L.1944; Consolidated  
36 Police and Firemen's Pension Fund established pursuant to chapter  
37 358, P.L.1952; Prison Officers' Pension Fund established pursuant  
38 to chapter 220, P.L.1941; and State Police Retirement and  
39 Benevolent Fund established pursuant to chapter 188, P.L.1925.  
40 (cf: P.L.1965, c.90, s.1)

41

42       107. Section 6 of P.L.1963, c.123 (C.52:18A-112) is amended to  
43 read as follows:

44       6. A member of a State administered retirement system or an  
45 employee of a board of education, as defined in N.J.S.18A:1-1,  
46 regularly scheduled to work 20 or more hours per week may  
47 become a participant by filing an application for enrollment in  
48 either the Variable Division or the Fixed Division, or both, in

1 accordance with rules and regulations established by the council.  
2 An employee regularly works less than 20 hours per week if, for the  
3 12-month period beginning on the date the employee's employment  
4 commenced, the employee's employer reasonably expects the  
5 employee to work fewer than 1,000 hours of service, as defined under  
6 section 410(a)(3)(C) of the Internal Revenue Code of 1986 (26 U.S.C.  
7 s. 410(a)(3)(C)), and, for each plan year ending after the close of that  
8 12-month period, the employee has worked fewer than 1,000 hours of  
9 service.

10 (cf: P.L.1963, c.123, s.6)

11  
12 108. Section 1 of P.L.1995, c.92 (C.52:18A-113.2) is amended  
13 to read as follows:

14 1. a. The Department of Education, the Commission on Higher  
15 Education, and the governing body of any public institution of  
16 **[higher]** education may enter into a written agreement with any of  
17 its employees to reduce the employee's annual salary for the  
18 purpose of investing in a tax-deferred annuity for the employee  
19 pursuant to section 403(b) of the federal Internal Revenue Code of  
20 **[1954]** 1986 (26 U.S.C. s. 403(b)), as amended. Investments shall  
21 be (1) with an insurer or mutual fund company authorized to  
22 provide investment contracts under the alternate benefit program;  
23 (2) in investment contracts authorized under the program for  
24 supplemental retirement benefits which meet the requirements of  
25 section 403(b) of the federal Internal Revenue Code (26 U.S.C. s.  
26 403(b)), as amended; and (3) on the same terms and conditions  
27 provided for participants in the alternate benefit program.

28 b. An agreement (1) shall specify the amount and the effective  
29 date of the reduction; (2) shall be subject to filing with and approval  
30 by the State Treasurer or filing with and approval by the governing  
31 body of the institution of public higher education, as appropriate;  
32 and (3) shall be legally binding and irrevocable with respect to the  
33 amounts earned while the agreement is in effect. The total amount  
34 of the reduction in an employee's salary pursuant hereto, for any  
35 calendar year, shall not exceed the lesser of (a) the applicable dollar  
36 amount or (b) the participant's Includible Compensation for the  
37 calendar year. Includible Compensation is an employee's actual wages  
38 in box 1 of Form W-2 for a year for services to the employer, but  
39 subject to a maximum of \$200,000, or such higher maximum as may  
40 apply under section 401(a)(17) of the federal Internal Revenue Code  
41 (26 U.S.C. s. 401(a)(17), and increased up to the dollar maximum by  
42 any compensation reduction election under section 125, 132(f), 401(k),  
43 403(b), or 457(b) of the federal Internal Revenue Code (26 U.S.C. s.  
44 125, 132(f), 401(k), 403(b), or 457(b)). The amount of Includible  
45 Compensation is determined without regard to any community  
46 property laws. The applicable dollar amount is the amount established  
47 under section 402(g)(1)(B) of the federal Internal Revenue Code (26  
48 U.S.C. s. 402(g)(1)(B)), which is \$16,500 for 2011, and is adjusted for

1 cost-of-living after 2011 to the extent provided under section 415(d) of  
2 the federal Internal Revenue Code (26 U.S.C. s. 415(d)). The total  
3 amount of the reduction in an employee's salary pursuant hereto, for  
4 any calendar year, when added to the contributions made in the year  
5 on behalf of the employee in accordance with section 7 of P.L.1963,  
6 c.123 (C.52:18A-113), exceed the limitations set forth in  
7 【Pub.L.93-406 (Employment Retirement Income Security Act of  
8 1974) and】 section 415 (c) of the federal Internal Revenue Code (26  
9 U.S.C.s.415 (c)). For the purposes of this section, if the participant is  
10 or has been a participant in one or more other plans under section  
11 403(b) of the federal Internal Revenue Code (26 U.S.C. s. 403(b)),  
12 and any other plan that permits elective deferrals under section 402(g)  
13 of the federal Internal Revenue Code (26 U.S.C. s. 402(g)), then this  
14 plan and all such other plans shall be considered as one plan for  
15 purposes of applying the foregoing limitations.

16 c. An agreement may be terminated at any time upon written  
17 notice by either the employee or the employer. Termination shall  
18 take effect at the beginning of the payroll period whose first day is  
19 nearest to the 30th day following the day on which notification of  
20 termination was (1) received by the employer, in the event  
21 termination is initiated by the employee, or (2) sent to the  
22 employee, in the event termination is initiated by the employer.

23 d. Amounts payable pursuant to this section by an employer on  
24 behalf of an employee for a payroll period shall be transmitted and  
25 credited not later than the fifth business day after the date on which  
26 the employee is paid for that pay period.

27 e. The plan described in subsection a. of this section shall be  
28 known as the New Jersey Additional Contributions Tax-Sheltered  
29 Program.

30 (cf: P.L.1999, c.247, s.4)

31  
32 109. Section 2 of P.L.1995, c.92 (C.52:18A-113.3) is amended  
33 to read as follows:

34 2. Upon approval and filing, the State Treasurer or the  
35 applicable governing body of a public institution of **【higher】**  
36 education shall reduce an employee's salary pursuant to the  
37 agreement and shall pay an amount equal to the amount agreed  
38 upon for the salary reduction as an employer contribution to the  
39 issuer of the employee's annuity. Participation in a reduction of  
40 salary pursuant to this act shall not cause the employee to lose any  
41 benefits under a State-administered retirement system to which the  
42 employee would otherwise be entitled had the employee not agreed  
43 to a reduction in salary for the purpose of purchasing a tax-deferred  
44 annuity. Employee contributions and any survivor's benefit shall be  
45 paid on the basis of the employee's salary without regard to the  
46 reduction authorized by this act.

47 (cf: P.L.1995, c.92, s.2)



1       110. Section 3 of P.L.1995, c.92 (C.52:18A-113.4) is amended  
2 to read as follows:

3       3. Payments for tax-deferred annuities shall be made by the  
4 State Treasurer or the applicable governing body of a public  
5 institution of **[higher]** education to the issuers of the annuities out  
6 of moneys available for the salaries of employees who have entered  
7 into agreements pursuant to this act.  
8 (cf: P.L.1995, c.92, s.3)  
9

10       111. Section 1 of P.L.1996, c.77 (C.52:18A-113.6) is amended  
11 to read as follows:

12       1. Employees of the Department of Education, the Commission  
13 on Higher Education, or the governing body of any public  
14 institution of **[higher]** education who are participants in the  
15 Supplemental Annuity Collective Trust pursuant to section 403(b)  
16 of the federal Internal Revenue Code of **[1954]** 1986 (26 U.S.C. s.  
17 403(b)), as amended, **[may :**

18       a. **] shall** transfer all **[or a portion of any]** funds that they may  
19 have invested as participants in the Supplemental Annuity  
20 Collective Trust to a tax-deferred annuity with an insurer or mutual  
21 fund company authorized to provide investment contracts under the  
22 alternate benefit program pursuant to the provisions of P.L.1995,  
23 c.92 (C.52:18A-113.2 et seq.) **]; or**

24       b. transfer all or a portion of any funds that they may have  
25 invested in a tax-deferred annuity with any authorized provider to  
26 the Supplemental Annuity Collective Trust **].**

27 (cf: P.L.1996, c.77, s.1)  
28

29       112. Section 9 of P.L.1963, c.123 (C.52:18A-115) is amended to  
30 read as follows:

31       9. The assets of the Variable Division shall be invested and  
32 reinvested principally in common stocks and securities which are  
33 convertible into common stocks. Such common stocks and  
34 securities shall be **[restricted to those listed]** traded on a securities  
35 exchange in the United States or over-the-counter market.

36 (cf: P.L.1963, c.123, s.9)  
37

38       113. (New section) With respect to the portion of the  
39 Supplemental Annuity Collective Trust that is subject to section  
40 403(b) of the federal Internal Revenue Code (26 U.S.C. s. 403(b)), the  
41 State may terminate the Supplemental Annuity Collective Trust as  
42 provided in this section.

43       a. The State enacted P.L.1963, c.123 (C.52:18A-107 et seq.) with  
44 the intention and expectation that contributions would be continued to  
45 the Supplemental Annuity Collective Trust program indefinitely. The  
46 State, however, has no obligation or liability whatsoever to maintain  
47 the program for any length of time and may discontinue contributions

1 under the program at any time without any liability hereunder for any  
2 discontinuance.

3 b. The State reserves the authority to amend or terminate the  
4 Supplemental Annuity Collective Trust program at any time and for  
5 any reason.

6 c. The State may provide that, in connection with a termination of  
7 the program, all accounts will be distributed, provided that the State  
8 and any related employer on the date of termination do not make  
9 contributions to an alternative plan or program subject to the rules  
10 under section 403(b) of the Internal Revenue Code of 1986 (26 U.S.C.  
11 s. 403(b)), as amended, that is not part of the program during the  
12 period beginning on the date of termination and ending 12 months  
13 after the distribution of all assets from the Supplemental Annuity  
14 Collective Trust program, except as permitted by the applicable  
15 regulations of the United States Department of the Treasury.

16

17 114. The following sections are repealed:

18 Section 10 of P.L.2010, c.3 (C.18A:66-39.1);

19 N.J.S.18A:66-42;

20 N.J.S.18A:66-53.2;

21 Section 11 of P.L.2010, c.3 (C.43:15A-42.1);

22 Section 12 of P.L.2010, c.3 (C.43:15A-42.2);

23 Section 46 of P.L.1954, c.84 (C.43:15A-46);

24 Section 1 of P.L.1985, c.414 (C.43:15A-47.2);

25 Section 27 of P.L.1966, c.217 (C.43:15A-57.2);

26 Section 1 of P.L.1985, c.283 (C.43:15A-57.3);

27 Section 1 of P.L.1999, c.96 (C.43:16A-5.1);

28 Section 1 of P.L.1989, c.103 (C.43:16A-6.1);

29 Section 7 of P.L.1944, c.255 (C.43:16A-7); and

30 Section 10 of P.L.1965, c.89 (C.53:5A-10).

31

32 115. The following section is repealed:

33 Section 4 of P.L.1965, c.90 (C.52:18A-113.1).

34

35 116. This act shall take effect immediately, except that sections  
36 2, 11, 12, 14-17 inclusive, 19, 20, 23, 24, 37, 43-49 inclusive, 51,  
37 53, 58, 65, 66, 70-72 inclusive, 75, 76, 78, 79, 82-84 inclusive, 86,  
38 106, 107 and 111 shall take effect on the 120th day after the date of  
39 enactment except that the provisions establishing the rate of regular  
40 interest in sections 11, 15, 17, 43, 44, 47, 49 and 58 shall take effect  
41 July 1, 2011, and sections 5, 6, 7, 8, 10, 13, 18, 25-31 inclusive, 33-  
42 36 inclusive, 40, 42, 50, 52, 55-57 inclusive, 59-63 inclusive, 88,  
43 104 and 115 shall take effect on July 1, 2011.

## STATEMENT

This bill amends the various statutes governing the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Judicial Retirement System (JRS), the Police and Firemen's Retirement System (PFRS), the State Police Retirement System (SPRS), the Alternate Benefits Program (ABP), and the Defined Contribution Retirement Program (DCRP). The bill makes a series of reforms to the State's retirement systems to provide for the future stability of those systems by adjusting pension benefits to a more sustainable level. For example, to strengthen the financial stability of the retirement systems, the bill increases employee contribution rates in TPAF, PERS, JRS and SPRS to a uniform 8.5% of salary, which matches the PFRS employee contribution rate, and provides that the additional employee contributions are not be used to offset employer contributions. The bill also makes changes to the retirement systems to address the abuse and so-called gaming of a system whereby an individual is able to accrue a pension benefit substantially greater than the standard pension benefit.

Current law provides that members of TPAF and PERS contribute 5.5% of salary toward pension benefits and are eligible for a deferred, early or service retirement benefit calculated using  $1/55$  multiplied by years of service, then multiplied by average compensation. The bill increases the TPAF and PERS employee contribution rate, including for members in the legislative part, the workers compensation judges part and the prosecutors part of the PERS, to 8.5% of compensation and specifies that the additional 3% for TPAF members and regular PERS members, as well as the increases of the special parts of PERS, will not be used to reduce the statutorily required employer normal contribution. P.L.2001, c.133 provided a 9% increase in TPAF and PERS benefits by substituting  $1/55$  for  $1/60$  in the benefit calculation. This bill rolls back that increase and further provides that for service credit accrued after the 120th day after its effective date,  $1/65$  will be used in benefit calculations for early, deferred and service retirements. It provides for a proportional reduction in the calculation of future service for veteran benefits using  $1/60$  instead of  $1/55$ . The bill changes average compensation to the average of five years instead of three years, except that members with more than 25 years of service or who have attained age 60 on the 120th day after its effective date retain the 3-year average.

A TPAF or PERS member with 25 or more years of service now may retire with an early retirement benefit at age 55 or older with no reduction in benefit, or if a person become a member after November 1, 2008 there is a reduction in benefit if the person is not yet age 62. The bill provides that for members with fewer than 25 years of creditable service, on or after the 120th day after the

1 effective date of the bill, the number of years of service credit  
2 required for early retirement changes to 30 from 25 with a reduction  
3 of  $\frac{1}{4}\%$  for each month the member lacks of being age 65. Members  
4 with 25 or more years of creditable service on the 120th day after  
5 the effective date of the bill continue to be eligible for early  
6 retirement at age 55 with no reduction. Service retirement is  
7 currently available to TPAF and PERS members with fewer than 25  
8 years of service at age 60, or age 62 if a member since November 1,  
9 2008. Under the bill, service retirement will be available (1) at age  
10 60 to members with 25 or more years of service or age 60 on the  
11 120th day after the bill's effective date, (2) at age 62 to members  
12 enrolled since November 1, 2008 with 25 or more years of service  
13 or age 62 on that day, or (3) at age 65 to members with fewer than  
14 25 years and under age 65 on that day. Age 65 becomes the new  
15 normal retirement age to reflect increased life expectancy and an  
16 individual's longer productive work life.

17 The bill makes some similar changes to the JRS. The employee  
18 contribution rate is currently 3% of compensation. The bill  
19 increases that rate to 8.5% for the total salary of new JRS members  
20 and for any future increases in salary for current members, with the  
21 additional 5.5% not being used to reduce the statutorily required  
22 employer normal contribution. The increase in the contribution rate  
23 for members of the JRS is implemented in a manner to conform to a  
24 prohibition in the State Constitution against the reduction in the  
25 compensation of a judge during the judge's term of appointment.

26 With regard to the two State-administered defined contribution  
27 systems, ABP and DCRP, the bill provides that normal retirement  
28 age is 65, that cash surrender upon separation from service will be  
29 applicable prior to age 65, and that an ABP or DCRP member  
30 receiving a cash distribution or annuity option using employee  
31 contribution funds upon separation from service will not be  
32 considered retired from those defined contribution systems. The  
33 bill also modifies provisions related to the selection of ABP  
34 providers.

35 Members of PFRS and SPRS with 25 years of service credit  
36 currently may retire on a benefit of 65% of highest year salary with  
37 an additional 1% for each year beyond 25 but not more than 30 for a  
38 maximum benefit of 70%. For PFRS and SPRS members with  
39 fewer than 25 years of creditable service on the 120th day after its  
40 effective date, the bill redefines final compensation as the average  
41 compensation received for three highest years and decreases the  
42 special retirement allowance from 65% to 60% of salary with the  
43 additional 1% for each year of service credit over 25 up to 30 years,  
44 for a maximum benefit of 65%. Under current law, the three year  
45 average is applicable only to those employees who became  
46 members after May 21, 2010.

47 Applications for accidental disability pensions have been  
48 growing at a pace that suggests an attempt to abuse these benefits.

1 The bill standardizes disability retirement benefits among all of the  
2 defined benefit retirement systems, TPAF, PERS, PFRS and SPRS,  
3 and provides the same level of disability benefit for those with 10 or  
4 more years in a retirement system, including an earnings test. The  
5 bill establishes a work-related disability benefit for a member  
6 regardless of years of service if the member is totally and  
7 permanently disabled as a direct result of an accident or  
8 occupational exposure and receives an award of permanent  
9 disability under the worker's compensation laws.

10 The bill also clarifies the law with respect to retirees returning to  
11 public employment. It strengthens criteria for determining a bona  
12 fide retirement and provides that a retirement is bona fide if the  
13 retiree terminates all public employment for a period of not less  
14 than six months while receiving a retirement allowance. If a  
15 retirement is not bona fide, the retirement will be cancelled or  
16 suspended and the retiree will be reenrolled or enrolled in the  
17 retirement system which covers the position in which the retiree is  
18 employed. If a retirement is bona fide, a public employer may hire a  
19 retiree without a reenrollment requirement. The bill requires public  
20 employers to notify the Division of Pensions and Benefits when  
21 they hire a retiree.

22 With regard to the benefits of all retirees, current and future, and  
23 their beneficiaries, the bill provides that there will be no future cost-  
24 of-living adjustment (COLA) to pension benefits. Eliminating the  
25 annual COLA will help ensure the sustainability of the retirement  
26 systems. While automatic future increases are eliminated, current  
27 monthly benefits are not reduced by this change.

28 For TPAF, JRS, PERS, PFRS and SPRS, the bill changes the  
29 amortization methodology from a percentage of pay schedules to a  
30 level dollar amount each year and will result in the earlier  
31 retirement of the unfunded liability of the pension systems.  
32 Currently, member contributions to those retirement system are  
33 credited and annuitized at an interest rate that exceeds current  
34 market rates. The bill also provides that member contributions to  
35 these systems will be credited with 4% interest.

36 Sections 94 through 103 of the bill contain a number of changes to  
37 the law that are necessary to maintain the qualified plan status of the  
38 retirements systems under the federal Internal Revenue Code.  
39 Sections 104 and 105 contain provisions for compliance with  
40 Statements Nos. 43 and 45 of the Governmental Accounting Standards  
41 Board, Accounting and Financial Reporting by Employers for  
42 Postemployment Benefits Other Than Pensions (GASB 43/45) and to  
43 bring the defined contribution plans into compliance with U.S.  
44 Department of Treasury regulations affecting administration of plans  
45 administered under section 403(b) of the Internal Revenue Code.  
46 Modifications pertaining to the Supplemental Annuity Collective Trust  
47 are found in sections 106 through 113.