

**SENATE, No. 2**

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**STATE OF NEW JERSEY**

**214th LEGISLATURE**

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INTRODUCED FEBRUARY 8, 2010

**Sponsored by:**

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**District 22 (Middlesex, Somerset and Union)**  
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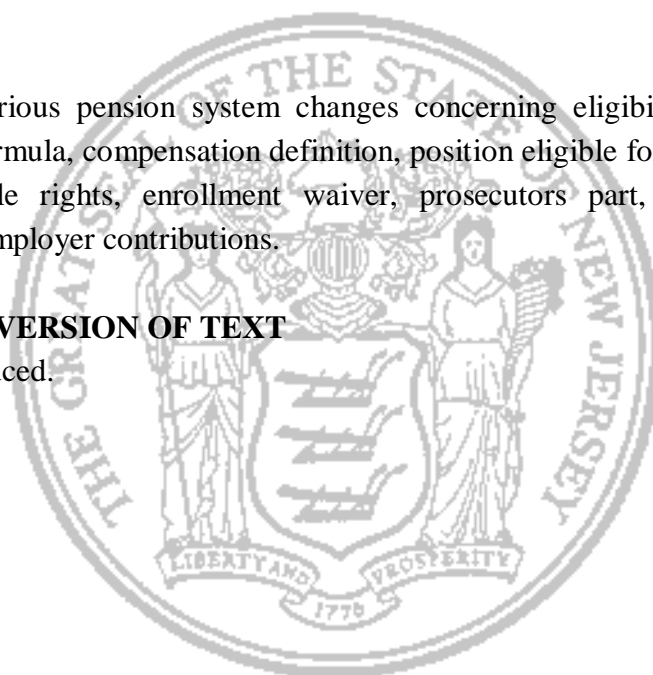
**Senators Vitale, Lesniak, Oroho, Kyrillos, Codey, Beach, Gordon, T.Kean, A.R.Bucco, Cardinale, Beck, B.Smith, Stack, Doherty, Madden, Sweeney, Buono, Ruiz, Gill, Pennacchio, Ciesla and Haines**

**SYNOPSIS**

Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 3/23/2010)

1    **AN ACT** concerning various changes to the State-administered  
2       retirement systems and amending and supplementing various  
3       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. N.J.S.18A:66-4 is amended to read as follows:

9       18A:66-4. a. The membership of the retirement system shall  
10 consist of:

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

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

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

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

23       b. (1) Before or on **【the effective date of P.L.2008, c.89】**  
24 November 1, 2008, no person in employment, office or position, for  
25 which the annual salary or remuneration is fixed at less than  
26 \$500.00 shall be eligible to become a member of the retirement  
27 system.

28       (2) After **【the effective date of P.L.2008, c.89】** November 1,  
29 2008, a person who was a member of the retirement system on that  
30 **【effective】** date and continuously thereafter shall be eligible to be a  
31 member of the retirement system in employment, office or position,  
32 for which the annual salary or remuneration is fixed at \$500 or  
33 more.

34       (3) After the **【effective date of P.L.2008, c.89】** November 1,  
35 2008 and before or on the effective date of P.L.     , c.     (pending  
36 before the Legislature as this bill), a person who was not a member  
37 of the retirement system on **【that effective date】** November 1, 2008,  
38 or who was a member of the retirement system on that **【effective】**  
39 date but not continuously thereafter, and who is in employment,  
40 office or position, for which the annual salary or remuneration is  
41 certified by the applicable public entity at \$7,500 or more, shall be  
42 eligible to become a member of the retirement system. The \$7,500  
43 minimum annual salary or remuneration amount shall be adjusted  
44 annually by the Director of the Division of Pensions and Benefits,  
45 by regulation, in accordance with changes in the Consumer Price

**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 Index but by no more than 4 percent. "Consumer Price Index"  
2 means the average of the annual increase, expressed as a  
3 percentage, in the consumer price index for all urban consumers in  
4 the New York City and Philadelphia metropolitan statistical areas  
5 during the preceding calendar year as reported by the United States  
6 Department of Labor.

7 (4) After the effective date of P.L. , c. (pending before the  
8 Legislature as this bill), no person in an employment, office or  
9 position of the State, or an agency, board, commission, authority or  
10 instrumentality of the State, for which the hours of work are fixed at  
11 fewer than 35 per week shall be eligible to become a member of the  
12 retirement system; and no person in employment, office or position  
13 with a board of education or other education employer for which the  
14 hours of work are fixed by a resolution of the board of education or  
15 other education employer at fewer than 32 per week shall be  
16 eligible to become a member of the retirement system. Any hour or  
17 part thereof, during which the person does not work due to the  
18 person's participation in a voluntary or mandatory furlough  
19 program shall not be deducted in determining if a person's hours of  
20 work are fixed at fewer than 35 or 32 per week, as appropriate, for  
21 the purpose of eligibility.

22 (cf: P.L.2008, c.89, s.5)

23  
24 2. N.J.S.18A:66-8 is amended to read as follows:

25 18A:66-8. a. If a teacher:

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

36 (2) has not withdrawn the accumulated member's contributions  
37 from the retirement system, the teacher's membership may continue,  
38 notwithstanding any provisions of this article, if the member returns  
39 to service within a period of 10 years from the date of  
40 discontinuance from service. No credit for retirement purposes  
41 shall be allowed to the member covering the period of  
42 discontinuance, except as provided in this section. In computing  
43 the service or in computing final compensation, no time after  
44 September 1, 1919, during which a member shall have been  
45 employed as a teacher at an annual salary or remuneration, or a  
46 number of hours of work, fixed at less than that which is required  
47 for membership pursuant to N.J.S.18A:66-4 as applicable to the  
48 member shall be credited [, except that in] . In computing the

1 service or in computing final compensation, no time after the  
2 effective date of P.L. , c. (pending before the Legislature as this  
3 bill), during which a member shall have been employed as a teacher  
4 for fewer than 32 hours per week shall be credited, unless the  
5 member shall have been a member since that effective date  
6 continuously. In the case of a veteran member credit shall be given  
7 for service rendered prior to January 1, 1955, in an employment,  
8 office or position if the annual salary or remuneration therefor was  
9 fixed at not less than \$300.00 and the service consisted of the  
10 performance of the full duties of the employment, office or position.

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

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

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

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

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

23 (cf: P.L.2008. c.89, s.6)  
24

25 3. 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 **【the effective date of P.L.2008, c.89】**  
34 November 1, 2008, no person in employment, office or position, for  
35 which the annual salary or remuneration is fixed at less than  
36 \$1,500.00, shall be eligible to become a member of the retirement  
37 system.

38 (2) After **【the effective date of P.L.2008, c.89】** November 1,  
39 2008, a person who was a member of the retirement system on that  
40 **【effective】** date and continuously thereafter shall be eligible to be a  
41 member of the retirement system in employment, office or position,  
42 for which the annual salary or remuneration is fixed at \$1,500 or  
43 more.

44 (3) After **【the effective date of P.L.2008, c.89】** November 1,  
45 2008 and before or on the effective date of P.L. , c. (pending  
46 before the Legislature as this bill), a person who was not a member  
47 of the retirement system on **【that effective date】** November 1, 2008,

1 or who was a member of the retirement system on that [effective]  
2 date but not continuously thereafter, and who is in employment,  
3 office or position, for which the annual salary or remuneration is  
4 certified by the applicable public entity at \$7,500 or more, shall be  
5 eligible to become a member of the retirement system. The \$7,500  
6 minimum annual salary or remuneration amount shall be adjusted  
7 annually by the Director of the Division of Pensions and Benefits,  
8 by regulation, in accordance with changes in the Consumer Price  
9 Index but by no more than 4 percent. "Consumer Price Index"  
10 means the average of the annual increase, expressed as a  
11 percentage, in the consumer price index for all urban consumers in  
12 the New York City and Philadelphia metropolitan statistical areas  
13 during the preceding calendar year as reported by the United States  
14 Department of Labor.

15 (4) After the effective date of P.L. , c. (pending before the  
16 Legislature as this bill), no person in an employment, office or  
17 position of the State, or an agency, board, commission, authority or  
18 instrumentality of the State, for which the hours of work are fixed at  
19 fewer than 35 per week shall be eligible to become a member of the  
20 retirement system; and no person in employment, office or position  
21 with a political subdivision of the State, or an agency, board,  
22 commission, authority or instrumentality of a political subdivision  
23 of the State, for which the hours of work are fixed by an ordinance  
24 or resolution of the political subdivision, or agency, board,  
25 commission, authority or instrumentality thereof, at fewer than 32  
26 per week shall be eligible to become a member of the retirement  
27 system. Any hour or part thereof, during which the person does not  
28 work due to the person's participation in a voluntary or mandatory  
29 furlough program shall not be deducted in determining if a person's  
30 hours of work are fixed at fewer than 35 or 32 per week, as  
31 appropriate, for the purpose of eligibility.

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

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

1       g. Any school crossing guard electing to terminate his  
2 membership in the retirement system pursuant to subsection d. of  
3 this section shall, upon his request, receive a refund of his  
4 accumulated deductions as of the date of his appointment to the  
5 position of school crossing guard. Such refund of contributions  
6 shall serve as a waiver of all benefits payable to the employee, to  
7 his dependent or dependents, or to any of his beneficiaries under the  
8 retirement system.

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

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

36       j. An employee of the South Jersey Port Corporation who was  
37 employed by the South Jersey Port Corporation as of the effective  
38 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-  
39 employed within 365 days of such effective date by a subsidiary  
40 corporation or other corporation, which has been established by the  
41 Delaware River Port Authority pursuant to subdivision (m) of  
42 Article I of the compact creating the Delaware River Port Authority  
43 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-  
44 146), shall be eligible to continue membership while an employee  
45 of such subsidiary or other corporation.  
46 (cf: P.L.2008, c.89, s.7)

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

3       39. In computing for retirement purposes the total service of a  
4 member about to be retired, the retirement system shall credit the  
5 member with the time of all service rendered by the member since  
6 that member's last enrollment, and in addition with all the service to  
7 which the member is entitled and with no other service. Except as  
8 otherwise provided in this act, this service credit shall be final and  
9 conclusive for retirement purposes unless the member shall  
10 discontinue service for more than two consecutive years. In the case  
11 of a member for whom compensation is defined in paragraph (2) of  
12 subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the  
13 retirement system shall credit the member with the time of all  
14 service rendered by the member during the part of any year that the  
15 member was a participant of the Defined Contribution Retirement  
16 Program, pursuant to paragraph (5) of subsection a. of section 2 of  
17 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,  
18 c.103, and making contributions to that program.

19       For the purpose of computing service for retirement purposes,  
20 the board shall fix and determine by appropriate rules and  
21 regulations how much service in any year shall equal a year of  
22 service and a part of a year of service. Not more than one year shall  
23 be credited for all service in a calendar year. A member may  
24 purchase credit for time during which the member shall have been  
25 absent on an official leave without pay. The credit shall be  
26 purchased for a period of time equal to:

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

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

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

33       The purchase shall be made in the same manner and be subject to  
34 the same terms and conditions provided for the purchase of previous  
35 membership service credit by section 8 of P.L.1954, c.84  
36 (C.43:15A-8). In computing the service or in computing final  
37 compensation, no time during which a member was in employment,  
38 office, or position for which the annual salary or remuneration was  
39 fixed at less than \$500.00 in the case of service rendered prior to  
40 November 6, 1986, or for which the annual salary or remuneration,  
41 or the number of hours of work, is fixed at less than that which was  
42 required for membership pursuant to section 7 of P.L.1954, c.84  
43 (C.43:15A-7) as applicable to the member in the case of service  
44 rendered on or after that date, shall be credited[, except that in] .  
45 In computing the service or in computing final compensation, no  
46 time during which a member was in employment, office, or position  
47 for which the hours of work were fewer per week than those  
48 required for membership pursuant to subsection d. of section 7 of



1 P.L.1954, c.84 (C.43:15A-7) after the effective date of  
2 P.L. , c. (pending before the Legislature as this bill) shall be  
3 credited, unless the member shall have been a member since that  
4 effective date continuously. In the case of a veteran member credit  
5 shall be given for service rendered prior to January 2, 1955, in an  
6 employment, office or position if the annual salary or remuneration  
7 therefor was fixed at not less than \$300.00 and such service  
8 consisted of the performance of the full duties of the employment,  
9 office or position.

10 (cf: P.L.2008, c.89, s.8)

11  
12 5. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to  
13 read as follows:

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

25 (b) Notwithstanding the provisions of subsection (a) of this  
26 section, every person becoming an employee of a public agency or  
27 organization of this State, which employs persons engaged in  
28 service to the public, after June 30, 1966, who is not eligible to  
29 become a member of any other retirement system, shall be required  
30 to participate in the Public Employees' Retirement System.  
31 Notwithstanding the provisions of subsection (a) of this section,  
32 membership in the Public Employees' Retirement System shall be  
33 optional with any person in the employ of any such public agency  
34 or organization on June 30, 1966, provided such person is not  
35 required to be a member pursuant to another provision of this act,  
36 and provided further that such person is not eligible to be a member  
37 of any other retirement system. The provisions of this subsection  
38 shall not apply to any person whose position is temporary or  
39 seasonal, nor to any person in office, position or employment for  
40 which the annual salary or remuneration, or the number of hours or  
41 work, is fixed at less than that which is required for membership  
42 pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable  
43 to the member, nor to any person whose position is not covered by  
44 the old-age and survivors' insurance provisions of the federal Social  
45 Security Act. After the effective date of P.L. , c. (pending  
46 before the Legislature as this bill), the provisions of this subsection  
47 shall not apply to any person in office, position or employment for  
48 which the hours of work are fewer per week than those required for

1 membership pursuant to subsection d. of section 7 of P.L.1954, c.84  
2 (C.43:15A-7), unless the person shall have been a member since  
3 that effective date continuously. The public agency or organization  
4 employing any such person who becomes a member of the  
5 retirement system pursuant to this subsection shall contribute to the  
6 contingent reserve fund on account of such employees at the same  
7 rate per centum as would be paid by employers other than the State.  
8 (cf: P.L.2008, c.89, s.9)

9  
10 6. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to  
11 read as follows:

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

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

1 elected official or other person is not then a member and is not  
2 required to be a member of the retirement system pursuant to  
3 another provision of this act, and provided further that such person  
4 is not eligible to be a member of another retirement system.  
5 Elected officials commencing service on or after the effective date  
6 of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through  
7 C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-  
8 135) shall not be eligible for membership in the retirement system  
9 based on service in the elective public office, except that an elected  
10 official enrolled in the retirement system as of that effective date  
11 who continues to hold that elective public office without a break in  
12 service shall be eligible to continue membership in the retirement  
13 system under the terms and conditions of enrollment.

14 The provisions of this subsection shall not apply to any person  
15 whose position is temporary or seasonal, nor to any person in  
16 office, position or employment for which the annual salary or  
17 remuneration, or the number of hours of work, is fixed at less than  
18 that which is required for membership pursuant to section 7 of  
19 P.L.1954, c.84 (C.43:15A-7) as applicable to the member, nor to  
20 any person whose position is not covered by the old age and  
21 survivors' insurance provisions of the federal Social Security Act.  
22 After the effective date of P.L. , c. (pending before the  
23 Legislature as this bill), the provisions of this subsection shall not  
24 apply to any person in office, position or employment for which the  
25 hours of work are fewer per week than those required for  
26 membership pursuant to subsection d. of section 7 of P.L.1954, c.84  
27 (C.43:15A-7), unless the person shall have been a member since  
28 that effective date continuously. No credit shall be allowed to any  
29 person becoming a member of the retirement system pursuant to  
30 this subsection for service rendered to the employer prior to July 1,  
31 1966, until the provisions of section 74 of this act have been  
32 complied with, in which event such credit shall be allowed in  
33 accordance with the provisions of subsection (a) of this section;  
34 except that the governing body of any county, board of education or  
35 municipality may, by resolution, consent to the allowance of such  
36 credit and file a certified copy of such resolution with the board of  
37 trustees of the Public Employees' Retirement System.  
38 (cf: P.L.2008, c.89, s.10)

39

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

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

44 (1) A person who commences service on or after the effective  
45 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an  
46 elective public office of this State or of a political subdivision  
47 thereof, except that it shall not include a person who holds elective  
48 public office on the effective date of this section and is enrolled in

1 the Public Employees' Retirement System while that person  
2 continues to hold that elective public office without a break in  
3 service. Service in the Legislature shall be considered a single  
4 elective public office.

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

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

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

1 (5) A member of the Teachers' Pension and Annuity Fund,  
2 Police and Firemen's Retirement System, State Police Retirement  
3 System, or the Public Employees' Retirement System for whom  
4 compensation is defined as the amount of base or contractual salary  
5 equivalent to the annual maximum wage contribution base for  
6 Social Security, pursuant to the Federal Insurance Contributions  
7 Act, for contribution and benefit purposes **[in either]** of those  
8 retirement systems, for whom participation in this retirement  
9 program shall be with regard to any excess over the maximum  
10 compensation only.

11 (6) A person in employment, office or position for which the  
12 annual salary or remuneration is less, or the hours of work per week  
13 are fewer, than that which is required to become a member of the  
14 Teachers' Pension and Annuity Fund or the Public Employees'  
15 Retirement System, or to make contributions to those systems as a  
16 member on the basis of any such employment, office or position,  
17 after **[the effective date of P.L.2008, c.89]** November 1, 2008.

18 (7) A person electing to participate pursuant to section 30  
19 of P.L. , c. (C. )(pending before the Legislature as this bill).

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

23 (1) the base salary for that employment, office, or position is  
24 less than **[\$1,500]** \$5,000 per year;

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

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

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

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

1 A person eligible and required to participate in the retirement  
2 program pursuant to paragraph (5) of subsection a. of this section  
3 may elect to waive participation with regard to that employment,  
4 office, or position by filing, when first eligible, on a form required  
5 by the division, a written waiver with the Division of Pensions and  
6 Benefits that waives all rights and benefits that would otherwise be  
7 provided by the retirement program. Such a person may thereafter  
8 elect to participate in the retirement program by filing, on a form  
9 required by the division, a written election to participate in the  
10 retirement program and participation in the retirement program  
11 pursuant to such election shall commence on the January 1 next  
12 following the filing of the election to participate.

13 d. Service credited to a participant in the Defined Contribution  
14 Retirement Program shall not be recognized as service credit to  
15 determine eligibility for employer-paid health care benefits in  
16 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),  
17 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or  
18 any other law, rule or regulation.  
19 (cf: P.L.2008, c.89, s.11)  
20

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

22 18A:66-36. Should a member of the Teachers' Pension and  
23 Annuity Fund, after having completed 10 years of service, be  
24 separated voluntarily or involuntarily from the service, before  
25 reaching service retirement age, and not by removal for conduct  
26 unbecoming a teacher or other just cause under the provisions of  
27 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,  
28 such person may elect to receive, in lieu of the payment provided in  
29 N.J.S.18A:66-34:

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

32 b. A deferred retirement allowance beginning at age 60, or for  
33 a person who becomes a member of the retirement system on or  
34 after the effective date of P.L.2008, c.89 beginning at age 62, which  
35 shall be made up of an annuity derived from the member's  
36 accumulated deductions at the time of his severance from the  
37 service, and a pension in the amount which, when added to the  
38 member's annuity, will provide a total retirement allowance of 1/64  
39 of **[his]** final compensation for each year of service credited as  
40 Class A service and 1/55 of **[his]** final compensation for each year  
41 of service credited as class B service, or for a person who becomes  
42 a member of the retirement system on or after the effective date of  
43 P.L. , c. (pending before the Legislature as this bill) 1/60 of final  
44 compensation for each year of service credited as class B service,  
45 calculated in accordance with N.J.S.18A:66-44, with optional  
46 privileges provided for in N.J.S.18A:66-47 if he exercises such  
47 optional privilege at least 30 days before his attainment of the  
48 normal retirement age; provided, that such election is

1 communicated by such member to the retirement system in writing  
2 stating at what time subsequent to the execution and filing thereof  
3 he desires to be retired; and provided, further, that such member  
4 may later elect: (1) to receive the payments provided for in  
5 N.J.S.18A:66-37, if he had qualified under that section at the time  
6 of leaving service, except that in order to avail himself of the  
7 optional privileges pursuant to N.J.S.18A:66-47, he must exercise  
8 such optional privilege at least 30 days before the effective date of  
9 his retirement; or (2) to withdraw his accumulated deductions with  
10 interest as provided in N.J.S.18A:66-34. If such member shall die  
11 before attaining service retirement age, then his accumulated  
12 deductions, plus regular interest after January 1, 1956, shall be paid  
13 in accordance with N.J.S.18A:66-38, and, in addition if such  
14 member shall die after attaining service retirement age and has not  
15 withdrawn his accumulated deductions, an amount equal to 3/16 of  
16 the compensation upon which contributions by the member to the  
17 annuity savings fund were based in the last year of creditable  
18 service shall be paid to such member's beneficiary.

19 Any member who, having elected to receive a deferred  
20 retirement allowance, again becomes an employee covered by the  
21 retirement system while under the age of 60 or, if that person  
22 became a member of the retirement system on or after the effective  
23 date of P.L.2008, c.89, while under the age of 62, shall thereupon  
24 be reenrolled. If he had discontinued his service for more than two  
25 consecutive years, subsequent contributions shall be at a rate  
26 applicable to the age resulting from the subtraction of his years of  
27 creditable service at the time of his last discontinuance of  
28 contributing membership from his age at the time of his return to  
29 service. He shall be credited with all service as a member standing  
30 to his credit at the time of his election to receive a deferred  
31 retirement allowance.

32 (cf: P.L.2008, c.89, s.19)

33

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

35 18A:66-37. Should a member resign after having established 25  
36 years of creditable service before reaching age 60, or before  
37 reaching the age of 62 if the person became a member of the  
38 retirement system on or after the effective date of P.L.2008, c.89,  
39 the member may elect "early retirement," provided, that such  
40 election is communicated by such member to the retirement system  
41 by filing a written application, duly attested, stating at what time  
42 subsequent to the execution and filing thereof the member desires to  
43 be retired. The member shall receive, in lieu of the payment  
44 provided in N.J.S.18A:66-34, an annuity which is the actuarial  
45 equivalent of the member's accumulated deductions and a pension  
46 in the amount which, when added to the member's annuity, will  
47 provide a total retirement allowance of 1/64 of the member's final  
48 compensation for each year of service credited as class A service

1 and 1/55 of the member's final compensation for each year of  
2 service credited as class B service, or for a person who becomes a  
3 member of the retirement system on or after the effective date of  
4 P.L. , c. (pending before the Legislature as this bill) 1/60 of final  
5 compensation for each year of service credited as class B service,  
6 calculated in accordance with N.J.S.18A:66-44, reduced:

7 (a) by 1/4 of 1% for each month that the member lacks of being  
8 age 55; or

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

13 (c) for a person who becomes a member of the retirement  
14 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%  
15 for each month that the member lacks of being age 55 and by 1/12  
16 of 1% for each month that the member lacks of being age 62 but  
17 over age 55; provided, however, that upon the receipt of proper  
18 proofs of the death of such a member there shall be paid to the  
19 member's beneficiary an amount equal to 3/16 of the compensation  
20 upon which contributions by the member to the annuity savings  
21 fund were based in the last year of creditable service or in the year  
22 of the member's highest contractual salary, whichever is higher.

23 Subparagraph (b) or (c) of this section shall not apply to a person  
24 who at the time of enrollment in the retirement system on or after  
25 July 1, 2007 transfers service credit from another State-  
26 administered retirement system pursuant to N.J.S.18A:66-15.1, but  
27 shall apply to a former member of the retirement system who has  
28 been granted a retirement allowance and is reenrolled in the  
29 retirement system on or after July 1, 2007 pursuant to  
30 N.J.S.18A:66-53.2 after becoming employed again in a position that  
31 makes the person eligible to be a member of the retirement system.

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

35 (cf: P.L.2008, c.89, s.20)

36  
37 10. N.J.S.18A:66-44 is amended to read as follows:

38 18A:66-44. A member, upon retirement for service, shall receive  
39 a retirement allowance consisting of:

40 (a) an annuity which shall be the actuarial equivalent of his  
41 accumulated deductions, together with interest after January 1,  
42 1956, less any excess contributions as provided in N.J.S.18A:66-20;  
43 and

44 (b) a pension in the amount which, when added to the member's  
45 annuity, will provide a total retirement allowance of 1/64 of **[his]**  
46 final compensation for each year of service credited as class A  
47 service and 1/55 of **[his]** final compensation for each year of  
48 service credited as class B service, or for a person who becomes a



1 member of the retirement system on or after the effective date of  
2 P.L. , c. (pending before the Legislature as this bill) 1/60 of final  
3 compensation for each year of service credited as class B service.

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

11 (cf: P.L.2001, c.133, s.6)

12  
13 11. Section 38 of P.L.1954, c.84 (C.43:15A-38) is amended to  
14 read as follows:

15 38. Should a member of the Public Employees' Retirement  
16 System, after having completed 10 years of service, be separated  
17 voluntarily or involuntarily from the service, before reaching  
18 service retirement age, and not by removal for cause on charges of  
19 misconduct or delinquency, such person may elect to receive:

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

22 (b) A deferred retirement allowance, beginning at the retirement  
23 age, which shall be made up of an annuity derived from the  
24 accumulated deductions standing to the credit of the individual  
25 member's account in the annuity savings fund at the time of his  
26 severance from the service together with regular interest, and a  
27 pension which when added to the annuity will produce a total  
28 retirement allowance of 1/64 of [his] final compensation for each  
29 year of service credited as Class A service and 1/55 of [his] final  
30 compensation for each year of service credited as Class B service,  
31 or for a person who becomes a member of the retirement system on  
32 or after the effective date of P.L. , c. (pending before the  
33 Legislature as this bill) 1/60 of final compensation for each year of  
34 service credited as Class B service, calculated in accordance with  
35 section 48 of this act, with optional privileges provided for in  
36 section 50 of this act if he exercises such optional privilege at least  
37 30 days before his attainment of the normal retirement age;  
38 provided, that such election is communicated by such member to  
39 the retirement system in writing stating at what time subsequent to  
40 the execution and filing thereof he desires to be retired; and  
41 provided further, that such member, as referred to in this subsection  
42 may later elect: (1) to receive the payments provided for in section  
43 41b. of this act, if he had qualified under that section at the time of  
44 leaving service, except that in order to avail himself of the optional  
45 privileges pursuant to section 50, he must exercise such optional  
46 privilege at least 30 days before the effective date of his retirement;  
47 or (2) to withdraw his accumulated deductions with interest as  
48 provided in section 41a. If such member shall die before attaining

1 service retirement age then his accumulated deductions, plus regular  
2 interest, shall be paid in accordance with section 41c.; or if such  
3 member shall die after attaining service retirement age and has not  
4 withdrawn his accumulated deductions, an amount equal to 3/16 of  
5 the compensation received by the member in the last year of  
6 creditable service shall be paid to such person, if living, as he shall  
7 have nominated by written designation duly executed and filed with  
8 the retirement system; otherwise to the executor or administrator of  
9 the member's estate.

10 (cf: P.L.2001, c.133, s.11)

11  
12 12. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to  
13 read as follows:

14 41. a. A member who withdraws from service or ceases to be an  
15 employee for any cause other than death or retirement shall, upon  
16 the filing of an application therefor, receive all of his accumulated  
17 deductions standing to the credit of his individual account in the  
18 annuity savings fund, plus regular interest, less any outstanding  
19 loan, except that for any period after June 30, 1944, the interest  
20 payable shall be such proportion of the interest determined at the  
21 regular rate of 2% per annum bears to the regular rate of interest,  
22 and except that no interest shall be payable in the case of a member  
23 who has less than three years of membership credit for which he has  
24 made contributions. He shall cease to be a member two years from  
25 the date he discontinued service as an eligible employee, or, if prior  
26 thereto, upon payment to him of his accumulated deductions. If any  
27 such person or member shall die before withdrawing or before  
28 endorsing the check constituting the return of his accumulated  
29 deductions, such deductions shall be paid to the member's  
30 beneficiary. No member shall be entitled to withdraw the amounts  
31 contributed by his employer covering his military leave unless he  
32 shall have returned to the payroll and contributed to the retirement  
33 system for a period of 90 days.

34 b. Should a member resign after having established 25 years of  
35 creditable service before reaching age 60, or before reaching age 62  
36 if the person became a member of the retirement system on or after  
37 the effective date of P.L.2008, c.89, he may elect "early retirement,"  
38 provided, that such election is communicated by such member to  
39 the retirement system by filing a written application, duly attested,  
40 stating at what time subsequent to the execution and filing thereof  
41 he desires to be retired. He shall receive, in lieu of the payment  
42 provided in subsection a. of this section, an annuity which is the  
43 actuarial equivalent of his accumulated deductions together with  
44 regular interest, and a pension in the amount which, when added to  
45 the member's annuity, will provide a total retirement allowance of  
46 1/64 of **[his]** final compensation for each year of service credited  
47 as Class A service and 1/55 of **[his]** final compensation for each  
48 year of service credited as Class B service, or for a person who

1 becomes a member of the retirement system on or after the effective  
2 date of P.L. , c. (pending before the Legislature as this bill) 1/60  
3 of final compensation for each year of service credited as Class B  
4 service, calculated in accordance with section 48 (C.43:15A-48) of  
5 this act, reduced:

6 (a) by 1/4 of 1% for each month that the member lacks of being  
7 age 55; or

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

12 (c) for a person who becomes a member of the retirement  
13 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%  
14 for each month that the member lacks of being age 55 and by 1/12  
15 of 1% for each month that the member lacks of being age 62 but  
16 over age 55; provided, however, that upon the receipt of proper  
17 proofs of the death of such a member there shall be paid to his  
18 beneficiary an amount equal to three-sixteenths of the compensation  
19 upon which contributions by the member to the annuity savings  
20 fund were based in the last year of creditable service.

21 Paragraph (b) or (c) of this subsection shall not apply to a person  
22 who at the time of enrollment in the retirement system on or after  
23 July 1, 2007 transfers service credit from another State-  
24 administered retirement system pursuant to section 14 of P.L.1954,  
25 c.84 (C.43:15A-14), but shall apply to a former member of the  
26 retirement system who has been granted a retirement allowance and  
27 is reenrolled in the retirement system on or after July 1, 2007  
28 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after  
29 becoming employed again in a position that makes the person  
30 eligible to be a member of the retirement system.

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

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

38 (1) The member's accumulated deductions at the time of death  
39 together with regular interest; and

40 (2) An amount equal to one and one-half times the  
41 compensation upon which contributions by the member to the  
42 annuity savings fund were based in the last year of creditable  
43 service.

44 (cf: P.L.2008, c.89, s.23)

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

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

3       a. An annuity which shall be the actuarial equivalent of his  
4 accumulated deductions together with regular interest; and

5       b. A pension in the amount which, when added to the member's  
6 annuity, will provide a total retirement allowance of  $\frac{1}{64}$  of [his]  
7 final compensation for each year of service credited as Class A  
8 service and  $\frac{1}{55}$  of [his] final compensation for each year of  
9 service credited as Class B service, or for a person who becomes a  
10 member of the retirement system on or after the effective date of  
11 P.L. , c. (pending before the Legislature as this bill)  $\frac{1}{60}$  of final  
12 compensation for each year of service credited as Class B service.

13       c. Upon the receipt of proper proofs of the death of a member  
14 who has retired on a service retirement allowance, there shall be  
15 paid to the member's beneficiary, an amount equal to  $\frac{3}{16}$  of the  
16 compensation upon which contributions by the member to the  
17 annuity savings fund were based in the last year of creditable  
18 service.

19 (cf: P.L.2001, c.133, s.13)

20  
21       14. Section 7 of P.L.2007, c.92 (C.43:15C-7) is amended to read  
22 as follows:

23       7. The benefit under a group contract or contracts providing  
24 life insurance shall be in an amount equal to one and one-half the  
25 base annual salary of the participant in the retirement program,  
26 except that in the event of death after retirement, the amount  
27 payable shall equal  $\frac{3}{16}$  of the participant's base annual salary.  
28 "Base annual salary" means the base salary upon which  
29 contributions by the participant and the participant's employer to the  
30 retirement program were based during the last year of creditable  
31 service.

32       For purposes of this section, a participant shall be deemed to be  
33 in service and covered by the group life insurance for a period of  
34 official leave of absence without pay when such leave is due to  
35 illness or any reason other than illness, with such period to be  
36 determined by the Division of Pensions and Benefits, if satisfactory  
37 evidence is presented to the division of such official leave of  
38 absence. A participant shall be deemed to be on an official leave of  
39 absence only if the leave is formally approved by the employer  
40 prior to the time the leave commenced and timely notice is filed by  
41 the employer with the division. If timely notice is not filed, the  
42 employer shall be responsible for the payment of any benefits  
43 pursuant to this section if the participant was otherwise eligible for  
44 such benefits.

45       In the event of the death of a participant in active service in the  
46 first year of participation as a result of an accident met in the actual  
47 performance of duty at some definite time and place, the death

1 benefit payable pursuant to this section shall be computed at the  
2 annual rate of base salary.

3 No beneficiary of a retired participant shall be entitled to receive  
4 the death benefits payable in the event of death after retirement  
5 pursuant to this section unless the participant either: had at least 25  
6 years of credited participation in the retirement program established  
7 pursuant to this act; or had at least 10 years of such credited  
8 participation and had attained 60 years of age and was an actively  
9 employed participant in the program in the year immediately  
10 preceding initial receipt of a retirement annuity. For a member who  
11 is a participant pursuant to paragraph (5) of subsection a. of section  
12 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of  
13 P.L.2007, c.103 and section 7 of P.L. \_\_, c. \_\_ (pending before the  
14 Legislature as this bill), service credit in the Teachers' Pension and  
15 Annuity Fund, Police and Firemen's Retirement System, State  
16 Police Retirement System, or the Public Employees' Retirement  
17 System shall also be considered in determining if the participant  
18 met the requirements of this paragraph.

19 (cf: P.L.2007, c.103, s.13)

20  
21 15. Section 11 of P.L.2007, c.92 (C.43:15C-11) is amended to  
22 read as follows:

23 11. Any person entitled to become a participant in the retirement  
24 program shall not be allowed any of the group life insurance and  
25 disability benefits if on the date of filing an application for  
26 participation the person is 60 or more years of age, or if the person  
27 makes application for participation in the retirement program  
28 beyond the year after first becoming eligible for participation,  
29 regardless of age, unless the participant furnishes satisfactory  
30 evidence of insurability and on the effective date of participation is  
31 actively at work and performing all regular duties at the customary  
32 place of employment.

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

36 Such evidence of insurability shall not be required of any person  
37 enrolling in the retirement program upon transfer from another  
38 State-administered retirement system, if such retirement system  
39 provided a benefit of a similar nature and the transferring person  
40 was covered by such a benefit at the time of the transfer. If such  
41 transferring person was not covered by such a benefit at the time of  
42 the transfer, the person may be allowed the benefit under the group  
43 policy or policies; however, any such person shall furnish  
44 satisfactory evidence of insurability if he had been unable or failed  
45 to give such evidence as a member of the retirement system from  
46 which the person transferred. Such evidence of insurability shall not  
47 be required of any member of the Teachers' Pension and Annuity  
48 Fund, Police and Firemen's Retirement System, State Police

1   Retirement System, or the Public Employees' Retirement System  
2   who is enrolling in the retirement program pursuant to paragraph  
3   (5) of subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as  
4   amended by section 12 of P.L.2007, c.103 and section 7 of  
5   P.L. , c. (pending before the Legislature as this bill), if such  
6   retirement system provides a benefit of a similar nature and the  
7   participant is covered by such a benefit at the time of enrollment in  
8   the program.

9   Any person who must furnish satisfactory evidence of  
10   insurability under the provisions of this section and who ceases to  
11   be a participant in the retirement program without such evidence  
12   having been given shall continue to be subject to the same  
13   requirement if the person subsequently becomes a participant.  
14   (cf: P.L.2007, c.103, s.14)

15

16   16. Section 13 of P.L.2007, c.92 (C.43:15C-13) is amended to  
17   read as follows:

18   13. The disability benefit coverage provided under a group  
19   policy or policies shall provide a monthly income if the participant  
20   becomes totally disabled from occupational or nonoccupational  
21   causes for a period of at least six consecutive months following the  
22   effective date of the coverage. The monthly disability benefit may  
23   be paid by the insurance company so long as the participant remains  
24   disabled up to the seventieth birthday, provided the disability  
25   commenced prior to the sixtieth birthday. The benefit shall  
26   terminate when the participant is no longer considered totally  
27   disabled or begins to receive retirement benefits.

28   The participant shall be considered totally disabled if the  
29   participant is unable to perform each duty of the participant's  
30   occupation and is under the regular care of a physician. After the 24  
31   months following the commencement of such disability benefit  
32   payments, the participant shall be unable to engage in any gainful  
33   occupation for which the participant is reasonably fitted by  
34   education, training or experience. Total disability shall not be  
35   considered to exist if the participant is gainfully employed.  
36   Following an agreement with the insurance company and the  
37   policyholder, the participant may continue to receive disability  
38   benefits for a limited time while performing some type of work.  
39   During the period of rehabilitation, the monthly benefit shall be the  
40   regular payment less 80% of the participant's earnings from such  
41   rehabilitative position.

42   A participant shall be deemed to be in service and covered by the  
43   disability benefit insurance provisions for a period of no more than  
44   six months while on official leave of absence without pay if  
45   satisfactory evidence is presented to the Division of Pensions and  
46   Benefits that such leave of absence without pay is due to illness and  
47   that the participant was not actively engaged in any gainful  
48   occupation during such period of leave of absence without pay.

1       Disability benefit insurance provisions of the group policy or  
2 policies shall not cover disability resulting from or contributed to  
3 by pregnancy, act of war, intentionally self-inflicted injury, or  
4 attempted suicide whether or not sane. For purposes of such  
5 disability benefit coverage, the participant shall not be considered  
6 to be disabled while the participant is imprisoned or while outside  
7 the United States, its territories or possessions, or Canada.

8       If the participant has recovered from the disability for which the  
9 member had received benefits and again becomes totally disabled  
10 while insured, the later disability shall be regarded as a continuation  
11 of the prior one unless the participant has returned to full-time  
12 covered employment for at least six months. If the later absence is  
13 due to an unrelated cause and the participant had returned to full-  
14 time work, it shall be considered a new disability. The disability  
15 benefit insurance cannot be converted to an individual policy.

16       No participant shall be covered by the disability benefit  
17 provision of the group policy or policies except upon the  
18 completion of one year of full-time continuous employment in a  
19 position eligible for participation in the Defined Contribution  
20 Retirement Program. For a member who is a participant pursuant to  
21 paragraph (5) of subsection a. of section 2 of P.L.2007, c.92  
22 (C.43:15C-2) as amended by section 12 of P.L.2007, c.103 and  
23 section 7 of P.L. , c. (pending before the Legislature as this  
24 bill), completion of one year of full-time continuous employment in  
25 a position eligible for membership in the Teachers' Pension and  
26 Annuity Fund, Police and Firemen's Retirement System, State  
27 Police Retirement System, or the Public Employees' Retirement  
28 System shall also be considered in determining if the participant  
29 met the requirements of this paragraph.

30 (cf: P.L.2007, c.103, s.15)

31

32       17. Section 14 of P.L.2007, c.92 (C.43:15C-14) is amended to  
33 read as follows:

34       14. The disability benefit provided under a group policy or  
35 policies shall be in an amount equal to 60% of the participant's base  
36 monthly salary, reduced by periodic benefits to which the  
37 participant may be entitled during the period of total disability. For  
38 a member who is a participant pursuant to paragraph (5) of  
39 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as  
40 amended by section 12 of P.L.2007, c.103 and section 7 of P.L. ,  
41 c. (pending before the Legislature as this bill), base monthly  
42 salary for this disability benefit shall mean the base or contractual  
43 salary upon which contributions were made to the Teachers'  
44 Pension and Annuity Fund, Police and Firemen's Retirement  
45 System, State Police Retirement System, or the Public Employees'  
46 Retirement System and to this program.

47       The periodic benefit by which the monthly disability benefit may  
48 be reduced shall include salary or wages, retirement benefits or

1 benefits from any source for which the State or other public  
2 employer has paid any part of the cost or made payroll deductions,  
3 Social Security disability or other benefits, including dependents'  
4 benefits, and benefits paid by Social Security at the option of the  
5 participant before the age of 65, but not including any increase in  
6 Social Security benefits enacted after the disability benefit under  
7 such group policy or policies has commenced, and any other  
8 periodic benefits provided by law except on account of military  
9 service.

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

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

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

34

35 18. Section 4 of P.L.1944, c.255 (C.43:16A-4) is amended to  
36 read as follows:

37 4. a. Only service as a policeman or fireman paid for by an  
38 employer, which was rendered by a member since that member's  
39 enrollment, or since that member's last enrollment in case of a break  
40 in service, plus service, if any, covered by a prior service liability,  
41 shall be considered as creditable service for the purposes of this act.  
42 A member may purchase credit for temporary service as a  
43 policeman or fireman, or as the holder of a title which, following  
44 the termination of that temporary service, became covered by the  
45 provisions of P.L.1944, c.255 (C.43:16A-1 et seq.), if that  
46 temporary service shall have resulted, without interruption, in a  
47 valid permanent or probational appointment as a policeman or  
48 fireman or to a position, the title of which became covered by the



1 retirement system following the member's appointment thereto.  
2 The purchase shall be made in the same manner and be subject to  
3 the same terms and conditions provided for the purchase of previous  
4 membership service by section 1 of P.L.1973, c.63 (C.43:16A-  
5 11.4).

6 b. In the case of a member for whom compensation is defined  
7 in paragraph (b) of subsection (26) of section 1 of P.L.1944, c.255  
8 (C.43:16A-1), the retirement system shall credit the member with  
9 the time of all service rendered by the member during the part of  
10 any year that the member was a participant of the Defined  
11 Contribution Retirement Program, pursuant to paragraph (5) of  
12 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as  
13 amended by section 7 of P.L. , c. (pending before the Legislature  
14 as this bill), and making contributions to that program.  
15 (cf: P.L.1991, c.138, s.11)  
16

17 19. Section 6 of P.L.1965, c.89 (C.53:5A-6) is amended to read  
18 as follows;

19 6. a. Service as a full-time commissioned officer,  
20 noncommissioned officer or trooper rendered as a member, and  
21 service credit which was transferred from the former "State Police  
22 Retirement and Benevolent Fund," shall, if the required  
23 contributions are made by the State and the member, be considered  
24 as creditable service. In addition, service as a chief inspector,  
25 deputy chief inspector, inspector and special inspector in the  
26 Division of Motor Vehicles or equivalent Civil Service  
27 classifications, including Chief, Highway Patrol Bureau; Assistant  
28 Chief (Major), Highway Patrol Bureau; Captain, Highway Patrol  
29 Bureau; Lieutenant, Highway Patrol Bureau; Sergeant, Highway  
30 Patrol Bureau; and Officer, Highway Patrol Bureau, and service  
31 credit may be transferred from the Police and Firemen's Retirement  
32 System and the Public Employees' Retirement System and shall, if  
33 the required contributions are made by the State and the member, be  
34 considered as creditable service. In addition, service as a member  
35 of the State Capitol Police Force, or as a Supervising Inspector,  
36 Principal Inspector, Senior Inspector, or Inspector Recruit in the  
37 Alcoholic Beverage Control Enforcement Bureau or as a Principal  
38 Marine Law Enforcement Officer, Senior Marine Law Enforcement  
39 Officer, or Marine Law Enforcement Officer in the Bureau of  
40 Marine Law Enforcement and service credit transferred from the  
41 Police and Firemen's Retirement System or the Public Employees'  
42 Retirement System shall, if the required contributions are made by  
43 the State and the member, be considered as creditable service.

44 A member on suspension shall be considered in service for the  
45 period of the suspension, but the period of suspension shall not be  
46 considered as creditable service unless the member receives salary  
47 therefor.

1        If an employee's membership has been terminated and he is re-  
2 enrolled as a member of the retirement system, he may purchase  
3 credit for all of his previous membership service by paying into the  
4 annuity savings fund the amount required by applying the factor,  
5 supplied by the actuary, as being applicable to his age at the time of  
6 the purchase, to his salary at that time. Such purchase may be made  
7 in regular installments equal to at least 1/2 the normal contribution  
8 to the retirement system, over a maximum period of 10 years. In  
9 order to give to such person the same credit for such service as he  
10 had at the time of termination, his pension credit shall be restored as  
11 it was at the time of his termination, upon the completion of one  
12 year of membership after his election to make the purchase and the  
13 payment of at least 1/2 the total amount due, except that in the case  
14 of retirement pursuant to sections 8, 27 and 28 of chapter 89 of the  
15 laws of 1965, the credit granted for the service being purchased  
16 shall be in direct proportion as the amount paid bears to the total  
17 amount of the arrearage obligation.

18        b. Any member of the retirement system, who, prior to  
19 becoming a member, had established service credits in another  
20 retirement system supported in whole or in part by the State, or who  
21 had rendered service to the State prior to becoming a member, or  
22 had purchased service credits while in the Police and Firemen's  
23 Retirement System or the Public Employees' Retirement System,  
24 while serving as chief inspector, deputy chief inspector, inspector or  
25 special inspector in the Enforcement Bureau, Division of Motor  
26 Vehicles, or as a member of the State Capitol Police Force, or as a  
27 Supervising Inspector, Principal Inspector, Senior Inspector,  
28 Inspector, or Inspector Recruit in the Alcoholic Beverage Control  
29 Enforcement Bureau, or as a Principal Marine Law Enforcement  
30 Officer, Senior Marine Law Enforcement Officer, or Marine Law  
31 Enforcement Officer in the Bureau of Marine Law Enforcement, for  
32 which he desires to establish credit in this retirement system, shall  
33 be permitted to purchase such credit or to transfer such previously  
34 purchased credit. If such credit is established and except as  
35 provided in subsection f., it shall be included in the computation of  
36 a retirement allowance on the basis of 1% of final compensation for  
37 each year of such service credit.

38        c. Not more than one year shall be credited for all service in a  
39 calendar year.

40        d. In computing service, time during which a member was  
41 absent on an official leave without pay shall be credited if such  
42 leave was for a period of: (1) less than three months; or (2) up to a  
43 maximum of two years, if the leave was due to the member's  
44 personal illness and the period of leave is allowed for retirement  
45 purposes within one year following his return to service after the  
46 termination of such leave.

47        e. The method of computation and the terms of the purchase of  
48 service permitted by subsections b. and d. of this section shall be

1 identical to those stipulated for the purchase of previous  
2 membership service by members of the system, as provided by  
3 subsection a. of this section.

4 f. For any person who becomes a member of the retirement  
5 system pursuant to P.L.1997, c.19 (C.53:1-8.2 et al.) and is required  
6 to retire pursuant to section 8 of P.L.1965, c.89 (C.53:5A-8) with  
7 less than 20 years of creditable service in the retirement system, an  
8 amount of service credit transferred or purchased pursuant to  
9 subsection b. which when added to the amount of creditable service  
10 in the retirement system equals 20 years shall be considered  
11 creditable service in the retirement system. Transferred or  
12 purchased service credit in excess of the amount necessary to  
13 provide 20 years of creditable service in the retirement system shall  
14 be included in the computation of a retirement allowance on the  
15 basis provided in subsection b.

16 g. In the case of a member for whom compensation is defined  
17 in paragraph (2) of subsection u. of section 3 of P.L.1965, c.89  
18 (C.53:5A-3), the retirement system shall credit the member with the  
19 time of all service rendered by the member during the part of any  
20 year that the member was a participant of the Defined Contribution  
21 Retirement Program, pursuant to paragraph (5) of subsection a. of  
22 section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 7  
23 of P.L. , c. (pending before the Legislature as this bill), and  
24 making contributions to that program.  
25 (cf: P.L.1997, c.19, s.8)

26

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

28 18A:66-2. As used in this article:

29 a. "Accumulated deductions" means the sum of all the  
30 amounts, deducted from the compensation of a member or  
31 contributed by or in behalf of the member, including interest  
32 credited to January 1, 1956, standing to the credit of the member's  
33 individual account in the annuity savings fund.

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

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

38 d. (1) "Compensation" means the contractual salary, for services  
39 as a teacher as defined in this article, which is in accordance with  
40 established salary policies of the member's employer for all  
41 employees in the same position but shall not include individual  
42 salary adjustments which are granted primarily in anticipation of  
43 the member's retirement or additional remuneration for performing  
44 temporary or extracurricular duties beyond the regular school day or  
45 the regular school year.

46 (2) In the case of a person who becomes a member of the  
47 retirement system on or after July 1, 2007, "compensation" means  
48 the amount of the contractual salary equivalent to the annual

1 maximum wage contribution base for Social Security, pursuant to  
2 the Federal Insurance Contributions Act, for services as a teacher as  
3 defined in this article, which is in accordance with established  
4 salary policies of the member's employer for all employees in the  
5 same position but shall not include individual salary adjustments  
6 which are granted primarily in anticipation of the member's  
7 retirement or additional remuneration for performing temporary or  
8 extracurricular duties beyond the regular school day or the regular  
9 school year. This paragraph shall not apply to a person who at the  
10 time of enrollment in the retirement system on or after July 1, 2007  
11 transfers service credit from another State-administered retirement  
12 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former  
13 member of the retirement system who has been granted a retirement  
14 allowance and is reenrolled in the retirement system on or after July  
15 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed  
16 again in a position that makes the person eligible to be a member of  
17 the retirement system.

18 For the period of July 1, 2009 through June 30, 2011,  
19 "contractual salary" for State employees shall include wage  
20 increases under a collective negotiations agreement notwithstanding  
21 that, by amendment to that collective negotiations agreement, the  
22 effective date of the contractual increase has been deferred. For the  
23 purpose of this paragraph, "State employee" means an employee in  
24 the Executive Branch of State government of New Jersey.

25 e. "Employer" means the State, the board of education or any  
26 educational institution or agency of or within the State by which a  
27 teacher is paid.

28 f. (1) "Final compensation" means the average annual  
29 compensation for which contributions are made for the three years  
30 of creditable service in New Jersey immediately preceding the  
31 member's retirement or death, or it shall mean the average annual  
32 compensation for New Jersey service for which contributions are  
33 made during any three fiscal years of his or her membership  
34 providing the largest possible benefit to the member or the  
35 member's beneficiary.

36 (2) In the case of a person who becomes a member of the  
37 retirement system on or after the effective date of P.L. , c.  
38 (pending before the Legislature as this bill), "final compensation"  
39 means the average annual compensation for which contributions are  
40 made for the five years of creditable service in New Jersey  
41 immediately preceding the member's retirement or death, or it shall  
42 mean the average annual compensation for New Jersey service for  
43 which contributions are made during any five fiscal years of his or  
44 her membership providing the largest possible benefit to the  
45 member or the member's beneficiary.

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

- 1       h. "Pension" means payments for life derived from  
2       appropriations made by the State or employers to the Teachers'  
3       Pension and Annuity Fund.
- 4       i. "Annuity reserve" means the present value of all payments  
5       to be made on account of any annuity or benefit in lieu of an  
6       annuity, granted under the provisions of this article, computed on  
7       the basis of such mortality tables recommended by the actuary as  
8       the board of trustees adopts, with regular interest.
- 9       j. "Pension reserve" means the present value of all payments to  
10      be made on account of any pension or benefit in lieu of a pension  
11      granted to a member from the Teachers' Pension and Annuity Fund,  
12      computed on the basis of such mortality tables recommended by the  
13      actuary as the board of trustees adopts, with regular interest.
- 14      k. "Present-entrant" means any member of the Teachers'  
15      Pension and Annuity Fund who had established status as a "present-  
16      entrant member" of said fund prior to January 1, 1956.
- 17      l. "Rate of contribution initially certified" means the rate of  
18      contribution certified by the retirement system in accordance with  
19      N.J.S.18A:66-29.
- 20      m. "Regular interest" shall mean interest as determined by the  
21      State Treasurer, after consultation with the Directors of the  
22      Divisions of Investment and Pensions, the board of trustees and the  
23      actuary. It shall bear a reasonable relationship to the percentage rate  
24      of earnings on investments based on the market value of assets but  
25      shall not exceed the assumed percentage rate of increase applied to  
26      salaries plus 3%, provided however that the board of trustees shall  
27      not set the average percentage rate of increase applied to salaries  
28      below 6%.
- 29      n. "Retirement allowance" means the pension plus the annuity.
- 30      o. "School service" means any service as a "teacher" as defined  
31      in this section.
- 32      p. "Teacher" means any regular teacher, special teacher,  
33      helping teacher, teacher clerk, principal, vice-principal, supervisor,  
34      supervising principal, director, superintendent, city superintendent,  
35      assistant city superintendent, county superintendent, State  
36      Commissioner or Assistant Commissioner of Education, members  
37      of the State Department of Education who are certificated,  
38      unclassified professional staff and other members of the teaching or  
39      professional staff of any class, public school, high school, normal  
40      school, model school, training school, vocational school, truant  
41      reformatory school, or parental school, and of any and all classes or  
42      schools within the State conducted under the order and  
43      superintendence, and wholly or partly at the expense of the State  
44      Board of Education, of a duly elected or appointed board of  
45      education, board of school directors, or board of trustees of the  
46      State or of any school district or normal school district thereof, and  
47      any persons under contract or engagement to perform one or more  
48      of these functions. It shall also mean any person who serves, while

1 on an approved leave of absence from regular duties as a teacher, as  
2 an officer of a local, county or State labor organization which  
3 represents, or is affiliated with an organization which represents,  
4 teachers as defined in this subsection. No person shall be deemed a  
5 teacher within the meaning of this article who is a substitute  
6 teacher. In all cases of doubt the board of trustees shall determine  
7 whether any person is a teacher as defined in this article.

8 q. "Teachers' Pension and Annuity Fund," hereinafter referred  
9 to as the "retirement system" or "system," is the corporate name of  
10 the arrangement for the payment of retirement allowances and other  
11 benefits under the provisions of this article, including the several  
12 funds placed under said system. By that name all its business shall  
13 be transacted, its funds invested, warrants for money drawn, and  
14 payments made and all of its cash and securities and other property  
15 held.

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

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

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

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

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

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

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

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

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

4 (9) World War I, between April 6, 1917, and November 11,  
5 1918;

6 (10) World War II, between September 16, 1940, and December  
7 31, 1946, who shall have served at least 90 days in such active  
8 service, exclusive of any period of assignment (1) for a course of  
9 education or training under the Army Specialized Training Program  
10 or the Navy College Training Program, which course was a  
11 continuation of a civilian course and was pursued to completion, or  
12 (2) as a cadet or midshipman at one of the service academies, any  
13 part of which 90 days was served between said dates; provided that  
14 any person receiving an actual service-incurred injury or disability  
15 shall be classed as a veteran, whether or not that person has  
16 completed the 90-day service as herein provided;

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

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

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

10 (14) Lebanon peacekeeping mission, on or after September 26,  
11 1982, who has served in Lebanon or on board any ship actively  
12 engaged in patrolling the territorial waters of that nation for a  
13 period, continuous or in the aggregate, of at least 14 days  
14 commencing on or before December 1, 1987 or the date of  
15 termination of that mission, as proclaimed by the President of the  
16 United States or Congress, whichever date of termination is the  
17 latest, in such active service; provided, that any person receiving an  
18 actual service-incurred injury or disability shall be classed as a  
19 veteran whether or not that person has completed the 14 days'  
20 service as herein provided;

21 (15) Grenada peacekeeping mission, on or after October 23,  
22 1983, who has served in Grenada or on board any ship actively  
23 engaged in patrolling the territorial waters of that nation for a  
24 period, continuous or in the aggregate, of at least 14 days  
25 commencing on or before November 21, 1983 or the date of  
26 termination of that mission, as proclaimed by the President of the  
27 United States or Congress, whichever date of termination is the  
28 latest, in such active service; provided, that any person receiving an  
29 actual service-incurred injury or disability shall be classed as a  
30 veteran whether or not that person has completed the 14 days'  
31 service as herein provided;

32 (16) Panama peacekeeping mission, on or after December 20,  
33 1989 or the date of inception of that mission, as proclaimed by the  
34 President of the United States or Congress, whichever date of  
35 inception is earliest, who has served in Panama or on board any ship  
36 actively engaged in patrolling the territorial waters of that nation for  
37 a period, continuous or in the aggregate, of at least 14 days  
38 commencing on or before January 31, 1990 or the date of  
39 termination of that mission, as proclaimed by the President of the  
40 United States or Congress, whichever date of termination is the  
41 latest, in such active service; provided, that any person receiving an  
42 actual service-incurred injury or disability shall be classed as a  
43 veteran whether or not that person has completed the 14 days'  
44 service as herein provided;

45 (17) Operation "Desert Shield/Desert Storm" mission in the  
46 Arabian peninsula and the Persian Gulf, on or after August 2, 1990  
47 or the date of inception of that operation, as proclaimed by the  
48 President of the United States or Congress, whichever date of



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

10 (18) Operation Northern Watch and Operation Southern Watch,  
11 on or after August 27, 1992, or the date of inception of that  
12 operation, as proclaimed by the President of the United States,  
13 Congress or United States Secretary of Defense, whichever date of  
14 inception is earliest, who served in the theater of operation,  
15 including in the Arabian peninsula and the Persian Gulf, and in  
16 direct support of that operation for a period, continuously or in the  
17 aggregate, of at least 14 days in such active service, commencing on  
18 or before the date of termination of the operation, as proclaimed by  
19 the President of the United States, Congress or United States  
20 Secretary of Defense, whichever date of termination is latest;  
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 (19) Operation "Restore Hope" in Somalia, on or after December  
26 5, 1992, or the date of inception of that operation as proclaimed by  
27 the President of the United States or Congress, whichever date is  
28 earliest, who has served in Somalia or on board any ship actively  
29 engaged in patrolling the territorial waters of that nation for a  
30 period, continuously or in the aggregate, of at least 14 days in such  
31 active service commencing on or before March 31, 1994; 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 14-day service as herein provided;

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

46 (21) Operation "Enduring Freedom", on or after September 11,  
47 2001, who served in a theater of operation and in direct support of  
48 that operation for a period, continuously or in the aggregate, of at

1 least 14 days in such active service commencing on or before the  
2 date the President of the United States or the United States  
3 Secretary of Defense designates as the termination date of that  
4 operation; provided, that any person receiving an actual service-  
5 incurred injury or disability while engaged in such service shall be  
6 classed as a veteran whether or not that person has completed the 14  
7 days' service as herein provided; and

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

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

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

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

43 (2) Subject to the provisions of paragraph (3) of this subsection,  
44 "widower," for employees of public employers other than the State,  
45 means the man to whom a member was married at least five years  
46 before the date of her death and to whom she continued to be  
47 married until the date of her death and who was receiving at least  
48 one-half of his support from the member in the 12-month period

1 immediately preceding the member's death or the accident which  
2 was the direct cause of the member's death. The dependency of such  
3 a widower shall be considered terminated by marriage of the  
4 widower subsequent to the death of the member. In the event of the  
5 payment of an accidental death benefit, the five-year qualification  
6 shall be waived.

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

11 u. (1) "Widow," for employees of the State, means the woman  
12 to whom a member was married, or a domestic partner as defined in  
13 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
14 the date of his death and to whom he continued to be married or a  
15 domestic partner until the date of his death and who was receiving  
16 at least one-half of her support from the member in the 12-month  
17 period immediately preceding the member's death or the accident  
18 which was the direct cause of the member's death. The dependency  
19 of such a widow will be considered terminated by the marriage of,  
20 or establishment of a domestic partnership by, the widow  
21 subsequent to the member's death. In the event of the payment of an  
22 accidental death benefit, the five-year qualification shall be waived.

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

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

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

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

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

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

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

11 (cf: P.L.2009, c.85, s.2)

12

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

15       6. As used in this act:

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

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

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

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

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

36       f. "Parent" shall mean the parent of a member who was  
37 receiving at least 1/2 of the parent's support from the member in the  
38 12-month period immediately preceding the member's death or the  
39 accident which was the direct cause of the member's death. The  
40 dependency of such a parent will be considered terminated by  
41 marriage of the parent subsequent to the death of the member.

42       g. (1) "Widower," for employees of the State, means the man to  
43 whom a member was married, or a domestic partner as defined in  
44 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before  
45 the date of her death and to whom she continued to be married or a  
46 domestic partner until the date of her death and who was receiving  
47 at least 1/2 of his support from the member in the 12-month period  
48 immediately preceding the member's death or the accident which

1 was the direct cause of the member's death. The dependency of such  
2 a widower will be considered terminated by marriage of, or  
3 establishment of a domestic partnership by, the widower subsequent  
4 to the death of the member. In the event of the payment of an  
5 accidental death benefit, the five-year qualification shall be waived.

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

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

22 h. (1) "Final compensation" means the average annual  
23 compensation for which contributions are made for the three years  
24 of creditable service in New Jersey immediately preceding the  
25 member's retirement or death, or it shall mean the average annual  
26 compensation for New Jersey service for which contributions are  
27 made during any three fiscal years of his or her membership  
28 providing the largest possible benefit to the member or the  
29 member's beneficiary.

30 (2) In the case of a person who becomes a member of the  
31 retirement system on or after the effective date of  
32 P.L. , c. (pending before the Legislature as this bill), "final  
33 compensation" means the average annual compensation for which  
34 contributions are made for the five years of creditable service in  
35 New Jersey immediately preceding the member's retirement or  
36 death, or it shall mean the average annual compensation for New  
37 Jersey service for which contributions are made during any five  
38 fiscal years of his or her membership providing the largest possible  
39 benefit to the member or the member's beneficiary.

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

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

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

46 l. "Pension reserve" means the present value of all payments to  
47 be made on account of any pension or benefit in lieu of a pension  
48 granted under the provisions of this act, computed on the basis of

1 such mortality tables recommended by the actuary as the board of  
2 trustees adopts, with regular interest.

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

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

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

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

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

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

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

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

- 1       (5) The army of Cuban occupation between July 18, 1898, and  
2 May 20, 1902;
- 3       (6) The army of Cuban pacification between October 6, 1906,  
4 and April 1, 1909;
- 5       (7) The Mexican punitive expedition between March 14, 1916,  
6 and February 7, 1917;
- 7       (8) The Mexican border patrol, having actually participated in  
8 engagements against Mexicans between April 12, 1911, and June  
9 16, 1919;
- 10      (9) World War I, between April 6, 1917, and November 11,  
11 1918;
- 12      (10) World War II, between September 16, 1940, and December  
13 31, 1946, who shall have served at least 90 days in such active  
14 service, exclusive of any period of assignment (1) for a course of  
15 education or training under the Army Specialized Training Program  
16 or the Navy College Training Program which course was a  
17 continuation of a civilian course and was pursued to completion, or  
18 (2) as a cadet or midshipman at one of the service academies any  
19 part of which 90 days was served between said dates; provided, that  
20 any person receiving an actual service-incurred injury or disability  
21 shall be classed as a veteran whether or not that person has  
22 completed the 90-day service as herein provided;
- 23      (11) Korean conflict on or after June 23, 1950, and on or prior to  
24 January 31, 1955, who shall have served at least 90 days in such  
25 active service, exclusive of any period of assignment (1) for a  
26 course of education or training under the Army Specialized  
27 Training Program or the Navy College Training Program which  
28 course was a continuation of a civilian course and was pursued to  
29 completion, or (2) as a cadet or midshipman at one of the service  
30 academies, any part of which 90 days was served between said  
31 dates; provided, that any person receiving an actual service-incurred  
32 injury or disability shall be classed as a veteran whether or not that  
33 person has completed the 90-day service as herein provided; and  
34 provided further, that any member classed as a veteran pursuant to  
35 this paragraph prior to August 1, 1966, shall continue to be classed  
36 as a veteran whether or not that person completed the 90-day  
37 service between said dates as herein provided;
- 38      (12) Lebanon crisis, on or after July 1, 1958, who has served in  
39 Lebanon or on board any ship actively engaged in patrolling the  
40 territorial waters of that nation for a period, continuous or in the  
41 aggregate, of at least 14 days commencing on or before November  
42 1, 1958 or the date of termination of that conflict, as proclaimed by  
43 the President of the United States or Congress, whichever date of  
44 termination is the latest, in such active service; provided, that any  
45 person receiving an actual service-incurred injury or disability shall  
46 be classed as a veteran whether or not that person has completed the  
47 14 days' service as herein provided;

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

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

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

39       (16) Panama peacekeeping mission, on or after December 20,  
40 1989 or the date of inception of that mission, as proclaimed by the  
41 President of the United States or Congress, whichever date of  
42 inception is earliest, who has served in Panama or on board any ship  
43 actively engaged in patrolling the territorial waters of that nation for  
44 a period, continuous or in the aggregate, of at least 14 days  
45 commencing on or before January 31, 1990 or the date of  
46 termination of that mission, as proclaimed by the President of the  
47 United States or Congress, whichever date of termination is the  
48 latest, in such active service; provided, that any person receiving an



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

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

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

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

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

1 or (3) operated in airspace above the Republic of Bosnia and  
2 Herzegovina; provided that any person receiving an actual service-  
3 incurred injury or disability shall be classed as a veteran whether or  
4 not that person completed the 14-day service requirement;

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

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

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

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

43 (2) Subject to the provisions of paragraph (3) of this subsection,  
44 "widow," for employees of public employers other than the State,  
45 means the woman to whom a member was married at least five  
46 years before the date of his death and to whom he continued to be  
47 married until the date of his death and who was receiving at least  
48 1/2 of her support from the member in the 12-month period

1 immediately preceding the member's death or the accident which  
2 was the direct cause of the member's death. The dependency of such  
3 a widow shall be considered terminated by the marriage of the  
4 widow subsequent to the member's death. In the event of the  
5 payment of an accidental death benefit, the five-year qualification  
6 shall be waived.

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

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

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

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

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

1 not include employees of agencies authorized to participate in the  
2 system under section 73 of P.L.1954, c.84 (C.43:15A-73) or  
3 P.L.1990, c.25 (C.43:15A-73.2 et al.).  
4 (cf: P.L.2009, c.85, s.1)

5  
6 22. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to  
7 read as follows:

8 1. As used in this act:

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

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

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

21 (ii) has police powers;

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

26 (iv) is subject to the physical and mental fitness requirements  
27 applicable to the position of municipal police officer established by  
28 an agency authorized to establish these requirements on a Statewide  
29 basis, or comparable physical and mental fitness requirements as  
30 determined by the board of trustees.

31 The term shall also include an administrative or supervisory  
32 employee of a law enforcement unit or the State whose duties  
33 include general or direct supervision of employees engaged in  
34 investigation, apprehension or detention activities or training  
35 responsibility for these employees and a requirement for  
36 engagement in investigation, apprehension or detention activities if  
37 necessary, and who is authorized to carry a firearm while in the  
38 actual performance of his official duties and has police powers.

39 (b) "Fireman" shall mean a permanent, full-time employee of a  
40 firefighting unit whose primary duties include the control and  
41 extinguishment of fires and who is subject to the training and  
42 physical and mental fitness requirements applicable to the position  
43 of municipal firefighter established by an agency authorized to  
44 establish these requirements on a Statewide basis, or comparable  
45 training and physical and mental fitness requirements as determined  
46 by the board of trustees. The term shall also include an  
47 administrative or supervisory employee of a firefighting unit whose  
48 duties include general or direct supervision of employees engaged

1 in fire control and extinguishment activities or training  
2 responsibility for these employees and a requirement for  
3 engagement in fire control and extinguishment activities if  
4 necessary. As used in this paragraph, "firefighting unit" shall mean  
5 a municipal fire department, a fire district, or an agency of a county  
6 or the State which is responsible for control and extinguishment of  
7 fires.

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

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

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

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

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

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

23 (9) "Regular interest" shall mean interest as determined by the  
24 State Treasurer, after consultation with the Directors of the  
25 Divisions of Investment and Pensions, the board of trustees and the  
26 actuary. It shall bear a reasonable relationship to the percentage  
27 rate of earnings on investments based on the market value of assets  
28 but shall not exceed the assumed percentage rate of increase applied  
29 to salaries plus 3%, provided however that the board of trustees  
30 shall not set the average percentage rate of increase applied to  
31 salaries below 6%.

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

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

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

40 (13) "Retirement allowance" shall mean the pension plus the  
41 annuity.

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

1       (15) "Average final compensation" shall mean [the average  
2       annual salary upon which contributions are made for the three years  
3       of creditable service immediately preceding his retirement or death,  
4       or it shall mean the average annual salary for which contributions  
5       are made during any three fiscal years of his or her membership  
6       providing the largest possible benefit to the member or his  
7       beneficiary] final compensation.

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

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

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

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

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

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

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

47      (23) (a) "Widower," for employees of the State, means the man  
48      to whom a member or retirant was married, or a domestic partner as

1 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of  
2 her death and who has not since remarried or established a domestic  
3 partnership. In the event of the payment of accidental death  
4 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),  
5 the restriction concerning remarriage or establishment of a domestic  
6 partnership shall be waived.

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

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

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

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

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

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

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

40 (b) In the case of a person who becomes a member of the  
41 retirement system on or after the effective date of  
42 P.L. , c. (pending before the Legislature as this bill),  
43 "compensation" means the amount of base salary equivalent to the  
44 annual maximum wage contribution base for Social Security,  
45 pursuant to the Federal Insurance Contributions Act, for services as  
46 a member as defined in this act, which is in accordance with  
47 established salary policies of the member's employer for all  
48 employees in the same position but shall not include individual

1 salary adjustments which are granted primarily in anticipation of  
2 the member's retirement or additional remuneration for performing  
3 temporary duties beyond the regular workday.

4 (27) "Department" shall mean any police or fire department of a  
5 municipality or a fire department of a fire district located in a  
6 township or a county police or park police department or the  
7 appropriate department of the State or instrumentality thereof.

8 (28) (a) "Final compensation" means the compensation received  
9 by the member in the last 12 months of creditable service preceding  
10 his retirement or death.

11 (b) In the case of a person who becomes a member of the  
12 retirement system on or after the effective date of  
13 P.L. , c. (pending before the Legislature as this bill), "final  
14 compensation" means the average annual compensation for service  
15 for which contributions are made during any three fiscal years of  
16 membership providing the largest possible benefit to the member or  
17 the member's beneficiary.

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

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

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

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

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

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

31  
32 23. Section 3 of P.L.1965, c.89 (C.53:5A-3) is amended to read  
33 as follows:

34 3. As used in this act:

35 a. "Aggregate contributions" means the sum of all the amounts,  
36 deducted from the salary of a member or contributed by him or on  
37 his behalf, standing to the credit of his individual account in the  
38 Annuity Savings Fund. Interest credited on contributions to the  
39 former "State Police Retirement and Benevolent Fund" shall be  
40 included in a member's aggregate contributions.

41 b. "Annuity" means payments for life derived from the  
42 aggregate contributions of a member.

43 c. "Annuity reserve" means the present value of all payments  
44 to be made on account of any annuity or benefit in lieu of an  
45 annuity, computed upon the basis of such mortality tables  
46 recommended by the actuary as the board of trustees adopts and  
47 regular interest.



- 1 d. "Beneficiary" means any person entitled to receive any  
2 benefit pursuant to the provisions of this act by reason of the death  
3 of a member or retirant.
- 4 e. "Board of trustees" or "board" means the board provided for  
5 in section 30 of this act.
- 6 f. "Child" means a deceased member's or retirant's unmarried  
7 child either (a) under the age of 18 or (b) of any age who, at the  
8 time of the member's or retirant's death, is disabled because of  
9 mental retardation or physical incapacity, is unable to do any  
10 substantial, gainful work because of the impairment and his  
11 impairment has lasted or can be expected to last for a continuous  
12 period of not less than 12 months, as affirmed by the medical board.
- 13 g. "Creditable service" means service rendered for which credit  
14 is allowed on the basis of contributions made by the member or the  
15 State.
- 16 h. "Parent" means the parent of a member who was receiving at  
17 least one-half of his support from the member in the 12-month  
18 period immediately preceding the member's death or the accident  
19 which was the direct cause of the member's death. The dependency  
20 of such a parent will be considered terminated by marriage of the  
21 parent subsequent to the death of the member.
- 22 i. (1) "Final compensation" means the average compensation  
23 received by the member in the last 12 months of creditable service  
24 preceding his retirement or death. Such term includes the value of  
25 the member's maintenance allowance for this same period.
- 26 (2) In the case of a person who becomes a member of the  
27 retirement system on or after the effective date of  
28 P.L. , c. (pending before the Legislature as this bill), "final  
29 compensation" means the average annual compensation for service  
30 for which contributions are made during any three fiscal years of  
31 membership providing the largest possible benefit to the member or  
32 the member's beneficiary. Such term includes the value of the  
33 member's maintenance allowance for this same period.
- 34 j. (1) "Final salary" means the average salary received by the  
35 member in the last 12 months of creditable service preceding his  
36 retirement or death. Such term shall not include the value of the  
37 member's maintenance allowance.
- 38 (2) In the case of a person who becomes a member of the  
39 retirement system on or after the effective date of  
40 P.L. , c. (pending before the Legislature as this bill), "final  
41 salary" means the average annual salary for service for which  
42 contributions are made during any three fiscal years of membership  
43 providing the largest possible benefit to the member or the  
44 member's beneficiary. Such term shall not include the value of the  
45 member's maintenance allowance.
- 46 k. "Fiscal year" means any year commencing with July 1 and  
47 ending with June 30 next following.

- 1       l. "Medical board" means the board of physicians provided for  
2 in section 30 of this act.
- 3       m. "Member" means any full-time, commissioned officer, non-  
4 commissioned officer or trooper of the Division of State Police of  
5 the Department of Law and Public Safety of the State of New Jersey  
6 enrolled in the retirement system established by this act.
- 7       n. "Pension" means payment for life derived from contributions  
8 by the State.
- 9       o. "Pension reserve" means the present value of all payments to  
10 be made on account of any pension or benefit in lieu of any pension  
11 computed on the basis of such mortality tables recommended by the  
12 actuary as shall be adopted by the board of trustees and regular  
13 interest.
- 14      p. "Regular interest" means interest as determined by the State  
15 Treasurer, after consultation with the Directors of the Divisions of  
16 Investment and Pensions, the board of trustees and the actuary. It  
17 shall bear a reasonable relationship to the percentage rate of  
18 earnings on investments based on the market value of the assets but  
19 shall not exceed the assumed percentage rate of increase applied to  
20 salaries plus 3%, provided however that the board of trustees shall  
21 not set the average percentage rate of increase applied to salaries  
22 below 6%.
- 23      q. "Retirant" means any former member receiving a retirement  
24 allowance as provided by this act.
- 25      r. "Retirement allowance" means the pension plus the annuity.
- 26      s. "State Police Retirement System of New Jersey," herein also  
27 referred to as the "retirement system" or "system," is the corporate  
28 name of the arrangement for the payment of retirement allowances  
29 and of the benefits under the provisions of this act including the  
30 several funds placed under said system. By that name, all of its  
31 business shall be transacted, its funds invested, warrants for moneys  
32 drawn, and payments made and all of its cash and securities and  
33 other property held. All assets held in the name of the former  
34 "State Police Retirement and Benevolent Fund" shall be transferred  
35 to the retirement system established by this act.
- 36      t. "Surviving spouse" means the person to whom a member or  
37 a retirant was married, or a domestic partner as defined in section 3  
38 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the  
39 member or retirant. The dependency of such a surviving spouse will  
40 be considered terminated by the marriage of, or establishment of a  
41 domestic partnership by, the surviving spouse subsequent to the  
42 member's or the retirant's death, except that in the event of the  
43 payment of accidental death benefits, pursuant to section 14 of  
44 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving  
45 spouse or domestic partner will not be considered terminated by the  
46 marriage of, or establishment of a domestic partnership by, the  
47 surviving spouse subsequent to the member's death.

1 u. (1) "Compensation" for purposes of computing pension  
2 contributions means the base salary, for services as a member as  
3 defined in this act, which is in accordance with established salary  
4 policies of the State for all employees in the same position but shall  
5 not include individual salary adjustments which are granted  
6 primarily in anticipation of the member's retirement or additional  
7 remuneration for performing temporary duties beyond the regular  
8 workday or shift.

9 (2) In the case of a person who becomes a member of the  
10 retirement system on or after the effective date of  
11 P.L. , c. (pending before the legislature as this bill),  
12 "compensation" means the amount of base salary equivalent to the  
13 annual maximum wage contribution base for Social Security,  
14 pursuant to the Federal Insurance Contributions Act, for services as  
15 a member as defined in this act, which is in accordance with  
16 established salary policies of the State for all employees in the same  
17 position but shall not include individual salary adjustments which  
18 are granted primarily in anticipation of the member's retirement or  
19 additional remuneration for performing temporary duties beyond  
20 the regular workday or shift.

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

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

24 18A:66-19. The annuity savings fund shall be the fund in which  
25 shall be credited accumulated deductions and contributions by  
26 members or on their behalf to provide for their allowances.

27 A single account shall be established in this fund for each person  
28 who is or shall become a member and all contributions deducted  
29 from each such member's compensation shall be credited to **[his]**  
30 this single account **[regardless of the number of positions a member**  
31 **might hold or the number of employers he might have]**.

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

33  
34 25. (New section) a. Notwithstanding the provisions of any law  
35 to the contrary, after the effective date of P.L. , c. (pending  
36 before the Legislature as this bill), a person who is or becomes a  
37 member of the Teachers' Pension and Annuity Fund and becomes  
38 employed in more than one office, position, or employment covered  
39 by the retirement system or commences service in a covered office,  
40 position, or employment with more than one employer shall be  
41 eligible for membership in the retirement system based upon only  
42 one of the offices, positions, or employments held concurrently. In  
43 the case of a person who holds more than one office, position, or  
44 employment covered by the retirement system, the retirement  
45 system shall designate the position providing the higher or highest  
46 compensation for the person with such concurrent positions as the  
47 basis for eligibility for membership and the compensation base for  
48 contributions and pension calculations.

1       b. Contributions shall be deducted only from the member's  
2 compensation for the office, position, or employment designated  
3 pursuant to subsection a. of this section and shall be credited to the  
4 member's single account established pursuant to N.J.S.18A:66-19.  
5 The designation by the retirement system of one office, position, or  
6 employment upon which membership in the retirement system shall  
7 be based shall be irrevocable as between or among the offices,  
8 positions, or employments held at the time the designation is made  
9 as long as the designated position is the one with the higher or  
10 highest compensation. A member who leaves a designated office,  
11 position, or employment, or acquires a different or additional office,  
12 position, or employment, may receive a new designation by the  
13 retirement system from among the offices, positions, or  
14 employments then held. Service in an office, position, or  
15 employment other than the one designated shall not be deemed  
16 creditable service for the purposes of the retirement system.

17       c. The provisions of subsections a. and b. of this section shall  
18 not apply to a person who, on the effective date of  
19 P.L. , c. (pending before the Legislature as this bill), is a  
20 member of the retirement system and holds more than one office,  
21 position, or employment covered by the retirement system with one  
22 or more employers, while the member continues to hold without a  
23 break in service more than one of those offices, positions, or  
24 employments. Any additional office, position, or employment  
25 acquired by the member shall not be deemed creditable service for  
26 the purposes of the retirement system and no designation for that  
27 member shall be made until only one of the offices, positions, or  
28 employments held on the effective date remains.

29

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

32       25. a. The annuity savings fund shall be the fund in which shall  
33 be credited accumulated deductions and contributions by members  
34 or on their behalf to provide for their allowances. A single account  
35 shall be established in this fund for each person who is or shall  
36 become a member and all contributions deducted from each such  
37 member's compensation shall be credited to **[his] this single**  
38 **account [regardless of the number of positions a member might**  
39 **hold or the number of employers as he might have].**

40       b. (1) Members enrolled in the retirement system on or after  
41 July 1, 1994 shall contribute 5% of compensation to the system.  
42 Members enrolled in the system prior to July 1, 1994 shall  
43 contribute 5% of compensation to the system effective with the  
44 payroll period for which the beginning date is closest to July 1,  
45 1995, provided, however, that any member enrolled before July 1,  
46 1994, whose full contribution rate under the system prior to the  
47 revisions by this act was less than 6%, shall pay 4% of  
48 compensation to the system effective with the payroll period for

1 which the beginning date is closest to July 1, 1995, and 5% of  
2 compensation to the system effective with the payroll period for  
3 which the beginning date is closest to July 1, 1996.

4 (2) Members enrolled in the retirement system on or after July  
5 1, 2007 who are:

6 employees of the State, other than employees of the Judicial  
7 Branch;

8 employees of an independent State authority, board, commission,  
9 corporation, agency or organization;

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

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

25 Members enrolled in the retirement system on or after July 1,  
26 2008, other than those described in the paragraph above, shall  
27 contribute 5.5% of compensation to the system. Members enrolled  
28 in the system prior to July 1, 2008, other than those described in the  
29 paragraph above, shall contribute 5.5% of compensation to the  
30 system effective with the payroll period that begins immediately  
31 after July 1, 2008.

32 c. The retirement system shall certify to each State department  
33 or subdivision thereof, and to each branch of the State service not  
34 included in a State department, and to every other employer, the  
35 proportion of each member's compensation to be deducted and to  
36 facilitate the making of deductions the retirement system may  
37 modify the deduction required by a member by such an amount as  
38 shall not exceed 1/10 of 1% of the compensation upon the basis of  
39 which the deduction is to be made.

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

46 d. Every employee to whom this act applies shall be deemed to  
47 consent and agree to any deduction from his compensation required  
48 by this act and to all other provisions of this act. Notwithstanding

1 any other law, rule or regulation affecting the salary, pay,  
2 compensation, other perquisites, or tenure of a person to whom this  
3 act applies, or shall apply, and notwithstanding that the minimum  
4 salary, pay, or compensation or other perquisites provided by law  
5 for him shall be reduced thereby, payment, less such deductions,  
6 shall be a full and complete discharge and acquittance of all claims  
7 and demands for service rendered by him during the period covered  
8 by such payment.

9 (cf: P.L.2007, c.103, s.2)

10  
11 27. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to  
12 read as follows:

13 1. Members of the Legislature commencing service on or after  
14 the effective date of sections 1 through 19 of P.L.2007, c.92  
15 (C.43:15C-1 through C.43:15C-15, C.43:3C-9, C.43:15A-7,  
16 C.43:15A-75 and C.43:15A-135) shall not be eligible for  
17 membership in the retirement system based on service in that  
18 elective office. A member of the Legislature enrolled in the  
19 retirement system as of that effective date who continues to hold  
20 office as a member of the Legislature without a break in service  
21 shall be eligible to continue membership in the retirement system  
22 under the terms and conditions of the member's enrollment, except  
23 that during service in the Legislature, a legislator shall be a member  
24 of the retirement system on the basis of only one position of service  
25 in an elected office or of employment with a participating employer,  
26 as designated by the retirement system pursuant to section 28 of  
27 P.L. , c. (C. )(pending before the Legislature as this bill).

28 (cf: P.L.2007, c.92, s.19)

29  
30 28. (New section) a. Notwithstanding the provisions of any law  
31 to the contrary, after the effective date of P.L. , c. (pending  
32 before the Legislature as this bill), a person who is or becomes a  
33 member of the Public Employees' Retirement System and becomes  
34 employed in more than one office, position, or employment covered  
35 by the retirement system or commences service in a covered office,  
36 position, or employment with more than one employer shall be  
37 eligible for membership in the retirement system based upon only  
38 one of the offices, positions, or employments held concurrently. In  
39 the case of a person who holds more than one office, position, or  
40 employment covered by the retirement system, the retirement  
41 system shall designate the position providing the higher or highest  
42 compensation for the person with such concurrent positions as the  
43 basis for eligibility for membership and the compensation base for  
44 contributions and pension calculations.

45 b. Contributions shall be deducted only from the member's  
46 compensation for the office, position, or employment designated  
47 pursuant to subsection a. of this section and shall be credited to the  
48 member's single account established pursuant to section 25 of

1 P.L.1954, c.84 (C.43:15A-25), or in the case of an eligible member  
2 of the Legislature, the legislative account established pursuant to  
3 section 2 of P.L.1972, c.167 (C.43:15A-136). The designation by  
4 the retirement system of one office, position or employment upon  
5 which membership in the retirement system shall be based shall be  
6 irrevocable as between or among the offices, positions, or  
7 employments held at the time the designation is made as long as the  
8 designated position is the one with the higher or highest  
9 compensation. A member who leaves a designated office, position,  
10 or employment or acquires a different or additional office, position,  
11 or employment, may receive a new designation by the retirement  
12 system from among the offices, positions, or employments then  
13 held. Service in an office, position, or employment other than the  
14 one designated shall not be deemed creditable service for the  
15 purposes of the retirement system.

16 c. The provisions of subsections a. and b. of this section shall  
17 not apply to a person who, on the effective date of  
18 P.L. , c. (pending before the Legislature as this bill), is a  
19 member of the retirement system and holds more than one office,  
20 position, or employment covered by the retirement system with one  
21 or more employers, while the member continues to hold without a  
22 break in service more than one of those offices, positions, or  
23 employments. Any additional office, position, or employment  
24 acquired by the member shall not be deemed creditable service for  
25 the purposes of the retirement system and no designation for that  
26 member shall be made until only one of the offices, positions, or  
27 employments held on the effective date remains.

28

29 29. Section 5 of P.L.1997, c.113 (C.43:3C-9.5) is amended to  
30 read as follows:

31 5. a. For purposes of this section, a "non-forfeitable right to  
32 receive benefits" means that the benefits program, for any employee  
33 for whom the right has attached, cannot be reduced. The provisions  
34 of this section shall not apply to post-retirement medical benefits  
35 which are provided pursuant to law.

36 b. Vested members of the Teachers' Pension and Annuity Fund,  
37 the Judicial Retirement System, the Prison Officers' Pension Fund,  
38 the Public Employees' Retirement System, the Consolidated Police  
39 and Firemen's Pension Fund, the Police and Firemen's Retirement  
40 System, and the State Police Retirement System, upon the  
41 attainment of five years of service credit in the retirement system or  
42 fund or on the date of enactment of this bill, whichever is later,  
43 shall have a non-forfeitable right to receive benefits as provided  
44 under the laws governing the retirement system or fund upon the  
45 attainment of five years of service credit in the retirement system or  
46 fund or on the effective date of this act, whichever is later. This  
47 subsection shall not be applicable to a person who becomes a  
48 member of these systems or funds on or after the effective date of

1 P.L. , c. (pending before the Legislature as this bill), except that  
2 such person shall not include a person who at the time of enrollment  
3 in the retirement system or fund on or after that effective date  
4 transfers service credit, as permitted, from another State-  
5 administered retirement system or fund of which the person was a  
6 member immediately prior to the effective date and continuously  
7 thereafter, but shall include a former member of the retirement  
8 system or fund who has been granted a retirement allowance and is  
9 reenrolled in the retirement system or fund on or after that effective  
10 date after becoming employed again in a position that makes the  
11 person eligible to be a member of the retirement system.

12 c. The State shall make an annual normal contribution and an  
13 annual unfunded accrued liability contribution to each system or  
14 fund pursuant to standard actuarial practices authorized by law,  
15 unless both of the following conditions are met: (1) there is no  
16 existing unfunded accrued liability contribution due to the system  
17 or fund at the close of the valuation period applicable to the  
18 upcoming fiscal year; and (2) there are excess valuation assets in  
19 excess of the actuarial accrued liability of the system or fund at the  
20 close of the valuation period applicable to the upcoming fiscal year.

21 d. This act shall not be construed to preclude forfeiture,  
22 suspension or reduction in benefits for dishonorable service.

23 e. Except as expressly provided herein and only to the extent  
24 so expressly provided, nothing in this act shall be deemed to (1)  
25 limit the right of the State to alter, modify or amend such retirement  
26 systems and funds, or (2) create in any member a right in the corpus  
27 or management of a retirement system or pension fund.

28 (cf: P.L.1997, c.113, s.5)

29

30 30. (New section) a. Notwithstanding any other provision of  
31 law to the contrary, a person who commences service in an  
32 employment, office or position that makes the person eligible to be  
33 a member of the Teachers' Pension and Annuity Fund, the Judicial  
34 Retirement System, the Public Employees' Retirement System, the  
35 Police and Firemen's Retirement System, or the State Police  
36 Retirement System, or a member of the retirement system with less  
37 than 10 years of service credit, shall have the option to choose  
38 either to be enrolled in the relevant retirement system or enrolled in  
39 the Defined Contribution Retirement Program established pursuant  
40 to P.L.2007, c.92 (C.43:15C-1 et al.) with regard to that particular  
41 employment, office, or position by irrevocably waiving all rights  
42 and benefits which would otherwise be provided by the relevant  
43 retirement system.

44 b. When a member of the Teachers' Pension and Annuity Fund,  
45 the Judicial Retirement System, the Public Employees' Retirement  
46 System, the Police and Firemen's Retirement System, or the State  
47 Police Retirement System elects to transfer to the Defined  
48 Contribution Retirement Program by filing the proper application



1 form declaring the election to participate in the program, the  
2 respective retirement system shall transfer the amount of all of the  
3 member's accumulated deductions standing to the credit of the  
4 member in the annuity savings fund, plus regular interest, less any  
5 outstanding loan, except that no interest shall be payable in the case  
6 of a member who has less than three years of membership credit for  
7 which the member has made contributions. The interest payable  
8 shall be such proportion of the interest determined at the regular  
9 rate of 2% per annum bears to the regular rate of interest.

10 c. Notwithstanding any other provision of law to the contrary,  
11 a person who commences service in an employment, office, or  
12 position that makes the person eligible to be a member or  
13 participant of the Teachers' Pension and Annuity Fund, the Judicial  
14 Retirement System, the Public Employees' Retirement System, the  
15 Police and Firemen's Retirement System, the State Police  
16 Retirement System, the Alternate Benefit Program, or the Defined  
17 Contribution Program, or a member or participant of the retirement  
18 system or program with less than 10 years of service credit, shall  
19 have the option to choose to not enroll or to withdraw from  
20 enrollment in the relevant retirement system or program with regard  
21 to that particular employment, office, or position by irrevocably  
22 waiving all rights and benefits which would otherwise be provided  
23 by the relevant retirement system or program. All relevant  
24 provisions of law with regard to withdrawals from a retirement  
25 system or program shall be applicable to such a withdrawal.

26  
27 31. Section 2 of P.L.2001, c.366 (C.43:15A-156) is amended to  
28 read as follows:

29 2. a. Notwithstanding the provisions of any other law,  
30 prosecutors shall be members of the Prosecutors Part, established  
31 pursuant to P.L.2001, c.366 (C.43:15A-155 et seq.), of the Public  
32 Employees' Retirement System, established pursuant to P.L.1954,  
33 c.84 (C.43:15A-1 et seq.), if enrolled in the part prior to the  
34 effective date of P.L. , c. (pending before the Legislature as this  
35 bill), and shall be subject to the same membership and benefit  
36 provisions as State employees, except as provided by P.L.2001,  
37 c.366. Membership in the retirement system shall be a condition of  
38 employment for service as a prosecutor for a prosecutor enrolled in  
39 the part prior to the effective date of P.L. , c. (pending before  
40 the Legislature as this bill). Any service credit which has been  
41 established in the Public Employees' Retirement System by a  
42 prosecutor prior to the effective date of this act shall be established  
43 in the Prosecutors Part without further assessment of cost to the  
44 prosecutor; provided, however, any service credit which has been  
45 established in the Public Employees' Retirement System by a  
46 member of the retirement system in any position prior to service as  
47 a county prosecutor, nominated and appointed pursuant to Article  
48 VII, Section II, paragraph 1 of the New Jersey Constitution, shall be

1 established in the Prosecutors Part without further assessment of  
2 cost to the prosecutor.

3 A prosecutor who becomes a member of the retirement system  
4 on or after the effective date of P.L. , c. (pending before the  
5 Legislature as this bill) shall not be a member of the Prosecutors  
6 Part and the provisions of P.L.2001, c.366 (C.43:15A-155 et seq.)  
7 shall not apply to such prosecutor or the prosecutor's beneficiary.

8 b. All outstanding obligations, such as loans, purchases and  
9 other arrearage, shall be satisfied by a prosecutor as previously  
10 scheduled for payment to the Public Employees' Retirement  
11 System.

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

13

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

16 16. a. Should a member resign after having established 25 years  
17 of creditable service, he may elect "special retirement," provided,  
18 that such election is communicated by such member to the  
19 retirement system by filing a written application, duly attested,  
20 stating at what time subsequent to the execution and filing thereof  
21 he desires to be retired. He shall receive, in lieu of the payment  
22 provided in section 11, a retirement allowance which shall consist  
23 of:

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

26 (2) A pension in the amount which, when added to the  
27 member's annuity, will provide a total retirement allowance of 65%  
28 of his final compensation, plus 1% of his final compensation  
29 multiplied by the number of years of creditable service over 25 but  
30 not over 30]; or, beginning in the fiscal year immediately following  
31 the adoption of the valuation report by the retirement system board  
32 of trustees in which the funded level is in excess of 104%, a pension  
33 in the amount which, when added to the member's annuity, will  
34 provide a total retirement allowance of 70% of final compensation,  
35 plus 1% of final compensation multiplied by the number of years of  
36 creditable service over 25 but not over 30]; provided, however, that  
37 any member who has earned, prior to July 1, 1979, more than 30  
38 years of creditable service, shall receive an additional 1% of his  
39 final compensation for each year of his creditable service over 30.

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

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

46 b. The "special retirement" allowance payable under subsection  
47 a. of this section to any person who retired under the retirement  
48 system prior to December 20, 1989 shall be increased by an amount

1 equal to 5% of the person's final compensation or by such lesser  
2 amount as would, if added to the allowance payable at the time of  
3 retirement, provide a total retirement allowance of 70% of final  
4 compensation, except that in the case of such a retirant who retired  
5 on or after July 1, 1979 and had earned prior to that date more than  
6 30 years of creditable service, the amount of the increase shall be  
7 equal to 5% of the person's final compensation irrespective of the  
8 total retirement allowance which such an increase would provide.  
9 The provisions of this subsection shall not be construed either to  
10 require a reduction in the retirement allowance payable to any  
11 retirant or to provide for the payment of any adjustment in such an  
12 allowance with respect to any period of time prior to the first day of  
13 the month following that effective date.

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

15

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

18 15. (1) The contributions required for the support of the  
19 retirement system shall be made by members and their employers.

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

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

23 (4) Upon the basis of the tables recommended by the actuary  
24 which the board adopts and regular interest, the actuary shall  
25 compute annually, beginning as of June 30, 1991, the amount of  
26 contribution which shall be the normal cost as computed under the  
27 projected unit credit method attributable to service rendered under  
28 the retirement system for the year beginning on July 1 immediately  
29 succeeding the date of the computation. This shall be known as the  
30 "normal contribution."

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

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

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

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

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

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

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

19 The value of the assets to be used in the computation of the  
20 contributions provided for under this section for valuation periods  
21 shall be the value of the assets for the preceding valuation period  
22 increased by the regular interest rate, plus the net cash flow for the  
23 valuation period (the difference between the benefits and expenses  
24 paid by the system and the contributions to the system) increased by  
25 one half of the regular interest rate, plus 20% of the difference  
26 between this expected value and the full market value of the assets  
27 as of the end of the valuation period. This shall be known as the  
28 "valuation assets." Notwithstanding the first sentence of this  
29 paragraph, the valuation assets for the valuation period ending June  
30 30, 1995 shall be the full market value of the assets as of that date  
31 and, with respect to the valuation assets allocated to the State, shall  
32 include the proceeds from the bonds issued pursuant to the "Pension  
33 Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et  
34 seq.), paid to the system by the New Jersey Economic Development  
35 Authority to fund the unfunded accrued liability of the system.  
36 Notwithstanding the first sentence of this paragraph, the percentage  
37 of the difference between the expected value and the full market  
38 value of the assets to be added to the expected value of the assets  
39 for the valuation period ending June 30, 1998 for the State shall be  
40 100% and for other employers shall be 57% plus such additional  
41 percentage as is equivalent to \$150,000,000. Notwithstanding the  
42 first sentence of this paragraph, the amount of the difference  
43 between the expected value and the full market value of the assets  
44 to be added to the expected value of the assets for the valuation  
45 period ending June 30, 1999 shall include an additional amount of  
46 the market value of the assets sufficient to fund (1) the unfunded  
47 accrued liability for the supplementary "special retirement"  
48 allowances provided under subsection b. of section 16 of P.L.1964,

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

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

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

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

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

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

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

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

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

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

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

43 [As of the valuation report in which the funded level is in excess  
44 of 104%, an amount equal to the present value of the future normal  
45 contributions for the benefits provided by P.L.2003, c.108 as  
46 amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be  
47 credited to the benefit enhancement fund. If there are excess  
48 valuation assets after reductions in normal contributions as

1 authorized in the preceding paragraphs, for a valuation period  
2 beginning with the valuation period in which the benefits provided  
3 by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by  
4 P.L.2003, c.108 apply, an amount of excess valuation assets not to  
5 exceed the amount of the member contributions for the fiscal year  
6 in which the normal contributions are payable shall be credited to  
7 the benefit enhancement fund. The amount of excess valuation  
8 assets credited to the benefit enhancement fund shall not exceed the  
9 present value of the expected additional normal and accrued  
10 liability contributions attributable to the provisions of section 16 of  
11 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,  
12 payable on behalf of the active members over the expected working  
13 lives of the active members in accordance with the tables of  
14 actuarial assumptions for the valuation period. No additional  
15 excess valuation assets shall be credited to the benefit enhancement  
16 fund after the maximum amount is attained. Interest shall be  
17 credited to the benefit enhancement fund.

18 The normal and accrued liability contributions for the increased  
19 benefits for active employees under section 16 of P.L.1964, c.241  
20 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid  
21 from the benefit enhancement fund. If assets in the benefit  
22 enhancement fund are insufficient to pay the normal and accrued  
23 liability contributions for the increased benefits for a valuation  
24 period, the retirement system shall pay the amount of normal and  
25 accrued liability contributions for the increased benefits not covered  
26 by assets from the benefit enhancement fund.】

27 The normal and accrued liability contributions shall be certified  
28 annually by the retirement system and shall be included in the  
29 budget of the employer and levied and collected in the same manner  
30 as any other taxes are levied and collected for the payment of the  
31 salaries of members.

32 Notwithstanding the preceding sentence, the normal and accrued  
33 liability contributions to be included in the budget of and paid by  
34 the employer other than the State shall be as follows: for the  
35 payment due in the State fiscal year ending on June 30, 2004, 20%  
36 of the amount certified by the retirement system; for the payment  
37 due in the State fiscal year ending on June 30, 2005, a percentage of  
38 the amount certified by the retirement system as the State Treasurer  
39 shall determine but not more than 40%; for the payment due in the  
40 State fiscal year ending on June 30, 2006, a percentage of the  
41 amount certified by the retirement system as the State Treasurer  
42 shall determine but not more than 60%; and for the payment due in  
43 the State fiscal year ending on June 30, 2007, a percentage of the  
44 amount certified by the retirement system as the State Treasurer  
45 shall determine but not more than 80%.

46 The State Treasurer shall reduce the normal and accrued liability  
47 contributions payable by employers other than the State to 50  
48 percent of the amount certified annually by the retirement system



1 for payments due in the State fiscal year ending June 30, 2009. An  
2 employer that elects to pay the reduced normal and accrued liability  
3 contribution shall adopt a resolution, separate and apart from other  
4 budget resolutions, stating that the employer needs to pay the  
5 reduced contribution and providing an explanation of that need  
6 which shall include (1) a description of its inability to meet the levy  
7 cap without jeopardizing public safety, health, and welfare or  
8 without jeopardizing the fiscal stability of the employer, or (2) a  
9 description of another condition that offsets the long term fiscal  
10 impact of the payment of the reduced contribution. An employer  
11 also shall document those actions it has taken to reduce its  
12 operating costs, or provide a description of relevant anticipated  
13 circumstances that could have an impact on revenues or  
14 expenditures. This resolution shall be submitted to and approved by  
15 the Local Finance Board after making a finding that these fiscal  
16 conditions are valid and affirming the findings contained in the  
17 employer resolution.

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

22 The actuaries for the retirement system shall determine the  
23 unfunded liability of the retirement system, by employer, for the  
24 reduced normal and accrued liability contributions provided under  
25 P.L.2009, c.19. This unfunded liability shall be paid by the  
26 employer in level annual payments over a period of 15 years  
27 beginning with the payments due in the State fiscal year ending  
28 June 30, 2012 and shall be adjusted by the rate of return on the  
29 actuarial value of assets.

30 The retirement system shall annually certify to each employer  
31 the contributions due to the contingent reserve fund for the liability  
32 under P.L.2009, c.19. The contributions certified by the retirement  
33 system shall be paid by the employer to the retirement system on or  
34 before the date prescribed by law for payment of employer  
35 contributions for basic retirement benefits. If payment of the full  
36 amount of the contribution certified is not made within 30 days  
37 after the last date for payment of employer contributions for basic  
38 retirement benefits, interest at the rate of 10% per year shall be  
39 assessed against the unpaid balance on the first day after the  
40 thirtieth day.

41 (10) The treasurer or corresponding officer of the employer shall  
42 pay to the State Treasurer no later than April 1 of the State's fiscal  
43 year in which payment is due the amount so certified as payable by  
44 the employer, and shall pay monthly to the State Treasurer the  
45 amount of the deductions from the salary of the members in the  
46 employ of the employer, and the State Treasurer shall credit such  
47 amount to the appropriate fund or funds, of the retirement system.

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

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

10       (11) The expenses of administration of the retirement system  
11       shall be paid by the State of New Jersey. Each employer shall  
12       reimburse the State for a proportionate share of the amount paid by  
13       the State for administrative expense. This proportion shall be  
14       computed as the number of members under the jurisdiction of such  
15       employer bears to the total number of members in the system. The  
16       pro rata share of the cost of administrative expense shall be  
17       included with the certification by the retirement system of the  
18       employer's contribution to the system.

19       (12) Notwithstanding anything to the contrary, the retirement  
20       system shall not be liable for the payment of any pension or other  
21       benefits on account of the employees or beneficiaries of any  
22       employer participating in the retirement system, for which reserves  
23       have not been previously created from funds, contributed by such  
24       employer or its employees for such benefits.

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

26       (14) Commencing with valuation year 1991, with payment to be  
27       made in Fiscal Year 1994, the Legislature shall annually  
28       appropriate and the State Treasurer shall pay into the pension  
29       accumulation fund of the retirement system an amount equal to  
30       1.1% of the compensation of the members of the system for the  
31       valuation year to fund the benefits provided by section 16 of  
32       P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

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

38       (16) The savings realized as a result of the amendments to this  
39       section by P.L.2001, c.44 in the payment of normal contributions  
40       computed by the actuary for the valuation periods ending June 30,  
41       1998 for employers other than the State shall be used solely and  
42       exclusively by a county or municipality for the purpose of reducing  
43       the amount that is required to be raised by the local property tax  
44       levy by the county for county purposes or by the municipality for  
45       municipal purposes, as appropriate. The Director of the Division of  
46       Local Government Services in the Department of Community  
47       Affairs shall certify for each year that each county or municipality  
48       has complied with the requirements set forth herein. If the director

1 finds that a county or municipality has not used the savings solely  
2 and exclusively for the purpose of reducing the amount that is  
3 required to be raised by the local property tax levy by the county for  
4 county purposes or by the municipality for municipal purposes, as  
5 appropriate, the director shall direct the county or municipal  
6 governing body, as appropriate, to make corrections to its budget.  
7 (cf: P.L.2009, c.19, s.2)

8  
9 34. Section 16 of P.L.1944, c.255 (C.43:16A-16) is amended to  
10 read as follows:

11 16. (1) All the assets of the retirement system shall be credited  
12 according to the purpose for which they are held to one of five  
13 funds, namely, the annuity savings fund, the pension accumulation  
14 fund, the retirement reserve fund, and the special reserve fund[, and  
15 the benefit enhancement fund].

16 (2) The annuity savings fund shall be a fund in which shall be  
17 credited accumulated contributions by members or on their behalf  
18 to provide for their allowances. The aggregate contributions of a  
19 member withdrawn by him or paid to his estate or his designated  
20 beneficiary in event of his death as provided in this act shall be paid  
21 from the annuity savings fund. Upon the retirement of a member  
22 where the aggregate contributions of the member are to be provided  
23 in the form of an annuity, the aggregate contributions of the  
24 member shall be transferred from the annuity savings fund to the  
25 retirement reserve fund.

26 (3) The pension accumulation fund shall be the fund in which  
27 shall be credited contributions made by employers. Upon the death  
28 of a member either before or after retirement any lump sum benefit  
29 payable shall be charged to the pension accumulation fund. Upon  
30 the retirement or death of a member the reserve of any pension  
31 payable to or on his account shall be transferred to the retirement  
32 reserve fund. The retirement system at the end of each fiscal year  
33 shall allow interest on the balance of the retirement reserve fund as  
34 of the beginning of said fiscal year at the regular interest rate  
35 applicable thereto to cover the interest creditable for the year. The  
36 amount so allowed shall be due and payable and shall be credited  
37 annually. All other income received on the securities, funds and  
38 investments of the retirement system shall be credited to the  
39 pension accumulation fund, except as provided by subsection (5) of  
40 this section. The retirement system, upon the advice of the actuary,  
41 shall transfer to and from the pension accumulation fund any  
42 surplus or deficit in the retirement reserve fund.

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

1       (5) The special reserve fund shall be the fund to which any  
2 earnings in excess of the amounts annually allowed under the  
3 provisions of subsection (3) of this section shall be transferred. No  
4 additional amounts shall be credited to the special reserve fund at  
5 any time when the total accumulations in such fund equal 1% of the  
6 book value of the investments of the retirement system. In this  
7 event, any such excess shall be credited to the pension accumulation  
8 fund. All losses from the sale of securities shall be charged against  
9 the special reserve fund. The special reserve fund shall be  
10 considered for valuation purposes by the actuary as an asset of the  
11 retirement system.

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

13

14       35. (New section) The provision of N.J.S.18A:66-2,  
15 N.J.S.18A:66-36, N.J.S.18A:66-37, N.J.S.18A:66-44,  
16 N.J.S.18A:66-71 as amended by P.L. , c. (pending before the  
17 Legislature as this bill) concerning persons who become members  
18 of the retirement system on or after the effective date of  
19 P.L. , c. (pending before the Legislature as this bill) shall not  
20 apply to a person who at the time of enrollment in the retirement  
21 system on or after that effective date transfers service credit, as  
22 permitted, from another State-administered retirement system of  
23 which the person was a member immediately prior to the effective  
24 date and continuously thereafter, but shall apply to a former  
25 member of the retirement system who has been granted a retirement  
26 allowance and is reenrolled in the retirement system on or after that  
27 effective date after becoming employed again in a position that  
28 makes the person eligible to be a member of the retirement system.

29

30       36. (New section) The provision of section 6 of P.L.1954, c.84  
31 (C.43:15A-6), section 38 of P.L.1954, c.84 (C.43:15A-38), section  
32 41 of P.L.1954, c.84 (C.43:15A-41), section 48 of P.L.1954, c.84  
33 (C.43:15A-48), section 61 of P.L.1954, c.84 (C.43:15A-61) as  
34 amended by P.L. , c. (pending before the Legislature as this bill)  
35 concerning persons who become members of the retirement system  
36 on or after the effective date of P.L. , c. (pending before the  
37 Legislature as this bill) shall not apply to a person who at the time  
38 of enrollment in the retirement system on or after that effective date  
39 transfers service credit, as permitted, from another State-  
40 administered retirement system of which the person was a member  
41 immediately prior to the effective date and continuously thereafter,  
42 but shall apply to a former member of the retirement system who  
43 has been granted a retirement allowance and is reenrolled in the  
44 retirement system on or after that effective date after becoming  
45 employed again in a position that makes the person eligible to be a  
46 member of the retirement system.

1       37. (New section) The provision of section 1 of P.L.1944, c.255  
2 (C.43:16A-1) as amended by P.L. , c. (pending before the  
3 Legislature as this bill) concerning persons who become members  
4 of the retirement system on or after the effective date of  
5 P.L. , c. (pending before the Legislature as this bill) shall not  
6 apply to a person who at the time of enrollment in the retirement  
7 system on or after that effective date transfers service credit , as  
8 permitted, from another State-administered retirement system of  
9 which the person was a member immediately prior to the effective  
10 date and continuously thereafter, but shall apply to a former  
11 member of the retirement system who has been granted a retirement  
12 allowance and is reenrolled in the retirement system on or after that  
13 effective date after becoming employed again in a position that  
14 makes the person eligible to be a member of the retirement system.  
15

16       38. (New section) The provision of section 3 of P.L.1965, c.89  
17 (C.53:5A-3) as amended by P.L. , c. (pending before the  
18 Legislature as this bill) concerning persons who become members  
19 of the retirement system on or after the effective date of  
20 P.L. , c. (pending before the Legislature as this bill) shall not  
21 apply to a person who at the time of enrollment in the retirement  
22 system on or after that effective date transfers service credit, as  
23 permitted, from another State-administered retirement system of  
24 which the person was a member immediately prior to the effective  
25 date and continuously thereafter, but shall apply to a former  
26 member of the retirement system who has been granted a retirement  
27 allowance and is reenrolled in the retirement system on or after that  
28 effective date after becoming employed again in a position that  
29 makes the person eligible to be a member of the retirement system.  
30

31       39. (New section) Commencing July 1, 2011 and thereafter, the  
32 contribution required, by law, to be made by the State to the  
33 Teachers' Pension and Annuity Fund, established pursuant to  
34 N.J.S.18A:66-1 et seq., the Judicial Retirement System, established  
35 pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison Officers'  
36 Pension Fund, established pursuant to P.L.1941, c.220 (C.43:7-7 et  
37 seq.), the Public Employees' Retirement System, established  
38 pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the Consolidated  
39 Police and Firemen's Pension Fund, established pursuant to  
40 R.S.43:16-1 et seq., the Police and Firemen's Retirement System,  
41 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), and  
42 the State Police Retirement System, established pursuant to  
43 P.L.1965, c.89 (C.53:5A-1 et seq.), shall be made in full each year  
44 to each system or fund in the manner and at the time provided by  
45 law. The contribution shall be computed by actuaries for each  
46 system or fund based on an annual valuation of the assets and  
47 liabilities of the system or fund pursuant to consistent and generally  
48 accepted actuarial standards and shall include the normal

1 contribution and the unfunded accrued liability contribution. The  
2 State with regard to its obligations funded through the annual  
3 appropriations act shall be in compliance with this requirement  
4 provided the State makes a payment, to each State-administered  
5 retirement system or fund, of at least 1/7th of the full contribution,  
6 as computed by the actuaries, in the State fiscal year commencing  
7 July 1, 2011 and a payment in each subsequent fiscal year that  
8 increases by at least an additional 1/7th until payment of the full  
9 contribution is made in the seventh fiscal year and thereafter.

10  
11 40. This act shall take effect on the 60th day following  
12 enactment.

### 13 14 15 STATEMENT

#### 16 17 Sections 1-7:

18 These sections implement Recommendation 1 of the Joint  
19 Legislative Committee on Public Employee Benefits Reform set  
20 forth in the final report dated December 1, 2006. The committee  
21 recommended “the enactment of legislation to limit eligibility for  
22 defined benefit plans to full-time employees”, with all new part-  
23 time employees, new elected officials and new full-time appointed  
24 officials having membership in a defined contribution pension plan.

25 The bill shifts the basis for membership in the Teachers’ Pension  
26 and Annuity Fund (TPAF) and the Public Employees’ Retirement  
27 System (PERS) from the amount of compensation to the number of  
28 hours worked weekly. After its effective date, any person in public  
29 employment for which the hours of work are fixed at fewer than 35  
30 per week for State employees or 32 for political subdivision  
31 employees is ineligible to become a new member of PERS and at  
32 fewer than 32 hours per week is ineligible to become a new member  
33 of TPAF. When determining eligibility, hours during which a  
34 person does not work due to the person’s participation in a  
35 voluntary or mandatory furlough program will not be deducted in  
36 determining if a person’s hours of work are fixed at fewer than 35  
37 or 32 per week, as appropriate, for the purpose of eligibility.

38 Persons ineligible for TPAF or PERS because the hours of work  
39 are fewer than required for PERS or TPAF membership may be  
40 eligible for enrollment in the Defined Contribution Retirement  
41 Program, whose membership compensation threshold the bill  
42 increases to \$5,000 from \$1,500.

#### 43 44 Sections 8-13:

45 These sections implement Recommendation 3 of the Joint  
46 Legislative Committee on Public Employee Benefits Reform set  
47 forth in the final report dated December 1, 2006 to reduce the  
48 benefits formula for new members of the Public Employees’

1 Retirement System (PERS) and the Teachers' Annuity and Pension  
2 Fund (TPAF) by changing from 1/55 to 1/60 the multiplier of the  
3 number of years of service in the calculation of a member's  
4 retirement allowance. The committee noted that this  
5 recommendation is consistent with other recommendations aimed at  
6 reducing the long-term costs of the defined benefit retirement  
7 systems to ensure their fiscal stability and the fiscal stability of the  
8 State and local public employers funding those costs.

9 In 2001, legislation enhanced the PERS and TPAF benefits for  
10 members and retirees by 9% with a change of the multiplier from  
11 1/60 to 1/55. Veterans and disability benefits were similarly  
12 enhanced. These sections return the multiplier for PERS and TPAF  
13 to 1/60 and the other benefits to their pre-2001 level, except for  
14 veterans and disability benefits, for persons who become members  
15 of PERS or TPAF after the bill is enacted.

16  
17 Sections 7, 14-19, and 22-23:

18 These sections implement Recommendation 4 of the Joint  
19 Legislative Committee on Public Employee Benefits Reform set  
20 forth in the final report dated December 1, 2006. The committee  
21 recommended "a cap on pensionable salary at the Social Security  
22 maximum wage contribution limit under the Federal Insurance  
23 Contributions Act (FICA). ... Employees with annual compensation  
24 in excess of the Social Security maximum would be eligible for  
25 membership in the defined contribution program .. with regard to  
26 only that excess compensation. The legislation should apply  
27 prospectively to all new employees who become members of the  
28 State-administered retirement system, except the Judicial  
29 Retirement System (JRS), after the enactment of legislation." The  
30 committee stated that it "believes that this proposal should help  
31 control escalating retirement system costs." P.L.2007, c.103  
32 implemented this recommendation for the Public Employees'  
33 Retirement System (PERS) and the Teachers' Pension and Annuity  
34 Fund (TPAF).

35 This bill imposes a maximum compensation upon which  
36 contributions will be made for Police and Firemen's Retirement  
37 System (PFRS) and State Police Retirement System (SPRS)  
38 purposes for police officers, firefighters, and State Police officers  
39 who become members of those systems on or after the bill's  
40 effective date. The maximum amount will be the amount of base  
41 salary equivalent to the annual maximum wage contribution base  
42 for Social Security, pursuant to the federal Insurance Contributions  
43 Act. For 2010, that amount is \$106,800. A new member for whom  
44 this annual maximum will be reached in any year will become a  
45 participant of the Defined Contribution Retirement Program  
46 (DCRP) with regard to the remaining compensation, unless the  
47 member irrevocably elects to waive the participation. For the  
48 amount of compensation over the maximum compensation, 5.5%

1 will be deducted as a contribution for the purposes of the DCRP.  
2 When a PFRS or SPRS member also becomes a participant in the  
3 DCRP, the life insurance and disability benefit provisions of that  
4 program will be available for that participant.  
5

6 Sections 20-23:

7 These sections implement Recommendation 5 of the Joint  
8 Legislative Committee on Public Employee Benefits Reform set  
9 forth in the final report dated December 1, 2006. The committee  
10 recommended “the enactment of legislation to change the pension  
11 benefits calculation from the three highest paid years to the five  
12 highest paid years or from the single highest paid year to the three  
13 highest paid years, as appropriate.” The committee recommended  
14 that the legislation apply to new employees who become members  
15 of the State-administered retirement systems, except the Judicial  
16 Retirement System, after the enactment of the legislation. The  
17 committee stated that “its recommendation is consistent with other  
18 recommendations aimed at reducing the long-term costs of the  
19 defined benefit retirement systems to ensure their fiscal stability  
20 and the fiscal stability of the State and local public employers  
21 funding those costs.”

22 This bill changes the definition of compensation to be used to  
23 calculate retirement benefits for members of the Public Employees’  
24 Retirement System (PERS), Teachers’ Pension and Annuity Fund  
25 (TPAF), Police and Firemen’s Retirement System (PFRS), and  
26 State Police Retirement System (SPRS), who become members  
27 after the bill’s effective date, as well as to calculate, in certain  
28 cases, pension benefits for surviving family members, when  
29 available, and death benefit payments to beneficiaries.

30 The bill provides that a member of the TPAF or PERS who is  
31 enrolled in the retirement system after the enactment date, would  
32 have the member’s retirement allowance calculated using the  
33 average annual compensation for the last five years of service or for  
34 any five fiscal years of membership providing the largest possible  
35 benefit to the member or the member’s beneficiary. A member  
36 enrolled in the systems before the effective date would continue to  
37 have the member’s allowance calculated in the manner provided by  
38 existing law using the average annual compensation for the last  
39 three years of service or for any three fiscal years of membership  
40 providing the largest possible benefit to the member or the  
41 member’s beneficiary.

42 The bill also changes the provisions of the PFRS and SPRS to  
43 provide that a member who is enrolled in one of these retirement  
44 systems after the effective date would have the member’s retirement  
45 allowance calculated using the average annual compensation  
46 received by the member during any three fiscal years of  
47 membership providing the largest possible benefit. A member of  
48 the system before the effective date would continue to have the



1 member's allowance calculated in the manner provided by existing  
2 law using the compensation in the final year of service.

3 The bill would affect the calculation of a family member's  
4 pension benefit, when such a benefit is available, and the amount of  
5 a death benefit to a beneficiary whenever current law provides for  
6 the use of final compensation or final salary, as those terms are  
7 redefined by the bill, for the purpose of that calculation. In some  
8 instances, the current law provides that the calculations for benefits  
9 be based on the compensation or salary received in the last year of  
10 service or at the time of death; in these instances, there would be no  
11 change as a result of this bill.

12

13 Sections 24-28:

14 These sections implement Recommendation 6 of the Joint  
15 Legislative Committee on Public Employee Benefits Reform set forth  
16 in the final report dated December 1, 2006. The committee  
17 recommended "the enactment of legislation to require the designation  
18 of one position per employee for both the PERS or TPAF" and that the  
19 "legislation should apply to new full-time employees who become  
20 members of PERS or TPAF after the bill's enactment and who must  
21 select one job for defined benefit credit." The committee noted that  
22 "although a person holding multiple positions does contribute to the  
23 retirement system for each position, the potential for abuse and the  
24 difficulty in preventing it make the one-position requirement a  
25 necessary reform."

26 For the purposes of the Public Employees' Retirement System and  
27 the Teachers' Pension and Annuity Fund, this bill provides that a  
28 person shall be eligible for membership in the retirement system based  
29 upon only one position and requires the retirement system to designate  
30 the position providing the higher or highest compensation for the  
31 person with such concurrent positions as the basis for eligibility for  
32 membership and the compensation base for contributions and pensions  
33 calculations. A member who leaves a designated position or acquires  
34 a different or additional position will receive a new designation by the  
35 retirement system, if appropriate. These provisions will not apply to a  
36 person who on the effective date of the bill is a member of the  
37 retirement system and holds more than one office, position, or  
38 employment covered by the retirement system with one or more  
39 employers, while the member continues to hold without a break in  
40 service more than one of those offices, positions, or employment.

41 Under the bill, contributions would be deducted only from the  
42 member's compensation for the position designated, and for the  
43 purpose of calculating the member's retirement benefit, only that  
44 compensation would be considered. Service in a position other than  
45 the one designated will not be deemed creditable service for the  
46 purposes of the retirement system.

1     Section 29:

2     This section implements Recommendation 7 of the Joint  
3     Legislative Committee on Public Employee Benefits Reform set  
4     forth in the final report dated December 1, 2006. The committee  
5     recommended “the repeal on a prospective basis for new employees  
6     of N.J.S.A.43:3C-9.5 ... because the Legislature should not be  
7     permanently and inextricably bound by an action of a prior session  
8     of the Legislature.”

9     The bill would remove public employees who become members  
10    after the bill’s effective date of the Teachers’ Pension and Annuity  
11    Fund, the Judicial Retirement System, the Prison Officers’ Pension  
12    Fund, the Public Employees’ Retirement System, the Consolidated  
13    Police and Firemen’s Pension Fund, the Police and Firemen’s  
14    Retirement System, and the State Police Retirement System from  
15    the law that provides vested members with a non-forfeitable right to  
16    receive benefits, as provided under the laws governing the  
17    retirement system or fund, upon the attainment of five years of  
18    service credit in the retirement system or fund.

19

20    Section 30:

21    This section implements Recommendation 9 of the Joint  
22    Legislative Committee on Public Employee Benefits Reform set  
23    forth in the final report dated December 1, 2006. The committee  
24    recommended that legislation be enacted “to give all non-vested  
25    employees the option of entering into a defined contribution  
26    program ... and should apply to all current and future public  
27    employees.”

28    This bill permits a person who commences service in a position  
29    that makes the person eligible to be a member of the Teachers’  
30    Pension and Annuity Fund, the Judicial Retirement System, the  
31    Public Employees’ Retirement System, the Police and Firemen’s  
32    Retirement System, or the State Police Retirement System, or a  
33    person already enrolled but with less than 10 years of service credit,  
34    to choose either to be enrolled in the relevant retirement system or  
35    enrolled in the Defined Contribution Retirement Program  
36    established pursuant to N.J.S.A.43:15C-1 et al. with regard to that  
37    particular position by irrevocably waiving all rights and benefits  
38    which would otherwise be provided by the relevant retirement  
39    system.

40    In addition, this bill would permit a person commencing service,  
41    or with less than 10 years of service credit, to choose to withdraw  
42    entirely from enrollment in any State-administered retirement  
43    system. In this regard, the bill exceeds the recommendation, but  
44    serves the recommendation’s goal by providing a person with the  
45    flexibility to choose a course most consistent with his or her  
46    personal situation and financial goals while also reducing the costs  
47    to public employers.

1     Section 31:

2     This bill implements Recommendation 12 of the Joint  
3     Legislative Committee on Public Employee Benefits Reform set  
4     forth in the final report dated December 1, 2006. The committee  
5     recommended “the enactment of legislation to close the PERS  
6     Prosecutors Part ... prospectively to new members.” The committee  
7     recommended “an end to special benefits within the Public  
8     Employees’ Retirement System for selected groups of public  
9     employees and officials. ... This recommendation would standardize  
10    pension benefits for public employees with similar job functions.”

11    This bill closes the Prosecutors Part of the Public Employees’  
12    Retirement System (PERS) to new members. The Prosecutors Part  
13    was added to PERS in 2001. With the enactment of this bill, all  
14    prosecutors taking office after the bill’s effective date will be  
15    enrolled in the “regular” PERS system, except that a county  
16    prosecutor who is appointed by the Governor with the advice and  
17    consent of the Senate will be enrolled in the Defined Contribution  
18    Retirement System. “Prosecutor” is defined in the law as a county  
19    prosecutor, first assistant prosecutor or assistant prosecutor; the  
20    Director of the Division of Criminal Justice in the Department of  
21    Law and Public Safety; an assistant director, deputy director,  
22    assistant attorney general or deputy attorney general in that  
23    department and assigned to that division; or a criminal investigator  
24    in the Division of Criminal Justice in the Department of Law and  
25    Public Safety who is not eligible for enrollment in the Police and  
26    Firemen's Retirement System.

27

28    Section 32-34:

29    These section implement Recommendation 14 of the Joint  
30    Legislative Committee on Public Employee Benefits Reform set  
31    forth in the final report dated December 1, 2006. The committee  
32    recommended “the enactment of legislation to repeal this  
33    prospective benefit enhancement, and the corresponding benefit  
34    enhancement fund, effective immediately. This recommendation  
35    would result in significant cost savings for the State and local  
36    public employers.”

37    The bill eliminates the provision in the PFRS that would permit a  
38    member of the Police and Firemen’s Retirement System to retire, at  
39    any age after 25 years of service credit, on a special retirement  
40    allowance of 70% of final compensation after the retirement system  
41    reaches a funded level of 104%.

42

43    Sections 35-38:

44    These sections provide that, with regard to any provision of this  
45    bill made applicable to a person who becomes a member of a State-  
46    administered retirement system on or after the bill’s effective date,  
47    that provision would not apply to a person who at the time of  
48    enrollment in the retirement system on or after that effective date

1 transfers service credit, as permitted, from another State-  
2 administered retirement system or fund of which the person was a  
3 member immediately prior to the effective and continuously  
4 thereafter, but would apply to a former member of the retirement  
5 system who has been granted a retirement allowance and is  
6 reenrolled in the retirement system on or after that effective date  
7 after becoming employed again in a position that makes the person  
8 eligible to be a member of the retirement system. These sections  
9 are in line with recent prior enactments in this regard.

10  
11 Section 39:

12 This section of the bill requires the State, beginning July 1, 2011,  
13 to make in full the annual employer's contribution, as computed by  
14 the actuaries, to the Teachers' Pension and Annuity Fund, the  
15 Judicial Retirement System, the Prison Officers' Pension Fund, the  
16 Public Employees' Retirement System, the Consolidated Police and  
17 Firemen's Pension Fund, the Police and Firemen's Retirement  
18 System, and the State Police Retirement System. The State would  
19 be in compliance with this requirement provided the State makes a  
20 payment, to each State-administered retirement system or fund, of  
21 at least 1/7th of the full contribution, as computed by the actuaries,  
22 in the State fiscal year commencing July 1, 2011 and makes a  
23 payment in each subsequent fiscal year that increases by at least an  
24 additional 1/7th until payment of the full contribution is made in the  
25 eighth fiscal year and thereafter. This phase-in is for the purpose of  
26 allowing the State to make gradual adjustments to the annual  
27 appropriations act.