

SENATE, No. 2696

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 7, 2011

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

SYNOPSIS

Makes various changes to PERS, TPAF, PFRS, SPRS, JRS including to board membership, control of investments, adjustments to member contribution, adjustments to benefits, and benefit factor for TPAF and PERS.

CURRENT VERSION OF TEXT

As introduced.



S2696 SWEENEY

2

1 AN ACT concerning the membership and powers of the boards of
2 trustees of, and the benefits provided by, certain State-
3 administered retirement systems for public employees, and
4 amending various parts of the statutory law, and supplementing
5 P.L.1968, c.23 (C.43:3C-1 et seq.).
6

7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:
9

10 1. N.J.S.18A:66-56 is amended to read as follows:

11 18A:66-56. Subject to the provisions of chapter 70 of the laws
12 of 1955, the general responsibility for the proper operation of the
13 teachers' pension and annuity fund shall be vested in the board of
14 trustees. Subject to the limitations of the law, the board shall
15 annually establish rules and regulations for the administration and
16 transaction of its business and for the control of the funds created
17 by this article. Such rules and regulations shall be consistent with
18 those adopted by the other pension funds within the Division of
19 Pensions and Benefits in order to permit the most economical and
20 uniform administration of all such retirement systems. The board
21 may, in its discretion and at such time and in such manner as the
22 board determines, enhance any benefit set forth in N.J.S.18A:66-1
23 et seq. as the board determines to be reasonable and appropriate,
24 subject to the election of a member to receive that enhancement and
25 to make an additional annual contribution for that enhancement at a
26 rate to be determined by the board, or reduce any such benefit as an
27 alternative to an increase in the member contribution rate, which
28 increase the board determines to be reasonable, necessary, and
29 appropriate, or reinstate, when appropriate, such reduced benefit to
30 the statutory level without an additional contribution by the
31 members.

32 The membership of the board shall consist of **[the following]**
33 eight members as follows:

34 (a) The State Treasurer or the deputy State Treasurer, when
35 designated for that purpose by the State Treasurer;

36 (b) Two trustees appointed by the Governor**[**, with the advice
37 and consent of the Senate, who shall serve for a term of office of
38 three years and until their successors are appointed, and who shall
39 be private citizens of the State of New Jersey and who are neither
40 an officer thereof nor active or retired members of the system,
41 except that of the two trustees initially appointed by the Governor
42 pursuant to P.L.1992, c.41 (C.43:6A-33.1 et al.), one shall be
43 appointed for a term of two years and one for a term of three years**]**
44 who hold positions as a superintendent or administrator in a school
45 district in this State and continue to hold such a position during the

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 term of service on the board, for a term of office of three years and
2 until the successor is appointed;

3 (c) ~~【Three trustees from among the active or retired members of~~
4 ~~the retirement system, elected by the membership or by the~~
5 ~~delegates elected for this purpose by the membership, one of whom~~
6 ~~shall be elected each year for a three-year term commencing on~~
7 ~~January 1, following such election in such manner as the board of~~
8 ~~trustees may prescribe. If the board of trustees determines that the~~
9 ~~election of trustees under this subsection is to be made by delegates~~
10 ~~elected by the membership, it shall prescribe that those delegates~~
11 ~~shall be chosen from among active and retired members of the~~
12 ~~retirement system】 Deleted by amendment, P.L. , c. (pending~~
13 ~~before the Legislature as this bill);~~

14 (d) ~~【One trustee not an active or retired teacher nor an officer of~~
15 ~~the State, elected by the other trustees, other than the State~~
16 ~~Treasurer, for a term of three years】 Deleted by amendment,~~
17 ~~P.L. , c. (pending before the Legislature as this bill); and~~

18 (e) One trustee appointed by the President of the New Jersey
19 School Boards Association, for a term of office of three years and
20 until the successor is appointed.

21 (f) Four trustees appointed by the State heads of qualified
22 unions in this State representing active members of the retirement
23 system, for a term of three years and until the successor is
24 appointed. The Director of the John J. Heldrich Center for
25 Workforce Development at the Edward J. Bloustein School of
26 Planning and Public Policy at Rutgers, the State University shall
27 allocate the appointments on an approximately proportional basis
28 among those unions based on the ratio that the number of members
29 of a union in the retirement system bears to the total number of
30 members of all such qualified unions in the retirement system.
31 Notwithstanding this allocation process and the definition of
32 qualified union, the director shall ensure that at least two unions are
33 eligible to make appointments. As used in this paragraph, a
34 “qualified union” is a union that represents at least 20 percent of the
35 total union members in the retirement system, and “union” means
36 an employee representative for collective negotiations purposes.
37 The director shall determine and verify as necessary the number of
38 union members and of members of each union in the retirement
39 system. The director shall allocate the appointments prior to the
40 effective date of P.L. , c. (pending before the Legislature as this
41 bill) and every three years thereafter prior to the expiration of the
42 terms of the four trustees.

43 The trustees appointed on or after the effective date of P.L. ,
44 c. (pending before the Legislature as this bill) pursuant to
45 paragraph (b) shall serve an initial term of one year, and pursuant to
46 paragraph (e) shall serve an initial term of two years.

1 A vacancy occurring in the board of trustees shall be filled in the
2 same manner as provided in this section for regular appointment [or
3 election] to the position where the vacancy exists[, except that a
4 vacancy occurring in the trustees elected from among the active or
5 retired members of the retirement system shall be filled for the
6 unexpired term].

7 Each member of the board shall, upon appointment [or election],
8 take an oath of office that, so far as it devolves upon him, he will
9 diligently and honestly administer the board's affairs, and that he
10 will not knowingly violate or willfully permit to be violated any
11 provision of law applicable to this article. The oath shall be
12 subscribed to by the member making it, certified by the officer
13 before whom it is taken and filed immediately in the office of the
14 Secretary of State.

15 Each trustee shall be entitled to one vote in the board and a
16 majority of all the votes of the entire board shall be necessary for a
17 decision by the board of trustees at a meeting of the board. The
18 board shall keep a record of all its proceedings, which shall be open
19 to public inspection.

20 The members of the board shall serve without compensation but
21 shall be reimbursed for any necessary expenditures. No employee
22 shall suffer loss of salary or wages through serving on the board.

23 The State Treasurer shall designate a medical board after
24 consultation with the Director of the Division of Pensions and
25 Benefits, subject to veto by the board for valid reason. It shall be
26 composed of three physicians who are not eligible to participate in
27 the retirement system. The medical board shall pass upon all
28 medical examinations required under the provisions of this article,
29 shall investigate all essential statements and certificates by or on
30 behalf of a member in connection with an application for disability
31 retirement, and shall report in writing to the retirement system its
32 conclusions and recommendations upon all matters referred to it.

33 No member of the board shall accept from any person, whether
34 directly or indirectly and whether by himself or through his spouse
35 or any member of his family, or through any partner or associate,
36 any gift, favor, service, employment or offer of employment, or any
37 other thing of value, including contributions to the campaign of a
38 member as a candidate for elective public office, which he knows or
39 has reason to believe is offered to him with intent to influence him
40 in the performance of his public duties and responsibilities. As
41 used in this paragraph, "person" means an (1) individual or business
42 entity, or officer or employee of such an entity, who is seeking, or
43 who holds, or who held within the prior three years, a contract with
44 the board; (2) an active or retired member, or beneficiary, of the
45 retirement system; or (3) an entity, or officer or employee of such
46 an entity, in which the assets of the retirement system have been
47 invested. A board member violating this prohibition shall be guilty

1 of a crime of the third degree.

2 (cf: P.L.1999, c.230, s.1)

3

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

6 17. Subject to the provisions of P.L.1955, c.70 the general
7 responsibility for the proper operation of the Public Employees'
8 Retirement System shall be vested in the board of trustees. Subject
9 to the limitations of the law, the board shall annually establish rules
10 and regulations for the administration and transaction of its business
11 and for the control of the funds created by this subtitle. Such rules
12 and regulations shall be consistent with those adopted by the other
13 pension funds within the Division of Pensions and Benefits in order
14 to permit the most economical and uniform administration of all
15 such retirement systems. The board may, in its discretion and at
16 such time and in such manner as the board determines, enhance any
17 benefit set forth in P.L.1954, c.84 (C.43:15A-1 et seq.) as the board
18 determines to be reasonable and appropriate, subject to the election
19 of a member to receive that enhancement and to make an additional
20 annual contribution for that enhancement at a rate to be determined
21 by the board, or reduce any such benefit as an alternative to an
22 increase in the member contribution rate, which increase the board
23 determines to be reasonable, necessary, and appropriate, or
24 reinstate, when appropriate, such reduced benefit to the statutory
25 level without an additional contribution by the members.

26 The membership of the board shall consist of **【the following】** 12
27 members as follows:

28 a. **【Two】** Three trustees appointed by the Governor**【,** with the
29 advice and consent of the Senate, who shall serve for a term of
30 office of three years and until their successors are appointed, who
31 shall be private citizens of the State of New Jersey and who are
32 neither an officer thereof nor active or retired members of the
33 system. Of the two trustees initially appointed by the Governor
34 pursuant to P.L.1992, c.41 (C.43:6A-33.1 et al.), one shall be
35 appointed for a term of two years and one for a term of three years**】**
36 who hold a management or supervisory position in the Executive
37 Branch of State government at the level of division director or
38 above and continue to hold such a position during the term of
39 service on the board, for a term of office of three years and until the
40 successor is appointed.

41 b. The State Treasurer or the Deputy State Treasurer, when
42 designated for that purpose by the State Treasurer.

43 c. **【Three trustees elected for a term of three years by the**
44 **member employees of the State from among the active or retired**
45 **State members of the retirement system in a manner prescribed by**
46 **the board of trustees.】** Deleted by amendment, P.L. _____,
47 c. _____ (pending before the Legislature as this bill)

- 1 d. 【One trustee elected for a term of three years by the member
2 employees of counties from among the active or retired county
3 members of the retirement system and the same method of holding
4 an election from time to time used for the State employees'
5 representatives shall be followed in elections held for county
6 representatives.】 Deleted by amendment, P.L. _____, c. _____ (pending
7 before the Legislature as this bill)
- 8 e. 【Two trustees elected for a term of three years by the
9 member employees of municipalities from among the active or
10 retired municipal members of the retirement system and the same
11 method of holding an election from time to time used for the State
12 employees' representatives shall be followed in elections held for
13 municipal representatives.】 Deleted by amendment, P.L. _____,
14 c. _____ (pending before the Legislature as this bill)
- 15 f. One trustee, appointed by the Governor, who holds an
16 elective public office as a mayor and continues to hold that office
17 during the term of service on the board, for a term of office of three
18 years and until the successor is appointed.
- 19 g. One trustee, appointed by the Governor, who holds an
20 elective public office as a member of a board of chosen freeholders
21 and continues to hold that office during the term of service on the
22 board, for a term of office of three years and until the successor is
23 appointed.
- 24 h. Six trustees appointed by the State heads of qualified unions
25 in this State representing active members of the retirement system,
26 for a term of three years and until the successor is appointed. The
27 Director of the John J. Heldrich Center for Workforce Development
28 at the Edward J. Bloustein School of Planning and Public Policy at
29 Rutgers, the State University shall allocate the appointments on an
30 approximately proportional basis among those unions based on the
31 ratio that the number of members of a union in the retirement
32 system bears to the total number of members of all such qualified
33 unions in the retirement system. Notwithstanding this allocation
34 process and the definition of qualified union, the director shall
35 ensure that at least two unions are eligible to make appointments.
36 As used in this paragraph, a “qualified union” is a union that
37 represents at least 15 percent of the total union members in the
38 retirement system, and “union” means an employee representative
39 for collective negotiations purposes. The director shall determine
40 and verify as necessary the number of union members and of
41 members of each union in the retirement system. The director shall
42 allocate the appointments prior to the effective date of P.L. _____,
43 c. _____ (pending before the Legislature as this bill) and every three
44 years thereafter prior to the expiration of the terms of the six
45 trustees.
- 46 The trustees appointed on or after the effective date of P.L. _____,
47 c. _____ (pending before the Legislature as this bill) pursuant to

1 paragraph a. shall serve an initial term of one year, and pursuant to
2 paragraphs f. and g. shall serve an initial term of two years.

3 A vacancy occurring in the board of trustees shall be filled by the
4 appointment **[or election]** of a successor in the same manner as his
5 predecessor.

6 Each member of the board shall, upon appointment **[or election]**,
7 take an oath of office that, so far as it devolves upon him, he will
8 diligently and honestly administer the board's affairs, and that he
9 will not knowingly violate or willfully permit to be violated any
10 provision of law applicable to this act. The oath shall be subscribed
11 to by the member making it, certified by the officer before whom it
12 is taken and filed immediately in the office of the Secretary of
13 State.

14 Each trustee shall be entitled to one vote in the board and a
15 majority of all the votes of the entire board shall be necessary for a
16 decision by the board of trustees at a meeting of the board. The
17 board shall keep a record of all its proceedings, which shall be open
18 to public inspection.

19 The members of the board shall serve without compensation but
20 shall be reimbursed for any necessary expenditures. No employee
21 shall suffer loss of salary or wages through the serving on the
22 board.

23 The State Treasurer shall designate a medical board after
24 consultation with the Director of the Division of Pensions and
25 Benefits, subject to veto by the board of trustees for valid reason. It
26 shall be composed of three physicians who are not eligible to
27 participate in the retirement system. The medical board shall pass
28 upon all medical examinations required under the provisions of this
29 act, shall investigate all essential statements and certificates by or
30 on behalf of a member in connection with an application for
31 disability retirement, and shall report in writing to the retirement
32 system its conclusions and recommendations upon all matters
33 referred to it.

34 No member of the board shall accept from any person, whether
35 directly or indirectly and whether by himself or through his spouse
36 or any member of his family, or through any partner or associate,
37 any gift, favor, service, employment or offer of employment, or any
38 other thing of value, including contributions to the campaign of a
39 member as a candidate for elective public office, which he knows or
40 has reason to believe is offered to him with intent to influence him
41 in the performance of his public duties and responsibilities. As
42 used in this paragraph, "person" means an (1) individual or business
43 entity, or officer or employee of such an entity, who is seeking, or
44 who holds, or who held within the prior three years, a contract with
45 the board; (2) an active or retired member, or beneficiary, of the
46 retirement system; or (3) an entity, or officer or employee of such
47 an entity, in which the assets of the retirement system have been

1 invested. A board member violating this prohibition shall be guilty
2 of a crime of the third degree.

3 (cf: P.L.1992, c.41, s.13)

4

5 3. Section 13 of P.L.1944, c.255 (C.43:16A-13) is amended to
6 read as follows:

7 13. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-
8 95 et seq.), the general responsibility for the proper operation of the
9 retirement system is hereby vested in a board of trustees. The board
10 may, in its discretion and at such time and in such manner as the
11 board determines, enhance any benefit set forth in P.L.1944, c.255
12 (C.43:16A-1 et seq.) as the board determines to be reasonable and
13 appropriate, subject to the election of a member to receive that
14 enhancement and to make an additional annual contribution for that
15 enhancement at a rate to be determined by the board, or reduce any
16 such benefit as an alternative to an increase in the member
17 contribution rate, which increase the board determines to be
18 reasonable, necessary, and appropriate, or reinstate, when
19 appropriate, such reduced benefit to the statutory level without an
20 additional contribution by the members.

21 (2) The board shall consist of **[11]** 12 trustees as follows:

22 (a) **[Five members]** Three trustees to be appointed by the
23 Governor**[**, with the advice and consent of the Senate, who shall
24 serve for a term of office of four years and until their successors are
25 appointed and who shall be private citizens of the State of New
26 Jersey who are neither an officer thereof nor an active or retired
27 member of any police or fire department thereof. Of the four
28 members initially appointed by the Governor pursuant to P.L.1992,
29 c.125 (C.43:4B-1 et al.), one shall be appointed for a term of one
30 year, one for a term of two years, one for a term of three years, and
31 one for a term of four years. The member appointed by the
32 Governor pursuant to the provisions of this amendatory act,
33 P.L.1995, c.238, shall**]** who hold a management or supervisory
34 position in the Executive Branch of State government at the level of
35 division director or above and continue to hold such a position
36 during the term of service on the board, for a term of **[four]** three
37 years and until a successor is appointed.

38 (b) The State Treasurer or the deputy State Treasurer, when
39 designated for that purpose by the State Treasurer.

40 (c) **[Two policemen and two firemen who shall be active**
41 **members of the system and who shall be elected by the active**
42 **members of the system for a term of four years according to such**
43 **rules and regulations as the board of trustees shall adopt to govern**
44 **such election.] Deleted by amendment, P.L. , c. (pending before**
45 **the legislature as this bill)**

46 (d) **[One retiree from the system who shall be elected by**
47 **retirees from the system for a term of four years according to such**

1 rules and regulations as the board of trustees shall adopt to govern
2 the election.] Deleted by amendment, P.L. , c. (pending before
3 the legislature as this bill)

4 (e) One trustee, appointed by the Governor, who holds an
5 elective public office as a mayor and continues to hold that office
6 during the term of service on the board, for a term of office of three
7 years and until a successor is appointed.

8 (f) One trustee, appointed by the Governor, who holds an
9 elective public office as a member of a board of chosen freeholders
10 and continues to hold that office during the term of service on the
11 board, for a term of office of three years and until a successor is
12 appointed.

13 (g) Six trustees appointed by the State heads of qualified unions
14 in this State representing active members of the retirement system,
15 for a term of three years and until a successor is appointed. The
16 Director of the John J. Heldrich Center for Workforce Development
17 at the Edward J. Bloustein School of Planning and Public Policy at
18 Rutgers, the State University shall allocate the appointments on an
19 approximately proportional basis among those unions based on the
20 ratio that the number of members of a union in the retirement
21 system bears to the total number of members of all such qualified
22 unions in the retirement system. Notwithstanding this allocation
23 process and the definition of qualified union, the director shall
24 ensure that at least two unions representing policemen and two
25 unions representing firemen are eligible to make appointments. As
26 used in this paragraph, a “qualified union” is a union that represents
27 at least 15 percent of the total union members in the retirement
28 system, and “union” means an employee representative for
29 collective negotiations purposes. The director shall determine and
30 verify as necessary the number of union members and of members
31 of each union in the retirement system. The director shall allocate
32 the appointments prior to the effective date of P.L. , c. (pending
33 before the Legislature as this bill) and every three years thereafter
34 prior to the expiration of the terms of the six trustees.

35 The trustees appointed on or after the effective date of P.L. ,
36 c. (pending before the Legislature as this bill) pursuant to
37 paragraph (a) shall serve an initial term of one year, and pursuant to
38 paragraphs (e) and (f) shall serve an initial term of two years.

39 (3) Each trustee shall, after his appointment **[or election]**, take
40 an oath of office that, so far as it devolves upon him he will
41 diligently and honestly fulfill his duties as a board member, and that
42 he will not knowingly violate or willingly permit to be violated any
43 of the provisions of the law applicable to the retirement system.
44 Such oath shall be subscribed by the member making it, and
45 certified by the officer before whom it is taken, and immediately
46 filed in the office of the Secretary of State.

1 (4) If a vacancy occurs in the office of a trustee, the vacancy
2 shall be filled in the same manner as the office was previously
3 filled.

4 (5) The trustees shall serve without compensation, but they shall
5 be reimbursed for all necessary expenses that they may incur
6 through service on the board.

7 (6) Each trustee shall be entitled to one vote in the board. **[Six]**
8 **Seven** trustees **[must]** **shall** be present at any meeting of said board
9 for the transaction of its business.

10 (7) Subject to the limitations of this act, the board of trustees
11 shall annually establish rules and regulations for the administration
12 of the funds created by this act and for the transaction of its
13 business. Such rules and regulations shall be consistent with those
14 adopted by the other pension funds within the Division of Pensions
15 and Benefits in order to permit the most economical and uniform
16 administration of all such retirement systems.

17 (8) The board of trustees shall elect from its membership a
18 chairman. The Director of the Division of Pensions and Benefits
19 shall appoint a qualified employee of the division to be secretary of
20 the board. The administration of the program shall be performed by
21 the personnel of the Division of Pensions and Benefits under the
22 direction of the board.

23 (9) The board of trustees shall keep a record of all of its
24 proceedings which shall be open to public inspection. The
25 retirement system shall publish annually a report showing the fiscal
26 transactions of the retirement system for the preceding year, the
27 amount of the accumulated cash and securities of the system, and
28 the last balance sheet showing the financial condition of the system
29 by means of an actuarial valuation of the assets and liabilities of the
30 retirement system.

31 (10) The board may, in its discretion, select and employ or
32 contract with legal counsel to advise and represent the board. If the
33 board does not select and employ or contract with legal counsel, the
34 Attorney General of the State of New Jersey shall be the legal
35 adviser of the retirement system, except that if the Attorney General
36 determines that a conflict of interest would affect the ability of the
37 Attorney General to represent the board on a matter affecting the
38 retirement system, the board may select and employ or contract
39 with legal counsel to advise and represent the board on that matter.

40 (11) The State Treasurer shall designate a medical board after
41 consultation with the Director of the Division of Pensions and
42 Benefits, subject to veto by the board of trustees for valid reason. It
43 shall be composed of three physicians who are not eligible to
44 participate in the retirement system. The medical board shall pass
45 upon all medical examinations required under the provisions of this
46 act, shall investigate all essential statements and certificates by or
47 on behalf of a member in connection with an application for
48 disability retirement, and shall report in writing to the retirement

1 system its conclusions and recommendations upon all matters
2 referred to it.

3 (12) The actuary of the system shall be selected by the board
4 pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.),
5 except that if the board is unable to agree upon the selection of an
6 actuary, the Retirement Systems Actuary Selection Committee
7 established by P.L.1992, c.125 shall select the actuary. He shall be
8 the technical adviser of the board of trustees on matters regarding
9 the operation of the funds created by the provisions of this act, and
10 shall perform such other duties as are required in connection
11 therewith.

12 (13) At least once in each three-year period the actuary shall
13 make an actuarial investigation into the mortality, service and
14 compensation experience of the members and beneficiaries of the
15 retirement system and, with the advice of the actuary, the board of
16 trustees shall adopt for the retirement system such mortality, service
17 and other tables as shall be deemed necessary and shall certify the
18 rates of contribution payable under the provisions of this act.

19 (14) (Deleted by amendment, P.L.1970, c.57.)

20 (15) On the basis of such tables recommended by the actuary as
21 the board of trustees shall adopt and regular interest, the actuary
22 shall make an annual valuation of the assets and liability of the
23 funds of the system created by this act.

24 (16) (Deleted by amendment, P.L.1987, c.330.)

25 (17) Each policeman or fireman member of the board of trustees
26 shall be entitled to time off from his duty, with pay, during the
27 periods of his attendance upon regular or special meetings of the
28 board of trustees, and such time off shall include reasonable travel
29 time required in connection therewith.

30 (18) No member of the board shall accept from any person,
31 whether directly or indirectly and whether by himself or through his
32 spouse or any member of his family, or through any partner or
33 associate, any gift, favor, service, employment or offer of
34 employment, or any other thing of value, including contributions to
35 the campaign of a member as a candidate for elective public office,
36 which he knows or has reason to believe is offered to him with
37 intent to influence him in the performance of his public duties and
38 responsibilities. As used in this subsection, "person" means an (1)
39 individual or business entity, or officer or employee of such an
40 entity, who is seeking, or who holds, or who held within the prior
41 three years, a contract with the board; (2) an active or retired
42 member, or beneficiary, of the retirement system; or (3) an entity,
43 or officer or employee of such an entity, in which the assets of the
44 retirement system have been invested. A board member violating
45 this prohibition shall be guilty of a crime of the third degree.

46 (cf: P.L.1995, c.238, s.1)

1 4. Section 30 of P.L.1965, c.89 (C.53:5A-30) is amended to read
2 as follows:

3 30. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
4 et seq.), the general responsibility for the proper operation of the
5 retirement system is hereby vested in the board of trustees. The
6 board may, in its discretion and at such time and in such manner as
7 the board determines, enhance any benefit set forth in P.L.1965,
8 c.89 (C.53:5A-1 et seq.) as the board determines to be reasonable
9 and appropriate, subject to the election of a member to receive that
10 enhancement and to make an additional annual contribution for that
11 enhancement at a rate to be determined by the board, or reduce any
12 such benefit as an alternative to an increase in the member
13 contribution rate, which increase the board determines to be
14 reasonable, necessary, and appropriate, or reinstate, when
15 appropriate, such reduced benefit to the statutory level without an
16 additional contribution by the members.

17 b. The board shall consist of ~~five~~ eight trustees as follows:

18 (1) ~~Two active or retired members of the system who shall be~~
19 ~~appointed by the~~ The Superintendent of State Police~~], who shall~~
20 ~~serve at the pleasure of the superintendent and until their successors~~
21 ~~are appointed and one of whom shall be or shall have been a~~
22 ~~commissioned officer of the Division of State Police] or an~~
23 ~~assistant to the Superintendent, when designated for that purpose by~~
24 ~~the Superintendent.~~

25 (2) Two ~~members~~ trustees to be appointed by the Governor~~],~~
26 with the advice and consent of the Senate, who shall serve for a
27 term of office of three years and until their successors are appointed
28 and who shall be private citizens of the State of New Jersey who are
29 neither an officer thereof nor active or retired members of the
30 system. Of the two members initially appointed by the Governor
31 pursuant to P.L.1992, c.125 (C.43:4B-1 et al.), one shall be
32 appointed for a term of two years and one for a term of three years]
33 who hold a management or supervisory position in the Executive
34 Branch of State government at the level of division director or
35 above and continue to hold such a position during the term of
36 service on the board, for a term of office of three years and until the
37 successor is appointed.

38 (3) The State Treasurer ex officio. The Deputy State Treasurer,
39 when designated for that purpose by the State Treasurer, may sit as
40 a member of the board of trustees and when so sitting shall have all
41 the powers and shall perform all the duties vested by this act in the
42 State Treasurer.

43 (4) Four trustees to be appointed by the President of the State
44 Troopers Fraternal Association, who shall serve for a term of office
45 of three years and until the successor is appointed.

46 The trustees appointed on or after the effective date of P.L. _____,
47 c. (pending before the Legislature as this bill) pursuant to

1 paragraph (2) shall serve an initial term of one year, and two
2 appointed pursuant to paragraph (4) shall serve an initial term of
3 two years.

4 c. Each trustee shall, after his appointment, take an oath of
5 office that, so far as it devolves upon him, he will diligently and
6 honestly fulfill his duties as a board member, that he will not
7 knowingly violate or permit to be violated any of the provisions of
8 the law applicable to the retirement system. Such oath shall be
9 subscribed by the member taking it, and certified by the official
10 before whom it is taken, and immediately filed in the office of the
11 Secretary of State.

12 d. If a vacancy occurs in the office of a trustee, the vacancy
13 shall be filled in the same manner as the office was previously
14 filled.

15 e. The trustees shall serve without compensation, but they shall
16 be reimbursed by the State for all necessary expenses that they may
17 incur through service on the board. No employee member shall
18 suffer loss of salary through the serving on the board.

19 f. Except as otherwise herein provided, no member of the
20 board of trustees shall have any direct interest in the gains or profits
21 of any investments of the retirement system; nor shall any member
22 of the board of trustees directly or indirectly, for himself or as an
23 agent in any manner use the moneys of the retirement system,
24 except to make such current and necessary payments as are
25 authorized by the board of trustees; nor shall any member of the
26 board of trustees become an endorser or surety, or in any manner an
27 obligor for moneys loaned to or borrowed from the retirement
28 system.

29 g. Each trustee shall be entitled to one vote in the board. A
30 majority vote of all trustees shall be necessary for any decision by
31 the trustees at any meeting of said board.

32 h. Subject to the limitations of this act, the board of trustees
33 shall annually establish rules and regulations for the administration
34 of the funds created by this act and for the transactions of its
35 business. Such rules and regulations shall be consistent with those
36 adopted by the other pension funds within the Division of Pensions
37 and Benefits in order to permit the most economical and uniform
38 administration of all such retirement systems.

39 i. The actuary of the fund shall be selected by the board
40 pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.),
41 except that if the board is unable to agree upon the selection of the
42 actuary, the Retirement Systems Actuary Selection Committee
43 established by P.L.1992, c.125 shall select the actuary. He shall be
44 the technical adviser of the board on matters regarding the operation
45 of the funds created by the provisions of this act and shall perform
46 such other duties as are required in connection herewith.

47 j. The board may, in its discretion, select and employ or
48 contract with legal counsel to advise and represent the board. If the

1 board does not select and employ or contract with legal counsel, the
2 Attorney General shall be the legal adviser of the retirement system,
3 except that if the Attorney General determines that a conflict of
4 interest would affect the ability of the Attorney General to represent
5 the board on a matter affecting the retirement system, the board
6 may select and employ or contract with legal counsel to advise and
7 represent the board on that matter.

8 k. The **【Chief of the Bureau of Police and Fire Funds of the】**
9 Director of the Division of Pensions and Benefits of the State
10 Department of the Treasury shall appoint a qualified member of the
11 division who shall be the secretary of the board.

12 l. The board of trustees shall keep a record of all of its
13 proceedings which shall be open to public inspection. The
14 retirement system shall publish annually a report showing the fiscal
15 transactions of the retirement system for the preceding year, the
16 amount of the accumulated cash and securities of the system and the
17 last balance sheet showing the financial condition of the system by
18 means of an actuarial valuation of the assets and liabilities of the
19 retirement system.

20 m. The State Treasurer shall designate a medical board after
21 consultation with the Director of the Division of Pensions and
22 Benefits, subject to veto by the board of trustees for valid reason. It
23 shall be composed of three physicians. The medical board shall
24 pass on all medical examinations required under the provisions of
25 this act, and shall report in writing to the retirement system its
26 conclusions and recommendations upon all matters referred to it.

27 n. (Deleted by amendment, P.L.1987, c.330).

28 o. No member of the board shall accept from any person,
29 whether directly or indirectly and whether by himself or through his
30 spouse or any member of his family, or through any partner or
31 associate, any gift, favor, service, employment or offer of
32 employment, or any other thing of value, including contributions to
33 the campaign of a member as a candidate for elective public office,
34 which he knows or has reason to believe is offered to him with
35 intent to influence him in the performance of his public duties and
36 responsibilities. As used in this subsection, "person" means an (1)
37 individual or business entity, or officer or employee of such an
38 entity, who is seeking, or who holds, or who held within the prior
39 three years, a contract with the board; (2) an active or retired
40 member, or beneficiary, of the retirement system; or (3) an entity,
41 or officer or employee of such an entity, in which the assets of the
42 retirement system have been invested. A board member violating
43 this prohibition shall be guilty of a crime of the third degree.

44 (cf: P.L.1992, c.125, s.17)

45

46 5. N.J.S.18A:66-57 is amended to read as follows:

47 18A:66-57. The board shall elect annually from its membership
48 a chairman and may also elect a vice chairman, who shall have all

1 the power and authority of the chairman in the event of the death,
2 absence or disability of the chairman. The actuary of the fund shall
3 be selected by the board pursuant to the provisions of P.L.1954,
4 c.48 (C.52:34-6 et seq.), except that if the board is unable to agree
5 upon the selection of the actuary, the Retirement Systems Actuary
6 Selection Committee established by P.L.1992, c.125 shall select the
7 actuary.

8 The actuary shall be the technical adviser of the board on matters
9 regarding the operation of the funds created by the provisions of
10 this article and shall perform such other duties as are required in
11 connection therewith.

12 The board may, in its discretion, select and employ or contract
13 with legal counsel to advise and represent the board. If the board
14 does not select and employ or contract with legal counsel, the
15 Attorney General shall be the legal adviser of the retirement system,
16 except that if the Attorney General determines that a conflict of
17 interest would affect the ability of the Attorney General to represent
18 the board on a matter affecting the retirement system, the board
19 may select and employ or contract with legal counsel to advise and
20 represent the board on that matter.

21 The chief or assistant chief of the office of secretarial services of
22 the Division of Pensions of the State Department of the Treasury,
23 shall be the secretary of the board. The chief and assistant chief of
24 the office of secretarial services shall be in the competitive division
25 of the State classified service. The secretary presently in office
26 shall hold the position as chief of the office of secretarial services
27 subject to all of the provisions of Title 11 of the Revised Statutes
28 and shall not be removed from said office except in the manner
29 provided under the provisions of said title relating to permanent
30 employees in the competitive division of the State classified
31 service. The board of trustees shall select its secretary from among
32 the eligible candidates.

33 (cf: P.L.1992, c.125, s.3)

34

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

37 18. The board shall elect annually from its membership a
38 chairman and may also elect a vice-chairman, who shall have all the
39 power and authority of the chairman in the event of the death,
40 absence or disability of the chairman.

41 The actuary of the fund shall be selected by the board pursuant to
42 the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), except that if
43 the board is unable to agree upon the selection of the actuary, the
44 Retirement Systems Actuary Selection Committee established by
45 P.L.1992, c.125 shall select the actuary.

46 The actuary shall be the technical adviser of the board on matters
47 regarding the operation of the funds created by the provisions of

1 this act and shall perform such other duties as are required in
2 connection therewith.

3 The board may, in its discretion, select and employ or contract
4 with legal counsel to advise and represent the board. If the board
5 does not select and employ or contract with legal counsel, the
6 Attorney General shall be the legal adviser of the retirement system,
7 except that if the Attorney General determines that a conflict of
8 interest would affect the ability of the Attorney General to represent
9 the board on a matter affecting the retirement system, the board
10 may select and employ or contract with legal counsel to advise and
11 represent the board on that matter.

12 The chief or assistant chief of the office of secretarial services of
13 the Division of Pensions of the State Department of the Treasury
14 shall be the secretary of the board. The chief and assistant chief of
15 the office of secretarial services shall be in the competitive division
16 of the State classified service. The secretary presently in office
17 shall hold the position as assistant chief of the office of secretarial
18 services subject to all of the provisions of Title 11 of the Revised
19 Statutes and shall not be removed from said office except in the
20 manner provided under the provisions of said Title relating to
21 permanent employees in the competitive division of the State
22 classified service. The board of trustees shall select its secretary
23 from among the eligible candidates.

24 (cf: P.L.1992, c.125, s.8)

25

26 7. N.J.S.18A:66-61 is amended to read as follows:

27 18A:66-61. a. (1) The board of trustees shall be and are hereby
28 constituted trustees of the various funds and accounts established by
29 this article; provided, however, that all functions, powers and duties
30 relating to the investment or reinvestment of moneys of, and
31 purchase, sale or exchange of any investments or securities, of or
32 for any fund or account established under this article, shall be
33 exercised and performed by the Director of the Division of
34 Investment in accordance with the provisions of [chapter 270, of
35 the laws of 1950] P.L.1950, c.270 (C.52:18A-79 et seq.).

36 (2) The board upon the majority vote of all trustees may assume
37 all functions, powers and duties relating to the investment or
38 reinvestment of moneys of, and purchase, sale or exchange of any
39 investments or securities, of or for any fund or account established
40 under this article, and such functions, powers and duties shall be
41 exercised and performed by the board. The Director of the Division
42 of Investment shall act in accordance with the provisions of
43 P.L.1950, c.270 (C.52:18A-79 et seq.) on behalf of the board with
44 regard to administration and implementation to the extent and in the
45 manner authorized, approved, or directed by the board.

46 b. The secretary of the board of trustees shall determine from
47 time to time the cash requirements of the various funds and
48 accounts established by this article and the amount available for

1 investment, all of which shall be certified to the Director of the
2 Division of Investment.

3 c. A member of the board of trustees to be designated by a
4 majority vote thereof shall serve on the state investment council as
5 a representative of said board of trustees, for a term of 1 year and
6 until his successor is elected and qualified.

7 d. The finance committee of the board of trustees shall be
8 appointed on or before July 1 of each calendar year by the chairman
9 of the board of trustees to serve through June 30 of the ensuing
10 calendar year and until their successors are appointed. The finance
11 committee of the board of trustees shall consist of three members
12 of the board of trustees, one of whom shall be the State Treasurer.
13 (cf: P.L.1970, c.57, s.8)

14

15 8. Section 32 of P.L.1954, c.84 (C.43:15A-32) is amended to
16 read as follows:

17 32. a. (1) The board of trustees shall be and are hereby
18 constituted trustees of the various funds and accounts established by
19 this act; provided, however, that all functions, powers, and duties
20 relating to the investment or reinvestment of moneys of, and
21 purchase, sale, or exchange of any investments or securities, of or
22 for any fund or account established under this act, shall be exercised
23 and performed by the Director of the Division of Investment in
24 accordance with the provisions of [chapter 270, P.L.1950, as
25 amended and supplemented] P.L.1950, c.270 (C.52:18A-79 et
26 seq.). The secretary of the board of trustees shall determine from
27 time to time the cash requirements of the various funds and
28 accounts established by this act and the amount available for
29 investment, all of which shall be certified to the Director of the
30 Division of Investment.

31 (2) The board upon the majority vote of all trustees may assume
32 all functions, powers, and duties relating to the investment or
33 reinvestment of moneys of, and purchase, sale, or exchange of any
34 investments or securities, of or for any fund or account established
35 under this act, and such functions, powers and duties shall be
36 exercised and performed by the board. The Director of the Division
37 of Investment shall act in accordance with the provisions of
38 P.L.1950, c.270 (C.52:18A-79 et seq.) on behalf of the board with
39 regard to administration and implementation to the extent and in the
40 manner authorized, approved, or directed by the board.

41 b. The members of the finance committee of the board of
42 trustees shall be appointed at or after July 1 of each calendar year
43 by the chairman of the board of trustees to serve through June 30 of
44 the ensuing calendar year and until their successors are appointed.
45 The finance committee of the board of trustees shall consist of
46 **[five]** three members of the board of trustees, one of whom shall
47 be the State Treasurer[, and one of whom shall be the member

1 designated to serve on the State Investment Council]. [At least
2 three members of the finance committee shall be members of the
3 board of trustees who have been elected by members of the
4 system.] A quorum of the finance committee shall consist of
5 [three] two members thereof.

6 c. A member of the board of trustees to be designated by a
7 majority vote thereof shall serve on the State Investment Council as
8 a representative of said board of trustees, for a term of 1 year and
9 until his successor is elected and qualified.

10 (cf: P.L.1970, c.57, s.3)

11

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

14 14. (1) The board of trustees shall be and are hereby constituted
15 trustees of the various funds and accounts established by this act [;
16 provided, however, that all]. All functions, powers and duties
17 relating to the investment or reinvestment of moneys of, and
18 purchase, sale or exchange of any investments or securities, of or
19 for any fund or account established under this act, shall be
20 exercised and performed by the board, and the Director of the
21 Division of Investment shall act in accordance with the provisions
22 of [chapter 270, of the laws of 1950] P.L.1950, c.270 (C.52:18A-
23 79 et seq.) on behalf of the board with regard to administration and
24 implementation to the extent and in the manner authorized,
25 approved, or directed by the board. The secretary of the board of
26 trustees shall determine from time to time the cash requirements of
27 the various funds and accounts established by this act and the
28 amount available for investment, all of which shall be certified to
29 the Director of the Division of Investment.

30 A member of the board of trustees to be designated by a majority
31 vote thereof shall serve on the State Investment Council as a
32 representative of said board of trustees, for a term of 1 year and
33 until his successor is elected and qualified.

34 (2) The Treasurer of the State of New Jersey shall be the
35 custodian of the several funds created by this act, shall select all
36 depositories and custodians and shall negotiate and execute custody
37 agreements in connection with the assets or investments of any of
38 said funds. All payments from said funds shall be made by him
39 only upon vouchers signed by the chairman and countersigned by
40 the secretary of the board of trustees. No voucher shall be drawn,
41 except upon the authority of the board duly entered in the records
42 of its proceedings.

43 (3) (Deleted by amendment.)

44 (4) Except as otherwise herein provided, no trustee and no
45 employee of the board of trustees shall have any direct interest in
46 the gains or profits of any investments of the retirement system;
47 nor shall any trustee or employee of the board directly or

1 indirectly, for himself or as an agent in any manner use the moneys
2 of the retirement system, except to make such current and necessary
3 payments as are authorized by the board of trustees; nor shall any
4 trustee or employee of the board of trustees become an endorser or
5 surety, or in any manner an obligor for moneys loaned to or
6 borrowed from the retirement system.

7 (5) A finance committee of the board of trustees shall be
8 appointed on or before July 1 of each calendar year by the chairman
9 of the board to serve through June 30 of the ensuing calendar year
10 and until their successors are appointed. The finance committee of
11 the board of trustees shall consist of three members of the board,
12 one of whom shall be the State Treasurer.

13 (cf: P.L.1970, c.57, s.11)

14
15 10. Section 31 of P.L.1965, c.89 (C.53:5A-31) is amended to
16 read as follows:

17 31. a. The board of trustees shall be and are hereby constituted
18 trustees of all the various funds established by this act except the
19 group insurance premium fund【; provided, however, that all】. All
20 functions, powers, and duties relating to the investment or
21 reinvestment of moneys of, and purchase, sale, or exchange of any
22 investments or securities, of or for any fund established under this
23 act, shall be exercised and performed by the board, and the Director
24 of the Division of Investment shall act in accordance with the
25 provisions of 【c.270, P.L.1950, as amended and supplemented】
26 P.L.1950, c.270 (C.52:18A-79 et seq.) on behalf of the board with
27 regard to administration and implementation to the extent and in the
28 manner authorized, approved, or directed by the board.

29 b. The secretary of the board shall determine from time to time
30 the cash requirements of the various funds established by this act
31 and the amount available for investment, all of which shall be
32 certified to the Director of the Division of Investment.

33 c. A member of the board of trustees to be designated by a
34 majority vote thereof shall serve on the State Investment Council as
35 a representative of said board of trustees, for a term of 1 year and
36 until his successor is elected and qualified.

37 d. The Treasurer of the State of New Jersey shall be the
38 custodian of the several funds. All payments from said funds shall
39 be made by him only upon vouchers signed by the secretary and the
40 chairman of the board of trustees. A duly attested copy of the
41 resolution of the board of trustees designating the chairman and
42 bearing on its face specimen signatures of the chairman and the
43 secretary shall be filed with the treasurer as his authority for making
44 payments upon such vouchers.

45 e. The administration of the program shall be performed by the
46 personnel of the Division of Pensions and Benefits of the State
47 Department of the Treasury and the costs of administration shall be
48 borne by the State.

1 f. A finance committee of the board of trustees shall be
2 appointed on or before July 1 of each calendar year by the chairman
3 of the board to serve through June 30 of the ensuing calendar year
4 and until their successors are appointed. The finance committee of
5 the board of trustees shall consist of three members of the board,
6 one of whom shall be the State Treasurer.
7 (cf: P.L.1971, c.181, s.21)

8
9 11. Section 7 of P.L.1950, c.270 (C.52:18A-85) is amended to
10 read as follows:

11 7. a. The functions, powers and duties vested by law in **[**the
12 following enumerated agencies**]**:

13 The Board of Trustees of the Public Employees' Retirement
14 System; **[**the Board of Trustees of the State Police Retirement
15 System;**]** the Prison Officers' Pension Commission; the Board of
16 Trustees of the Teachers' Pension and Annuity Fund; **[**the Board of
17 Trustees of the Police and Firemen's Retirement System of New
18 Jersey**]**; the State House Commission for the Judicial Retirement
19 System; and the Consolidated Police and Firemen's Pension Fund
20 Commission **[;**], of, or relating to, investment or reinvestment of
21 moneys of, and purchase, sale or exchange of any investments or
22 securities of or for any funds or accounts under the control and
23 management of such **[**agencies**]** boards or commissions, are hereby
24 transferred to and shall be exercised and performed for such
25 **[**agencies**]** boards or commissions by the Director of the Division
26 of Investment established hereunder.

27 b. The functions, powers, and duties vested by law in the Board
28 of Trustees of the State Police Retirement System and the Board of
29 Trustees of the Police and Firemen's Retirement System, and, upon
30 the assumption of those functions, powers and duties as provided by
31 law, in the Board of Trustees of the Public Employees' Retirement
32 System and the Board of Trustees of the Teachers' Pension and
33 Annuity Fund, of, or relating to, investment or reinvestment of
34 moneys of, and purchase, sale or exchange of any investments or
35 securities of or for any funds or accounts under the control and
36 management of such boards, shall be exercised and performed by
37 each board, and the Director of the Division of Investment shall act
38 on behalf of each board with regard to administration and
39 implementation to the extent and in the manner authorized,
40 approved, or directed by each board.

41 (cf: P.L.1970, c.57, s.17)

42
43 12. Section 1 of P.L.1959, c.17 (C.52:18A-88.1) is amended to
44 read as follows:

45 1. a. The Director of the Division of Investment, in addition to
46 other investments, presently or from time to time hereafter
47 authorized by law, shall have authority to invest and reinvest the

1 moneys in, and to acquire for or on behalf of the funds of [the
2 following enumerated agencies]:

3 The Consolidated Police and Firemen's Pension Fund
4 Commission;

5 [The Police and Firemen's Retirement System of New Jersey;]

6 The Prison Officers' Pension Commission;

7 The Public Employees' Retirement System of New Jersey;

8 [The State Police Retirement System;]

9 The Teachers' Pension and Annuity Fund;

10 The State House Commission for the Judicial Retirement System
11 of New Jersey;

12 The Trustees for the Support of Public Schools;

13 and all other funds in the custody of the State Treasurer, unless
14 otherwise provided by law;

15 such investments which shall be authorized or approved for
16 investment by regulation of the State Investment Council.

17 b. The Director of the Division of Investment, in addition to
18 other investments, presently or from time to time hereafter
19 authorized by law, shall have authority to invest and reinvest the
20 moneys in, and to acquire for or on behalf of the funds of, the Board
21 of Trustees of the Police and Firemen's Retirement System of New
22 Jersey and the Board of Trustees of the State Police Retirement
23 System, and, as appropriate, the Board of Trustees of the Public
24 Employees' Retirement System of New Jersey and the Board of
25 Trustees of the Teachers' Pension and Annuity Fund, such
26 investments which shall be authorized or approved for investment
27 by each board of trustees, to the extent and in the manner
28 authorized, approved, or directed by each board.

29 Each board shall formulate and establish, and may from time to
30 time amend, modify, or repeal, such policies, objectives or
31 guidelines as it may deem necessary and proper that shall govern
32 the decisions, actions, methods, practices, or procedures for
33 investment, reinvestment, purchase, sale or exchange transactions to
34 be followed by the director. Each board may agree with any other
35 board to formulate and establish the same policies, objectives, or
36 guidelines in order to have the monies and funds under its control
37 combined for these purposes. All actions and decisions of the
38 director shall be authorized by either general policies, objectives, or
39 guidelines or specific orders, or by approval by the board or the
40 finance committee of the board of a specific action or decision, as
41 each board shall determine. Each board shall review and take into
42 consideration the determinations of the State Investment Council,
43 and conform to those determinations generally or specifically when
44 each board determines necessary, reasonable, and appropriate.

45 Each board shall consult from time to time with the State
46 Investment Council regarding the work of the division and may
47 consult with the council on other matters.

48 (cf: P.L.1997, c.26, s.25)

1 13. Section 11 of P.L.1950, c.270 (C.52:18A-89) is amended to
2 read as follows:

3 11. a. Limitations, conditions and restrictions contained in any
4 law concerning the kind or nature of investment of any of the
5 moneys of any of the funds or accounts referred to herein shall
6 continue in full force and effect; provided, however, that subject to
7 any acceptance required, or limitation or restriction contained
8 herein: the Director of the Division of Investment shall at all times
9 have authority to invest and reinvest any such moneys in
10 investments as defined in subsection c. of this section and, for or on
11 behalf of any such fund or account, to sell or exchange any such
12 investments. The director's actions and decisions, as appropriate,
13 shall be exercised and performed under the authority and control of
14 the various boards of trustees named in subsection b. of section 1 of
15 P.L.1959, c.17 (C.52:18A-88.1), to the extent and in the manner
16 authorized, approved, or directed by each board.

17 b. In investing and reinvesting any and all money and property
18 committed to the director's investment discretion from any source
19 whatsoever, and in acquiring, retaining, selling, exchanging and
20 managing investments, the Director of the Division of Investment
21 shall exercise the care, skill, prudence and diligence under the
22 circumstances then prevailing that a prudent person acting in a like
23 capacity and familiar with such matters would use in the conduct of
24 an enterprise of a like character and with like aims. In making each
25 investment, the director may, depending on the nature and
26 objectives of the portfolio, consider the whole portfolio, provided
27 that, in making each investment, the director shall act with the
28 reasonable expectation that the return on each investment shall be
29 commensurate with the risk associated with each investment. The
30 director shall be under a duty to manage and invest the portfolio
31 solely in the interests of the beneficiaries of the portfolio and for the
32 exclusive purpose of providing financial benefits to the
33 beneficiaries of the portfolio.

34 In investing and reinvesting any and all money and property
35 committed to the investment discretion of each board of trustees
36 named in subsection b. of section 1 of P.L.1959, c.17 (C.52:18A-
37 88.1), from any source whatsoever, and in acquiring, retaining,
38 selling, exchanging and managing investments, each board shall
39 exercise the care, skill, prudence, and diligence under the
40 circumstances then prevailing that a prudent person acting in a like
41 capacity and familiar with such matters would use in the conduct of
42 an enterprise of a like character and with like aims. In making each
43 investment, each board may, depending on the nature and objectives
44 of the portfolio, consider the whole portfolio, provided that, in
45 making each investment, the board shall act with the reasonable
46 expectation that the return on each investment shall be
47 commensurate with the risk associated with each investment. Each
48 board shall be under a duty to manage and invest the portfolio

1 solely in the interests of the beneficiaries of the portfolio and for the
2 exclusive purpose of providing financial benefits to the
3 beneficiaries of the portfolio.

4 c. For the purposes of this section, "investments" means and
5 includes property of every nature, real, personal and mixed, tangible
6 and intangible, and specifically includes, solely by way of
7 description and not by way of limitation, bonds, debentures and
8 other corporate obligations, direct and indirect investments in
9 equity real estate , mortgages and other direct or indirect interests
10 in real estate or investments secured by real estate, capital stocks,
11 common stocks, preferred stocks, diversified pools of venture
12 capital which otherwise could be made consistent with the standard
13 of care required by subsection b. of this section, common trust
14 funds as defined in and regulated by sections 36 through 46 of
15 P.L.1948, c.67 (C.17:9A-36 through 17:9A-46), repurchase
16 agreements, securities loan transactions secured by cash, securities
17 issued by the United States government or its agencies, or
18 irrevocable bank letters of credit, whether directly or through a
19 bank or similar financial institution acting as agent or trustee,
20 mutual funds, and any other security issued by an investment
21 company or investment trust, whether managed or not by third
22 parties, registered under the "Investment Company Act of 1940,"
23 Title I of Pub.L. 76-768 (15 U.S.C.s.80a-1 et seq.). No investment
24 that is otherwise permissible under this subsection shall be
25 considered to be unlawful solely because the investment is made
26 indirectly or through a partnership, trust, or other legal entity.

27 (cf: P.L.1997, c.26, s.26)

28

29 14. Section 1 of P.L.1970, c.270 (C.52:18A-90.1) is amended to
30 read as follows:

31 1. Notwithstanding any statute or rule of law to the contrary,
32 the Director of the Division of Investment may, subject to the
33 approval of the State Investment Council and the State Treasurer,
34 establish, maintain and operate one or more common trust funds, in
35 which may be combined for the purpose of investment, money and
36 property belonging to the various funds in the custody of the State
37 Treasurer; provided, however, that there shall not be combined in
38 any common trust fund, excepting the State of New Jersey Cash
39 Management Fund established pursuant to section 1 of [this
40 amendatory and supplementary act] P.L.1977, c.281 (C.52:18A-
41 80.4), moneys and property of any fund the income of which inures
42 to the benefit of the General State Fund and money and property of
43 any fund the income of which inures to the benefit of said fund.

44 The director also shall obtain, as appropriate, the approval of
45 each board of trustees named in subsection b. of section 1 of
46 P.L.1959, c.17 (C.52:18A-88.1).

47 (cf: P.L.1977, c.281, s.2)

1 15. Section 13 of P.L.1950, c.270, (C.52:18A-91) is amended to
2 read as follows:

3 13. a. The State Investment Council and each board of trustees
4 named in subsection b. of section 1 of P.L.1959, c.17 (C.52:18A-
5 88.1) shall consult with the Director of the Division of Investment
6 from time to time with respect to the work of the division. **【It】** The
7 council and each board shall have access to all files and records of
8 the division and may require any officer or employee therein to
9 provide such information as it may deem necessary in the
10 performance of **【its】** the functions of the council and each board.
11 The council and each board shall have authority to inspect and audit
12 the respective accounts and funds administered through the Division
13 of Investment. **【It】** The council and each board shall formulate
14 and establish, and may from time to time amend, modify or repeal,
15 such policies as it may deem necessary or proper, which shall
16 govern the methods, practices or procedures for investment,
17 reinvestment, purchase, sale or exchange transactions to be
18 followed by the Director of the Division of Investment established
19 hereunder.

20 b. (1) On or before January first of each year, and at such other
21 times as it may deem in the public interest, the council shall report
22 to the Governor, the Legislature, each board of trustees named in
23 subsection b. of section 1 of P.L.1959, c.17 (C.52:18A-88.1), and
24 the State Treasurer with respect to its work and the work of the
25 Division of Investment. In addition to the reports specified above
26 and in section 14 of P.L.1950, c.270 (C.52:18A-92), the council
27 shall issue a report by March 1 of each year on the investment
28 activities for the prior calendar year, which shall include a summary
29 of the current investment policies and strategies of the council and
30 those in effect during the prior calendar year, a detailed summary
31 for each financial product of the amount invested, whether the
32 investments were made by employees of the Division of Investment
33 or by external managers, performance benchmarks, and actual
34 performance during the calendar year. The report shall be submitted
35 to the Governor, the Legislature, each board of trustees named in
36 subsection b. of section 1 of P.L.1959, c.17 (C.52:18A-88.1), and
37 the State Treasurer, and shall be made available to the public
38 through the official Internet site of the State.

39 (2) Details of contracts with external managers, including
40 information on types of investments, fees paid, and performance
41 benchmarks and actual performance, shall be available for public
42 inspection, examination, and copying as a government record in
43 accordance with the provisions of P.L.1963, c.73 (C.47:1A-1 et
44 seq.).

45 c. The council shall hold a meeting each year that shall be open
46 to the public, and shall accept comments from the public at such
47 meeting. The matters that shall be open to discussion and public
48 comment during this annual meeting shall include the investment

1 policies and strategies of the council, the investment activities of
2 the council, the financial disclosure statements filed by council
3 members, and the certification of contributions filed by external
4 managers, as well as other appropriate matters concerning the
5 operations, activities and reports of the council.

6 d. An external manager shall be required to file a certification
7 before being retained, and annually thereafter, that discloses the
8 political contributions made, during the 12 months preceding the
9 certification, by the manager or the manager's firm, or a political
10 committee in which the manager or firm was active. The
11 certification shall specify the political contributions made to
12 candidates for elective public office in this State and any political
13 committee established for the support of such candidates, and
14 contributions made for the transition and inaugural expenses of any
15 candidate who is elected to public office. As used in this subsection,
16 "contribution" and "political committee" shall have the meaning set
17 forth in "The New Jersey Campaign Contributions and Expenditures
18 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et al.). This
19 certification shall be in addition to any other such disclosure
20 required by law or executive order of the Governor.
21 (cf: P.L.2007, c.103, s.51)

22
23 16. (New section) a. The Board of Trustees of the Public
24 Employees' Retirement System, the Board of Trustees of the State
25 Police Retirement System, the Board of Trustees of the Teachers'
26 Pension and Annuity Fund, and the Board of Trustees of the Police
27 and Firemen's Retirement System of New Jersey may elect, at the
28 board's discretion, to establish a division or unit, and use external
29 managers, for the administration and implementation of matters
30 with regard to its functions, powers, and duties vested by law for, or
31 relating to, investment or reinvestment of moneys of, and purchase,
32 sale or exchange of any investments or securities of or for any funds
33 or accounts under the control and management of each board,
34 consistent with applicable law and the policies, procedures, and
35 regulations of the board. If a board makes such an election, the
36 board shall consult and coordinate with the Division of Investment
37 in the Department of the Treasury and the State Investment Council
38 for such transfers as deemed necessary and appropriate. If the
39 board makes such an election, the board shall comply with
40 applicable provisions of P.L.1950, c.270 (C.52:18A-79 et seq.) to
41 the extent not inconsistent with this section.

42 b. The board shall formulate and establish, and may from time
43 to time amend, modify or repeal, such policies, objectives, or
44 guidelines as it may deem necessary and proper that shall govern
45 the decisions, actions, methods, practices or procedures for
46 investment, reinvestment, purchase, sale or exchange transactions to
47 be followed by the division or unit or external managers. All
48 actions and decisions of the division or unit or external managers

1 shall be authorized by either general policies, objectives, or
2 guidelines or specific orders, or by approval by the board or the
3 finance committee of the board of a specific action or decision, as
4 each board shall determine.

5 c. The board shall review and take into consideration the
6 determinations of the State Investment Council, and conform to
7 those determinations generally or specifically when each board
8 determines necessary and appropriate.

9

10 17. Section 2 of P.L.1958, c.143 (C.43:3B-2) is amended to read
11 as follows:

12 2. a. The monthly retirement allowance or pension originally
13 granted to any retirant and the pension or survivorship benefit
14 originally granted to any beneficiary shall be adjusted in accordance
15 with the provisions of this act provided, however, that:

16 [a.] the maximum retirement allowance, without option, shall
17 be considered the retirement allowance originally granted to any
18 retirant who, at retirement, elected an Option I allowance pursuant
19 to the provisions of the statutes stipulated in subsection b. of section
20 1 of this act (C.43:3B-1); and [b.] the minimum pension granted to
21 any beneficiary stipulated in subsection d. (4) of section 1 of this
22 act (C.43:3B-1), shall be considered the pension originally granted
23 to such beneficiary.

24 b. Pension adjustments shall not be paid to retirants or
25 beneficiaries who are not receiving their regular, full, monthly
26 retirement allowances, pensions or survivorship benefits. The
27 adjustment granted under the provisions of this act shall be effective
28 only on the first day of a month, shall be paid in monthly
29 installments, and shall not be decreased, increased, revoked or
30 repealed except as otherwise provided in this act. No adjustment
31 shall be due to a retirant or a beneficiary unless it constitutes a
32 payment for an entire month; provided, however, that an adjustment
33 shall be payable for the entire month in which the retirant or
34 beneficiary dies.

35 c. Commencing on the effective date of P.L. , c. (pending
36 before the Legislature as this bill) and thereafter, adjustments to the
37 monthly retirement allowance or pension or survivorship benefit
38 granted to any member of the Teacher's Pension and Annuity Fund,
39 the Public Employees' Retirement System, the Police and Firemen's
40 Retirement System, the Judicial Retirement System, and the State
41 Police Retirement System who has less than five years of service
42 credited in the system as of that effective date, or to any member
43 who becomes a member on or after that effective date, or such
44 member's beneficiary, shall not be paid in accordance with the
45 provisions of this act, P.L.1958, c.143 (C.43:3B-1 et seq.), unless
46 authorized by the board of trustees of the system after a review of
47 the financial condition of the system and consultation with the
48 actuary of the system, and then only under such terms and

1 conditions as the board provides in its authorization which shall at a
2 minimum include the same condition as set forth in subsection d. of
3 this section.

4 d. Commencing on the effective date of P.L. , c. (pending
5 before the Legislature as this bill) and thereafter, adjustments to the
6 monthly retirement allowance or pension or survivorship benefit
7 granted to any member of the Teacher's Pension and Annuity Fund,
8 the Public Employees' Retirement System, the Police and Firemen's
9 Retirement System, the Judicial Retirement System, and the State
10 Police Retirement System who has five or more years of service
11 credited in the system as of that effective date, or such member's
12 beneficiary, shall not be paid in accordance with the provisions of
13 this act, P.L.1958, c.143 (C.43:3B-1 et seq.), for that portion of the
14 allowance, pension, or benefit that is based on service credited in
15 the system on or after that effective date unless the member elected
16 to make the additional contribution to the system for the adjustment
17 on that portion of the allowance, pension, or benefit as established
18 pursuant to N.J.S.18A:66-29, section 25 of P.L.1954, c.84
19 (C.43:15A-25), section 2 of P.L.1972, c.167 (C.43:15A-136),
20 section 3 of P.L.2001, c.259 (C.43:15A-144), section 3 of P.L.2001,
21 c.366 (C.43:15A-157), section 15 of P.L.1944, c.255 (C.43:16A-15)
22 section 26 of P.L.1981, c.470 (C.43:6A-34.1), and section 38 of
23 P.L.1965, c.89 (C.53:5A-38).

24 (cf: P.L.1993, c.335, s.2)

25

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

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

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

47 (2) For the valuation period commencing after the effective date
48 of P.L. , c. (pending before the Legislature as this bill) and for

1 each period thereafter, the contribution rate for a member,
2 expressed as a percentage of salary, shall be equal to the employer
3 contribution, expressed as a percentage of the salary base, the sum
4 of which percentage amounts shall equal the normal cost of the
5 retirement system as determined in the annual valuation by the
6 actuary, if permitted by law, except that, at the commencement of
7 the valuation period commencing after the effective date of P.L. ,
8 c. (pending before the Legislature as this bill), (a) if the
9 contributions of members based on the rate set forth in paragraph
10 (1) of this subsection represent 40% or less of the normal cost of the
11 retirement system, then the contribution rate set forth above in this
12 paragraph shall not become effective and the contribution rate set
13 forth in paragraph (1) of this subsection shall continue in effect
14 until the commission increases, based on the recommendation of the
15 actuary, the member contribution rate, or (b) if the contributions of
16 members based on the rate set forth in paragraph (1) of this
17 subsection represent more than 50% of the normal cost of the
18 retirement system, then the contribution rate set forth in paragraph
19 (1) of this subsection shall continue in effect, until the commission
20 adjusts that rate. The provision of this paragraph may commence
21 on such date prior to the commencement of the valuation period
22 commencing after the effective date as the commission shall
23 determine.

24 (3) The commission shall establish, after consultation with and
25 recommendation of the actuary of the system, an additional
26 contribution rate for the benefit specified in subsection d. of section
27 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
28 benefit the commission has authorized.

29 (4) The State House Commission is authorized to make such
30 annual uniform adjustment to a contribution rate of each member
31 set forth in this section, as may be permitted by law, as the
32 commission deems reasonable, necessary, and appropriate after
33 consultation with and recommendation of the actuary for the
34 system. Any adjustment to a contribution rate shall be made at such
35 time and in such manner as the commission shall determine.

36 c. Every judge of the several courts to whom this amendatory
37 and supplementary act applies shall be deemed to consent and agree
38 to any deduction from his compensation required by this act and to
39 all other provisions of this act. Notwithstanding any other law, rule
40 or regulation affecting the salary, pay, compensation, other
41 perquisites, or tenure of person to whom this amendatory and
42 supplementary act applies, or shall apply, and notwithstanding that
43 the minimum salary, pay, or compensation or other perquisites
44 provided by law for him shall be reduced thereby, payment, less
45 such deductions, shall be a full and complete discharge and
46 acquittance of all claims and demands for service rendered by him
47 during the period covered by such payment.

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

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

2 18A:66-29. **Members enrolled in the retirement system on or**
3 **after July 1, 1994 shall contribute 5% of compensation to the**
4 **system. Members enrolled in the system prior to July 1, 1994 shall**
5 **contribute 5% of compensation to the system effective with the**
6 **payroll period for which the beginning date is closest to July 1,**
7 **1995, provided, however, that any member enrolled before July 1,**
8 **1994, whose full contribution rate under the system prior to the**
9 **revisions by this act was less than 6%, shall pay 4% of**
10 **compensation to the system effective with the payroll period for**
11 **which the beginning date is closest to July 1, 1995, and 5% of**
12 **compensation to the system effective with the payroll period for**
13 **which the beginning date is closest to July 1, 1996.**】

14 **a.** Members enrolled in the retirement system **【on or after July**
15 **1, 2007 shall contribute 5.5% of compensation to the system.**
16 **Members enrolled in the system prior to July 1, 2007】** shall
17 contribute 5.5% of compensation to the system **【effective with the**
18 **payroll period for which the beginning date is closest to July 1,**
19 **2007】.**

20 **b.** (1) For the valuation period commencing after the effective
21 date of P.L. , c. (pending before the Legislature as this bill) and
22 for each period thereafter, the contribution rate for a member,
23 expressed as a percentage of salary, shall be equal to the employer
24 contribution, expressed as a percentage of the salary base, the sum
25 of which percentage amounts shall equal the normal cost of the
26 retirement system as determined in the annual valuation by the
27 actuary, except that, at the commencement of the valuation period
28 commencing after the effective date of P.L. , c. (pending before
29 the Legislature as this bill), (a) if the contributions of members
30 based on the rate set forth subsection a. of this section represent
31 40% or less of the normal cost of the retirement system, then the
32 contribution rate set forth above in this paragraph shall not become
33 effective and the contribution rate set forth in subsection a. of this
34 section shall continue in effect until the board increases, based on
35 the recommendation of the actuary, the member contribution rate,
36 or (b) if the contributions of members based on the rate set forth in
37 subsection a. of this section represent more than 50% of the normal
38 cost of the retirement system, then the contribution rate set forth in
39 subsection a. of this section shall continue in effect, until the board
40 adjusts that rate. The provision of this paragraph may commence
41 on such date prior to the commencement of the valuation period
42 commencing after the effective date as the board shall determine.

43 (2) The board of trustees shall establish, after consultation with
44 and recommendation of the actuary of the system, an additional
45 contribution rate for the benefit specified in subsection d. of section
46 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
47 benefit the board has authorized.

1 (3) A member enrolled in the system prior to May 21, 2010 may
2 contribute to the system the rate of compensation established by the
3 board for the additional benefit, which rate shall not be less than
4 50% of the cost of the benefit as determined by the actuary of the
5 system unless the board determines otherwise, for a total retirement
6 allowance of 1/55 of final compensation for each year of service
7 credited as class B service on and after the effective date of P.L. ,
8 c. (pending before the Legislature as this bill), pursuant to
9 N.J.S.18A:66-36, N.J.S.18A:66-37, or N.J.S.18A:66-44.

10 (4) The board of trustees is authorized to make such annual
11 uniform adjustment to a contribution rate of each member set forth
12 in this section as the board deems reasonable, necessary, and
13 appropriate after consultation with and recommendation of the
14 actuary of the system. Any adjustment to a contribution rate shall
15 be made at such time and in such manner as the commission shall
16 determine.

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

18
19 20. Section 25 of P.L.1954, c.84 (C.43:15A-25) is amended to
20 read as follows:

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

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

39 (2) Members enrolled in the retirement system on or after July
40 1, 2007 who are:

41 employees of the State, other than employees of the Judicial
42 Branch;

43 employees of an independent State authority, board, commission,
44 corporation, agency or organization;

45 employees of a local school district, regional school district,
46 county vocational school district, county special services school
47 district, jointure commission, educational services commission,
48 State-operated school district, charter school, county college, any

1 officer, board, or commission under the authority of the
2 Commissioner of Education or of the State Board of Education, and
3 any other public entity which is established pursuant to authority
4 provided by Title 18A of the New Jersey Statutes; or

5 employees of a State public institution of higher education, other
6 than employees of the University of Medicine and Dentistry of New
7 Jersey shall contribute 5.5% of compensation to the system, and all
8 such members described above enrolled in the system prior to July
9 1, 2007 shall contribute 5.5% of compensation to the system
10 effective with the payroll period for which the beginning date is
11 closest to July 1, 2007.]

12 Members enrolled in the retirement system [on or after July 1,
13 2008, other than those described in the paragraph above, shall
14 contribute 5.5% of compensation to the system. Members enrolled
15 in the system prior to July 1, 2008, other than those described in the
16 paragraph above,] shall contribute 5.5% of compensation to the
17 system [effective with the payroll period that begins immediately
18 after July 1, 2008].

19 (2) For the valuation period commencing after the effective date
20 of P.L. , c. (pending before the Legislature as this bill) and for
21 each period thereafter, the contribution rate for a member,
22 expressed as a percentage of salary, shall be equal to the employer
23 contribution, expressed as a percentage of the salary base, the sum
24 of which percentage amounts shall equal the normal cost of the
25 retirement system as determined in the annual valuation by the
26 actuary, except that, at the commencement of the valuation period
27 commencing after the effective date of P.L. , c. (pending before
28 the Legislature as this bill), (a) if the contributions of members
29 based on the rate set forth in paragraph (1) of this subsection
30 represent 40% or less of the normal cost of the retirement system,
31 then the contribution rate set forth above in this paragraph shall not
32 become effective and the contribution rate set forth in paragraph (1)
33 of this subsection shall continue in effect until the board increases,
34 based on the recommendation of the actuary, the member
35 contribution rate, or (b) if the contributions of members based on
36 the rate set forth in paragraph (1) of this subsection represent more
37 than 50% of the normal cost of the retirement system, then the
38 contribution rate set forth in paragraph (1) of this subsection shall
39 continue in effect, until the board adjusts that rate. The provision of
40 this paragraph may commence on such date prior to the
41 commencement of the valuation period commencing after the
42 effective date as the board shall determine.

43 (3) The board of trustees shall establish, after consultation with
44 and recommendation of the actuary of the system, an additional
45 contribution rate for the benefit specified in subsection d. of section
46 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
47 benefit the board has authorized.

1 (4) A member enrolled in the system prior to May 21, 2010 may
2 contribute to the system the rate of compensation established by the
3 board for the additional benefit, which rate shall not be less than
4 50% of the cost of the benefit as determined by the actuary of the
5 system unless the board determines otherwise, for a total retirement
6 allowance of 1/55 of final compensation for each year of service
7 credited as class B service on and after the effective date of P.L. ,
8 c. (pending before the Legislature as this bill), pursuant to section
9 38, 41 or 48 of P.L.1954, c.84 (C.43:15A-38, 43:15A-41 or 43:15A-
10 48).

11 (5) The board of trustees is authorized to make such annual
12 uniform adjustment to a contribution rate of each member set forth
13 in this section as the board deems reasonable, necessary, and
14 appropriate after consultation with and recommendation of the
15 actuary of the system. Any adjustment to a contribution rate shall
16 be made at such time and in such manner as the board shall
17 determine.

18 c. The retirement system shall certify to each State department
19 or subdivision thereof, and to each branch of the State service not
20 included in a State department, and to every other employer, the
21 proportion of each member's compensation to be deducted and to
22 facilitate the making of deductions the retirement system may
23 modify the deduction required by a member by such an amount as
24 shall not exceed 1/10 of 1% of the compensation upon the basis of
25 which the deduction is to be made.

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

32 d. Every employee to whom this act applies shall be deemed to
33 consent and agree to any deduction from his compensation required
34 by this act and to all other provisions of this act. Notwithstanding
35 any other law, rule or regulation affecting the salary, pay,
36 compensation, other perquisites, or tenure of a person to whom this
37 act applies, or shall apply, and notwithstanding that the minimum
38 salary, pay, or compensation or other perquisites provided by law
39 for him shall be reduced thereby, payment, less such deductions,
40 shall be a full and complete discharge and acquittance of all claims
41 and demands for service rendered by him during the period covered
42 by such payment.

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

44

45 21. Section 2 of P.L.1972, c.167 (C.43:15A-136) is amended to
46 read as follows:

47 2. a. (1) Notwithstanding the provisions of section 25 of
48 P.L.1954, c.84 (C.43:15A-25), (a) a separate account shall be

1 established in the annuity savings fund for each member of the
2 Legislature and all contributions based on legislative salaries shall
3 be credited to this account as distinguished from any other account
4 that the legislator may have as a result of other public service
5 covered by the retirement system; and (b) the member of the
6 Legislature shall contribute at a rate equal to ~~【5%】~~ 5.5% of his
7 legislative salary, which contribution shall be deducted from his
8 salary at the time or times it is paid, and which shall be exclusive of
9 any other contribution required of the member for Social Security,
10 contributory death benefits or deductions for any other purpose.
11 **【The contribution rate shall be 5.5% of the member's legislative**
12 **salary beginning July 1, 2007.】**

13 (2) For the valuation period commencing after the effective date
14 of P.L. , c. (pending before the Legislature as this bill) and for
15 each period thereafter, the contribution rate for a member,
16 expressed as a percentage of salary, shall be equal to the employer
17 contribution, expressed as a percentage of the salary base, the sum
18 of which percentage amounts shall equal the normal cost of the
19 retirement system as determined in the annual valuation by the
20 actuary, except that, at the commencement of the valuation period
21 commencing after the effective date of P.L. , c. (pending before
22 the Legislature as this bill), (a) if the contributions of members
23 based on the rate set forth in paragraph (1) of this subsection
24 represent 40% or less of the normal cost of the retirement system,
25 then the contribution rate set forth above in this paragraph shall not
26 become effective and the contribution rate set forth in paragraph (1)
27 of this subsection shall continue in effect until the board increases,
28 based on the recommendation of the actuary, the member
29 contribution rate, or (b) if the contributions of members based on
30 the rate set forth in paragraph (1) of this subsection represent more
31 than 50% of the normal cost of the retirement system, then the
32 contribution rate set forth in paragraph (1) of this subsection shall
33 continue in effect, until the board adjusts that rate. The provision of
34 this paragraph may commence on such date prior to the
35 commencement of the valuation period commencing after the
36 effective date as the board shall determine.

37 (3) The board of trustees shall establish, after consultation with
38 and recommendation of the actuary of the system, an additional
39 contribution rate for the benefit specified in subsection d. of section
40 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
41 benefit the board has authorized.

42 (4) The board of trustees is authorized to make such annual
43 uniform adjustment to a contribution rate of each member set forth
44 in this section as the board deems reasonable, necessary, and
45 appropriate after consultation with and recommendation of the
46 actuary of the system. Any adjustment to a contribution rate shall
47 be made at such time and in such manner as the board shall
48 determine.

1 **b.** A member of the Legislature who is enrolled on the basis of
2 other public service before, during, or after his service as a member
3 of the Legislature shall contribute for such other service at the rate
4 of contribution required of other members as provided by section
5 25.

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

7

8 22. Section 3 of P.L.2001, c.259 (C.43:15A-144) is amended to
9 read as follows:

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

17 b. (1) A workers compensation judge shall contribute at a rate
18 equal to ~~【5%】~~ 5.5% of the judge's salary, which contribution shall
19 be deducted from the salary at the time or times it is paid, and
20 which shall be exclusive of any other contribution required of the
21 member for Social Security, contributory death benefits or
22 deductions for any other purpose. ~~【The contribution rate shall be~~
23 ~~5.5% of the judge's salary effective with the payroll period for~~
24 ~~which the beginning date is closest to July 1, 2007.】~~

25 (2) For the valuation period commencing after the effective date
26 of P.L. , c. (pending before the Legislature as this bill) and for
27 each period thereafter, the contribution rate for a member,
28 expressed as a percentage of salary, shall be equal to the employer
29 contribution, expressed as a percentage of the salary base, the sum
30 of which percentage amounts shall equal the normal cost of the
31 retirement system as determined in the annual valuation by the
32 actuary, except that, at the commencement of the valuation period
33 commencing after the effective date of P.L. , c. (pending before
34 the Legislature as this bill), (a) if the contributions of members
35 based on the rate set forth in paragraph (1) of this subsection
36 represent 40% or less of the normal cost of the retirement system,
37 then the contribution rate set forth above in this paragraph shall not
38 become effective and the contribution rate set forth in paragraph (1)
39 of this subsection shall continue in effect until the board increases,
40 based on the recommendation of the actuary, the member
41 contribution rate, or (b) if the contributions of members based on
42 the rate set forth in paragraph (1) of this subsection represent more
43 than 50% of the normal cost of the retirement system, then the
44 contribution rate set forth in paragraph (1) of this subsection shall
45 continue in effect, until the board adjusts that rate. The provision of
46 this paragraph may commence on such date prior to the
47 commencement of the valuation period commencing after the
48 effective date as the board shall determine.

1 (3) The board of trustees shall establish, after consultation with
2 and recommendation of the actuary of the system, an additional
3 contribution rate for the benefit specified in subsection d. of section
4 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
5 benefit the board has authorized.

6 (4) The board of trustees is authorized to make such annual
7 uniform adjustment to a contribution rate of each member set forth
8 in this section as the board deems reasonable, necessary, and
9 appropriate after consultation with and recommendation of the
10 actuary. Any adjustment to a contribution rate shall be made at
11 such time and in such manner as the board shall determine.

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

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

17
18 23. Section 3 of P.L.2001, c.366 (C.43:15A-157) is amended to
19 read as follows:

20 3. a. Notwithstanding the provisions of section 25 of P.L.1954,
21 c.84 (C.43:15A-25) to the contrary, a separate account shall be
22 established in the annuity savings fund for each prosecutor and all
23 contributions based on the prosecutor's salary shall be credited to
24 this account.

25 b. (1) A prosecutor shall contribute at a rate [established by
26 the board] of 8.5% of the prosecutor's salary, which contribution
27 shall be deducted from the salary at the time or times it is paid, and
28 which shall be exclusive of any other contribution required of the
29 prosecutor for Social Security, contributory death benefits or
30 deductions for any other purpose.

31 (2) For the valuation period commencing after the effective date
32 of P.L. , c. (pending before the Legislature as this bill) and for
33 each period thereafter, the contribution rate for a member,
34 expressed as a percentage of salary, shall be equal to the employer
35 contribution, expressed as a percentage of the salary base, the sum
36 of which percentage amounts shall equal the normal cost of the
37 retirement system as determined in the annual valuation by the
38 actuary, except that, at the commencement of the valuation period
39 commencing after the effective date of P.L. , c. (pending before
40 the Legislature as this bill), (a) if the contributions of members
41 based on the rate set forth in paragraph (1) of this subsection
42 represent 40% or less of the normal cost of the retirement system,
43 then the contribution rate set forth above in this paragraph shall not
44 become effective and the contribution rate set forth in paragraph (1)
45 of this subsection shall continue in effect until the board increases,
46 based on the recommendation of the actuary, the member
47 contribution rate, or (b) if the contributions of members based on
48 the rate set forth in paragraph (1) of this subsection represent more

1 than 50% of the normal cost of the retirement system, then the
2 contribution rate set forth in paragraph (1) of this subsection shall
3 continue in effect, until the board adjusts that rate. The provision of
4 this paragraph may commence on such date prior to the
5 commencement of the valuation period commencing after the
6 effective date as the board shall determine.

7 (3) The board of trustees shall establish, after consultation with
8 and recommendation of the actuary of the system, an additional
9 contribution rate for the benefit specified in subsection d. of section
10 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
11 benefit the board has authorized.

12 (4) The board of trustees is authorized to make such annual
13 uniform adjustment to a contribution rate of each member set forth
14 in this section as the board deems reasonable, necessary, and
15 appropriate after consultation with and recommendation of the
16 actuary of the system. Any adjustment to a contribution rate shall
17 be made at such time and in such manner as the board shall
18 determine.

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

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

24
25 24. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to
26 read as follows:

27 15. (1) The contributions required for the support of the
28 retirement system shall be made by members and their employers.

29 (2) (i) The uniform percentage contribution rate for members
30 shall be 8.5% of compensation.

31 (ii) For the valuation period commencing after the effective date
32 of P.L. , c. (pending before the Legislature as this bill) and for
33 each period thereafter, the contribution rate for a member,
34 expressed as a percentage of salary, shall be equal to the employer
35 contribution, expressed as a percentage of the salary base, the sum
36 of which percentage amounts shall equal the normal cost of the
37 retirement system as determined in the annual valuation by the
38 actuary, except that, at the commencement of the valuation period
39 commencing after the effective date of P.L. , c. (pending before
40 the Legislature as this bill), (a) if the contributions of members
41 based on the rate set forth in paragraph (i) of this subsection
42 represent 40% or less of the normal cost of the retirement system,
43 then the contribution rate set forth above in this paragraph shall not
44 become effective and the contribution rate set forth in paragraph (i)
45 of this subsection shall continue in effect until the board increases,
46 based on the recommendation of the actuary, the member
47 contribution rate, or (b) if the contributions of members based on
48 the rate set forth in paragraph (i) of this subsection represent more

1 than 50% of the normal cost of the retirement system, then the
2 contribution rate set forth in paragraph (i) of this subsection shall
3 continue in effect, until the board adjusts that rate. The provision of
4 this paragraph may commence on such date prior to the
5 commencement of the valuation period commencing after the
6 effective date as the board shall determine.

7 (iii) The board of trustees shall establish, after consultation with
8 and recommendation of the actuary of the system, an additional
9 contribution rate for the benefit specified in subsection d. of section
10 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
11 benefit the board has authorized.

12 (iv) The board of trustees is authorized to make such annual
13 uniform adjustment to a contribution rate of each member set forth
14 in this subsection as the board deems reasonable, necessary, and
15 appropriate after consultation with and recommendation of the
16 actuary of the system. Any adjustment to a contribution rate shall
17 be made at such time and in such manner as the board shall
18 determine.

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

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

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

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

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

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

1 shall be credited to the individual account of the member from
2 whose salary said deduction was made.

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

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

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

19 After consultation with and recommendation of the actuary, the
20 board shall require, for the valuation period commencing after the
21 effective date of P.L. , c. (pending before the Legislature as this
22 bill) and for each period thereafter, the acceleration of payments by
23 all employers for the unfunded accrued liability over such a
24 designated period of time as the board determines to be reasonable,
25 necessary, and appropriate.

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

1 first sentence of this paragraph, the amount of the difference
2 between the expected value and the full market value of the assets
3 to be added to the expected value of the assets for the valuation
4 period ending June 30, 1999 shall include an additional amount of
5 the market value of the assets sufficient to fund (1) the unfunded
6 accrued liability for the supplementary "special retirement"
7 allowances provided under subsection b. of section 16 of P.L.1964,
8 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the
9 full credit toward benefits under the retirement system for service
10 credited in the Public Employees' Retirement System and
11 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)
12 and the reimbursement of the cost of any credit purchase pursuant
13 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under
14 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

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

1 by other employers as of the valuation period over the expected
2 working lives of the active members in accordance with the tables
3 of actuarial assumptions applicable to the valuation period, if the
4 sum is greater than zero.

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

18 If there are excess valuation assets allocated to the other
19 employers for the valuation period ending June 30, 1998, the
20 accrued liability contributions payable by the other employers for
21 the valuation period ending June 30, 1997 shall be reduced to the
22 extent possible by the excess valuation assets allocated to the other
23 employers.

24 If there are excess valuation assets allocated to the State or to the
25 other employers for a valuation period ending after June 30, 1998,
26 the State Treasurer may reduce the normal contribution payable by
27 the State or by other employers for the next valuation period as
28 follows:

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

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

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

38 (4) for valuation periods ending June 30, 2003 through June 30,
39 2007, to the extent possible by up to 50% of the excess valuation
40 assets allocated to the State or to the other employers, respectively.

41 Notwithstanding the discretion provided to the State Treasurer in
42 the previous paragraph to reduce the amount of the normal
43 contribution payable by employers other than the State, the State
44 Treasurer shall reduce the amount of the normal contribution
45 payable by employers other than the State by \$150,000,000 in the
46 aggregate for the valuation period ending June 30, 1998, and then
47 the State Treasurer may reduce further pursuant to the provisions of

1 the previous paragraph the normal contribution payable by such
2 employers for that valuation period.

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

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

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

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

46 The actuaries for the retirement system shall determine the
47 unfunded liability of the retirement system, by employer, for the
48 reduced normal and accrued liability contributions provided under

1 P.L.2009, c.19. This unfunded liability shall be paid by the
2 employer in level annual payments over a period of 15 years
3 beginning with the payments due in the State fiscal year ending
4 June 30, 2012 and shall be adjusted by the rate of return on the
5 actuarial value of assets.

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

17 (10) The treasurer or corresponding officer of the employer shall
18 pay to the State Treasurer no later than April 1 of the State's fiscal
19 year in which payment is due the amount so certified as payable by
20 the employer, and shall pay monthly to the State Treasurer the
21 amount of the deductions from the salary of the members in the
22 employ of the employer, and the State Treasurer shall credit such
23 amount to the appropriate fund or funds, of the retirement system.

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

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

33 (11) The expenses of administration of the retirement system
34 shall be paid by the State of New Jersey. Each employer shall
35 reimburse the State for a proportionate share of the amount paid by
36 the State for administrative expense. This proportion shall be
37 computed as the number of members under the jurisdiction of such
38 employer bears to the total number of members in the system. The
39 pro rata share of the cost of administrative expense shall be
40 included with the certification by the retirement system of the
41 employer's contribution to the system.

42 (12) Notwithstanding anything to the contrary, the retirement
43 system shall not be liable for the payment of any pension or other
44 benefits on account of the employees or beneficiaries of any
45 employer participating in the retirement system, for which reserves
46 have not been previously created from funds, contributed by such
47 employer or its employees for such benefits.

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

1 (14) Commencing with valuation year 1991, with payment to be
2 made in Fiscal Year 1994, the Legislature shall annually
3 appropriate and the State Treasurer shall pay into the pension
4 accumulation fund of the retirement system an amount equal to
5 1.1% of the compensation of the members of the system for the
6 valuation year to fund the benefits provided by section 16 of
7 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

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

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

30 (17) When the system has an unfunded accrued liability as
31 determined by the actuary, the actuary of the system shall make a
32 recommendation to the board with regard to how an amount
33 resulting from an increase in the contribution rate set forth in
34 paragraphs (i) and (ii) of subsection (2) of this section, as may be
35 required by the board, will be recognized and allocated in an annual
36 valuation report. In no event shall that resulting amount be
37 allocated toward the payment of the unfunded accrued liability that
38 is the result, as determined by the actuary, of an employer not
39 making the full payment of the certified annual actuarially required
40 contribution as determined in the valuation of the system by the
41 actuary, and including any loss of interest or earnings on those
42 contributions not made, and of changes in investment interest or
43 earnings.

44 The responsibility for the portion of any unfunded accrued
45 liability that is not attributable to the employer not making the full
46 certified contributions, the loss of interest or earnings on those
47 contributions, and changes in investment interest and earnings shall
48 be allocated equally between members and employers. A reduction

1 in the unfunded accrued liability resulting from a modification of
2 benefits pursuant to this act, P.L. , c. (C.)(pending before the
3 Legislature as this bill), shall be solely attributable to the portion of
4 unfunded accrued liability allocated to the members. An unfunded
5 liability that accrues after the effective date of this act the
6 responsibility for which is shared equally by the employers and
7 members shall be amortized using a 30-year closed amortization
8 period.

9 (18) Upon the request of the board of trustees, the actuary of the
10 system shall make a recommendation in the annual valuation report
11 with regard to the contribution rate or rates for members of the
12 system, based on the valuation of the assets and liabilities and the
13 funded ratio of the system, in order to attain and maintain the
14 financial condition of the system that the board has determined to
15 be reasonable, necessary, and appropriate. The board in making
16 such a determination may consider the standards set or
17 recommended by relevant national authorities for the financial
18 condition of such similar systems and may consider the standards of
19 the Governmental Accounting Standards Board for the purpose of
20 valuing the assets and liabilities and calculating the funded ratio of
21 the system.

22 (cf: P.L.2010, c.1, s.32)

23

24 25. Section 38 of P.L.1965, c.89 (C.53:5A-38) is amended to
25 read as follows:

26 38. a. (1) There shall be deducted from the payroll of each
27 active member of the system 7 1/2 % of the amount of his salary,
28 which shall be turned over to the State Treasurer and be credited by
29 him to the account of the State Police Retirement System.

30 (2) For the valuation period commencing after the effective date
31 of P.L. , c. (pending before the Legislature as this bill) and for
32 each period thereafter, the contribution rate for a member,
33 expressed as a percentage of salary, shall be equal to the employer
34 contribution, expressed as a percentage of the salary base, the sum
35 of which percentage amounts shall equal the normal cost of the
36 retirement system as determined in the annual valuation by the
37 actuary, except that, at the commencement of the valuation period
38 commencing after the effective date of P.L. , c. (pending before
39 the Legislature as this bill), (a) if the contributions of members
40 based on the rate set forth in paragraph (1) of this subsection
41 represent 40% or less of the normal cost of the retirement system,
42 then the contribution rate set forth above in this paragraph shall not
43 become effective and the contribution rate set forth in paragraph (1)
44 of this subsection shall continue in effect until the board increases,
45 based on the recommendation of the actuary, the member
46 contribution rate, or (b) if the contributions of members based on
47 the rate set forth in paragraph (1) of this subsection represent more
48 than 50% of the normal cost of the retirement system, then the

1 contribution rate set forth in paragraph (1) of this subsection shall
2 continue in effect, until the board adjusts that rate. The provision of
3 this paragraph may commence on such date prior to the
4 commencement of the valuation period commencing after the
5 effective date as the board shall determine.

6 (3) The board of trustees shall establish, after consultation with
7 and recommendation of the actuary of the system, an additional
8 contribution rate for the benefit specified in subsection d. of section
9 2 of P.L.1958, c.143 (C.43:3B-2), and for any enhancement of a
10 benefit the board has authorized.

11 (4) The board of trustees is authorized to make such annual
12 uniform adjustment to a contribution rate of each member set forth
13 in this section as the board deems reasonable, necessary, and
14 appropriate after consultation with and recommendation of the
15 actuary of the system. Any adjustment to a contribution rate shall
16 be made at such time and in such manner as the board shall
17 determine.

18 b. The deductions provided for herein shall be made
19 notwithstanding that the minimum salary provided for by law for
20 any member shall be reduced thereby. Every member shall be
21 deemed to consent and agree to the deductions made and provided
22 for herein, and payment of salary or compensation less said
23 deductions shall be a full and complete discharge and acquittance
24 of all claims and demands whatsoever for the service rendered by
25 such person during the period covered by such payment, except as
26 to the benefits provided under this act.

27 (cf: P.L.1980, c.55, s.6)

28
29 26. N.J.S.18A:66-36 is amended to read as follows:

30 18A:66-36. Should a member of the Teachers' Pension and
31 Annuity Fund, after having completed 10 years of service, be
32 separated voluntarily or involuntarily from the service, before
33 reaching service retirement age, and not by removal for conduct
34 unbecoming a teacher or other just cause under the provisions of
35 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,
36 such person may elect to receive, in lieu of the payment provided in
37 N.J.S.18A:66-34:

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

40 b. A deferred retirement allowance beginning at age 60, or for
41 a person who becomes a member of the retirement system on or
42 after the effective date of P.L.2008, c.89 beginning at age 62, which
43 shall be made up of an annuity derived from the member's
44 accumulated deductions at the time of his severance from the
45 service, and a pension in the amount which, when added to the
46 member's annuity, will provide a total retirement allowance of (1)
47 1/64 of final compensation for each year of service credited as
48 Class A service and 1/55 of final compensation for each year of

1 service credited as class B service prior to the effective date of
2 P.L. , c. (pending before the Legislature as this bill) and 1/60 of
3 final compensation for each year of service credited on or after that
4 effective date, or (2) 1/55 of final compensation for each year of
5 service credited as class B service on and after the effective date of
6 P.L. , c. (pending before the Legislature as this bill) if the
7 member has contributed the rate of compensation established by the
8 board pursuant to N.J.S.18A:66-29, or (3) for a person who
9 becomes a member of the retirement system on or after the effective
10 date of P.L.2010, c.1, 1/60 of final compensation for each year of
11 service credited as class B service, calculated in accordance with
12 N.J.S.18A:66-44, with optional privileges provided for in
13 N.J.S.18A:66-47 if he exercises such optional privilege at least 30
14 days before his attainment of the normal retirement age; provided,
15 that such election is communicated by such member to the
16 retirement system in writing stating at what time subsequent to the
17 execution and filing thereof he desires to be retired; and provided,
18 further, that such member may later elect: (1) to receive the
19 payments provided for in N.J.S.18A:66-37, if he had qualified
20 under that section at the time of leaving service, except that in order
21 to avail himself of the optional privileges pursuant to N.J.S.18A:66-
22 47, he must exercise such optional privilege at least 30 days before
23 the effective date of his retirement; or (2) to withdraw his
24 accumulated deductions with interest as provided in N.J.S.18A:66-
25 34. If such member shall die before attaining service retirement
26 age, then his accumulated deductions, plus regular interest after
27 January 1, 1956, shall be paid in accordance with N.J.S.18A:66-38,
28 and, in addition if such member shall die after attaining service
29 retirement age and has not withdrawn his accumulated deductions,
30 an amount equal to 3/16 of the compensation upon which
31 contributions by the member to the annuity savings fund were based
32 in the last year of creditable service shall be paid to such member's
33 beneficiary.

34 Any member who, having elected to receive a deferred
35 retirement allowance, again becomes an employee covered by the
36 retirement system while under the age of 60 or, if that person
37 became a member of the retirement system on or after the effective
38 date of P.L.2008, c.89, while under the age of 62, shall thereupon
39 be reenrolled. If he had discontinued his service for more than two
40 consecutive years, subsequent contributions shall be at a rate
41 applicable to the age resulting from the subtraction of his years of
42 creditable service at the time of his last discontinuance of
43 contributing membership from his age at the time of his return to
44 service. He shall be credited with all service as a member standing
45 to his credit at the time of his election to receive a deferred
46 retirement allowance.

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

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

2 18A:66-37. Should a member resign after having established 25
3 years of creditable service before reaching age 60, or before
4 reaching the age of 62 if the person became a member of the
5 retirement system on or after the effective date of P.L.2008, c.89,
6 the member may elect "early retirement," provided, that such
7 election is communicated by such member to the retirement system
8 by filing a written application, duly attested, stating at what time
9 subsequent to the execution and filing thereof the member desires to
10 be retired. The member shall receive, in lieu of the payment
11 provided in N.J.S.18A:66-34, an annuity which is the actuarial
12 equivalent of the member's accumulated deductions and a pension
13 in the amount which, when added to the member's annuity, will
14 provide a total retirement allowance of (1) 1/64 of the member's
15 final compensation for each year of service credited as class A
16 service and 1/55 of the member's final compensation for each year
17 of service credited as class B service prior to the effective date of
18 P.L. _____, c. (pending before the Legislature as this bill) and 1/60 of
19 final compensation for each year of service credited on or after that
20 effective date, or (2) 1/55 of final compensation for each year of
21 service credited as class B service on and after the effective date of
22 P.L. _____, c. (pending before the Legislature as this bill) if the
23 member has contributed the rate of compensation established by the
24 board pursuant to N.J.S.18A:66-29, or (3) for a person who
25 becomes a member of the retirement system on or after the effective
26 date of P.L.2010, c.1, 1/60 of final compensation for each year of
27 service credited as class B service, calculated in accordance with
28 N.J.S.18A:66-44, reduced:

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

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

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

45 Subparagraph (b) or (c) of this section shall not apply to a person
46 who at the time of enrollment in the retirement system on or after
47 July 1, 2007 transfers service credit from another State-
48 administered retirement system pursuant to N.J.S.18A:66-15.1, but

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

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

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

10

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

12 18A:66-44. A member, upon retirement for service, shall receive
13 a retirement allowance consisting of:

14 (a) an annuity which shall be the actuarial equivalent of his
15 accumulated deductions, together with interest after January 1,
16 1956, less any excess contributions as provided in N.J.S.18A:66-20;
17 and

18 (b) a pension in the amount which, when added to the member's
19 annuity, will provide a total retirement allowance of (1) 1/64 of
20 final compensation for each year of service credited as class A
21 service and 1/55 of final compensation for each year of service
22 credited as class B service prior to the effective date of P.L. _____,
23 c. (pending before the Legislature as this bill) and 1/60 of final
24 compensation for each year of service credited on or after that
25 effective date, or (2) 1/55 of final compensation for each year of
26 service credited as class B service on and after the effective date of
27 P.L. _____, c. (pending before the Legislature as this bill) if the
28 member has contributed the rate of compensation established by the
29 board pursuant to N.J.S.18A:66-29, or (3) for a person who
30 becomes a member of the retirement system on or after the effective
31 date of P.L.2010, c.1, 1/60 of final compensation for each year of
32 service credited as class B service.

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

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

41

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

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

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

3 (b) A deferred retirement allowance, beginning at the retirement
4 age, which shall be made up of an annuity derived from the
5 accumulated deductions standing to the credit of the individual
6 member's account in the annuity savings fund at the time of his
7 severance from the service together with regular interest, and a
8 pension which when added to the annuity will produce a total
9 retirement allowance of (1) 1/64 of final compensation for each
10 year of service credited as Class A service and 1/55 of final
11 compensation for each year of service credited as Class B service
12 prior to the effective date of P.L. , c. (pending before the
13 Legislature as this bill) and 1/60 of final compensation for each
14 year of service credited on or after that effective date, or (2) 1/55 of
15 final compensation for each year of service credited as class B
16 service on and after the effective date of P.L. , c. (pending before
17 the Legislature as this bill) if the member has contributed the rate of
18 compensation established by the board pursuant to subsection b. of
19 section 25 of P.L.1954, c.84 (C.43:15A-25), or (3) for a person who
20 becomes a member of the retirement system on or after the effective
21 date of P.L.2010, c.1, 1/60 of final compensation for each year of
22 service credited as Class B service, calculated in accordance with
23 section 48 of this act, with optional privileges provided for in
24 section 50 of this act if he exercises such optional privilege at least
25 30 days before his attainment of the normal retirement age;
26 provided, that such election is communicated by such member to
27 the retirement system in writing stating at what time subsequent to
28 the execution and filing thereof he desires to be retired; and
29 provided further, that such member, as referred to in this subsection
30 may later elect: (1) to receive the payments provided for in section
31 41b. of this act, if he had qualified under that section at the time of
32 leaving service, except that in order to avail himself of the optional
33 privileges pursuant to section 50, he must exercise such optional
34 privilege at least 30 days before the effective date of his retirement;
35 or (2) to withdraw his accumulated deductions with interest as
36 provided in section 41a. If such member shall die before attaining
37 service retirement age then his accumulated deductions, plus regular
38 interest, shall be paid in accordance with section 41c.; or if such
39 member shall die after attaining service retirement age and has not
40 withdrawn his accumulated deductions, an amount equal to 3/16 of
41 the compensation received by the member in the last year of
42 creditable service shall be paid to such person, if living, as he shall
43 have nominated by written designation duly executed and filed with
44 the retirement system; otherwise to the executor or administrator of
45 the member's estate.

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

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

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

23 b. Should a member resign after having established 25 years of
24 creditable service before reaching age 60, or before reaching age 62
25 if the person became a member of the retirement system on or after
26 the effective date of P.L.2008, c.89, he may elect "early retirement,"
27 provided, that such election is communicated by such member to
28 the retirement system by filing a written application, duly attested,
29 stating at what time subsequent to the execution and filing thereof
30 he desires to be retired. He shall receive, in lieu of the payment
31 provided in subsection a. of this section, an annuity which is the
32 actuarial equivalent of his accumulated deductions together with
33 regular interest, and a pension in the amount which, when added to
34 the member's annuity, will provide a total retirement allowance of
35 (1) 1/64 of final compensation for each year of service credited as
36 Class A service and 1/55 of final compensation for each year of
37 service credited as Class B service prior to the effective date of
38 P.L. , c. (pending before the Legislature as this bill) and 1/60 of
39 final compensation for each year of service credited on or after that
40 effective date, or (2) 1/55 of final compensation for each year of
41 service credited as class B service on and after the effective date of
42 P.L. , c. (pending before the Legislature as this bill) if the
43 member has contributed the rate of compensation established by the
44 board pursuant to subsection b. of section 25 of P.L.1954, c.84
45 (C.43:15A-25), or (3) for a person who becomes a member of the
46 retirement system on or after the effective date of P.L.2010, c.1,
47 1/60 of final compensation for each year of service credited as

1 Class B service, calculated in accordance with section 48
2 (C.43:15A-48) of this act, reduced:

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

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

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

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

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

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

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

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

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

42

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

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

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

1 b. A pension in the amount which, when added to the member's
2 annuity, will provide a total retirement allowance of (1) 1/64 of
3 final compensation for each year of service credited as Class A
4 service and 1/55 of final compensation for each year of service
5 credited as Class B service prior to the effective date of P.L. _____,
6 c. (pending before the Legislature as this bill) and 1/60 of final
7 compensation for each year of service credited on or after that
8 effective date, or (2) 1/55 of final compensation for each year of
9 service credited as class B service on and after the effective date of
10 P.L. _____, c. (pending before the Legislature as this bill) if the
11 member has contributed the rate of compensation established by the
12 board pursuant to subsection b. of section 25 of P.L.1954, c.84
13 (C.43:15A-25), or (3) for a person who becomes a member of the
14 retirement system on or after the effective date of P.L.2010, c.1,
15 1/60 of final compensation for each year of service credited as
16 Class B service.

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

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

24

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

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

35 b. Upon the basis of the tables recommended by the actuary
36 which the commission adopts and regular interest, the actuary shall
37 annually determine if there is an amount of the accrued liability of
38 the retirement system, 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] commission shall determine, upon the advice of the

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

19 After consultation with and recommendation of the actuary, the
20 commission shall require, for the valuation period commencing
21 after the effective date of P.L. , c. (pending before the Legislature
22 as this bill) and for each period thereafter, the acceleration of
23 payments by the State for the unfunded accrued liability over such a
24 designated period of time as the commission determines to be
25 reasonable, necessary, and appropriate.

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

43 "Excess valuation assets" means the valuation assets for a
44 valuation period less the actuarial accrued liability for the valuation
45 period, if the sum is greater than zero. If there are excess valuation
46 assets for the valuation period ending June 30, 1996, the normal
47 contributions for the valuation periods ending June 30, 1996 and
48 June 30, 1997 which have not yet been paid to the retirement

1 system shall be reduced to the extent possible by the excess
2 valuation assets, provided that the General Fund balances that
3 would have been paid to the retirement system except for this
4 provision shall first be allocated as State aid to public schools to the
5 extent that additional sums are required to comply with the May 14,
6 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.
7 If there are excess valuation assets for a valuation period ending
8 after June 30, 1996, the State Treasurer may reduce the normal
9 contribution payable for the next valuation period as follows:

10 (1) for valuation periods ending June 30, 1997 through June 30,
11 2001, to the extent possible by up to 100% of the excess valuation
12 assets;

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

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

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

20 c. The actuary shall certify annually the aggregate amount
21 payable to the contingent reserve fund in the ensuing year, which
22 amount shall be equal to the sum of the amounts described in this
23 section. The State shall pay into the contingent reserve fund during
24 the ensuing year the amount so determined.

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

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

30 e. When the system has an unfunded accrued liability as
31 determined by the actuary, the actuary of the system shall make a
32 recommendation to the commission with regard to how an amount
33 resulting from an increase in the contribution rate set forth in
34 paragraphs (1) and (2) of subsection b. of section 26 of P.L.1981,
35 c.470 (C.43:6A-34.1), as may be required by the commission, will
36 be recognized and allocated in an annual valuation report. In no
37 event shall that resulting amount be allocated toward the payment
38 of the unfunded accrued liability that is the result, as determined by
39 the actuary, of the employer not making the full payment of the
40 certified annual actuarially required contribution as determined in
41 the valuation of the system by the actuary, and including any loss of
42 interest or earnings on those contributions not made, and of changes
43 in investment interest or earnings.

44 The responsibility for the portion of any unfunded accrued
45 liability that is not attributable to the employer not making the full
46 certified contributions, the loss of interest or earnings on those
47 contributions, and changes in investment interest and earnings shall
48 be allocated equally between members and employers. A reduction

1 in the unfunded accrued liability resulting from a modification of
2 benefits pursuant to this act, P.L. , c. (C.)(pending before the
3 Legislature as this bill), shall be solely attributable to the portion of
4 unfunded accrued liability allocated to the members. An unfunded
5 liability that accrues after the effective date of this act the
6 responsibility for which is shared equally by the employers and
7 members shall be amortized using a 30-year closed amortization
8 period.

9 f. Upon the request of the commission, the actuary of the
10 system shall make a recommendation in the annual valuation report
11 with regard to the contribution rate or rates for members of the
12 system, based on the valuation of the assets and liabilities and the
13 funded ratio of the system, in order to attain and maintain the
14 financial condition of the system that the commission has
15 determined to be reasonable, necessary, and appropriate. The
16 commission in making such a determination may consider the
17 standards set or recommended by relevant national authorities for
18 the financial condition of such similar systems and may consider
19 the standards of the Governmental Accounting Standards Board for
20 the purpose of valuing the assets and liabilities and calculating the
21 funded ratio of the system.

22 (cf: P.L.2007, c.92, s.25)

23

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

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

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

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

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

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

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

6 After consultation with and recommendation of the actuary, the
7 board shall require, for the valuation period commencing after the
8 effective date of P.L. , c. (pending before the Legislature as this
9 bill) and for each period thereafter, the acceleration of payments by
10 all employers for the unfunded accrued liability over such a
11 designated period of time as the board determines to be reasonable,
12 necessary, and appropriate.

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

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

- 35 (1) the valuation assets allocated to the State; less
- 36 (2) the actuarial accrued liability of the State for basic benefits
37 and pension adjustment benefits under the retirement system; less
- 38 (3) the contributory group insurance premium fund, created by
39 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
40 4 of P.L.1960, c.79; less
- 41 (4) the post retirement medical premium fund, created pursuant
42 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by
43 section 8 of P.L.1994, c.62; less
- 44 (5) the present value of the projected total normal cost for
45 pension adjustment benefits in excess of the projected total phased-
46 in normal cost for pension adjustment benefits for the State
47 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the
48 full phase-in period, determined in the manner prescribed for the

1 determination and amortization of the unfunded accrued liability of
2 the system, if the sum of the foregoing items is greater than zero.

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

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

6 (2) the actuarial accrued liability of the other employers for
7 basic benefits and pension adjustment benefits under the retirement
8 system, excluding the unfunded accrued liability for early
9 retirement incentive benefits pursuant to P.L.1991, c.229, P.L.1991,
10 c.230, P.L.1993, c.138, and P.L.1993, c.181, for employers other
11 than the State; less

12 (3) the contributory group insurance premium fund, created by
13 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
14 4 of P.L.1960, c.79; less

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

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

41 (1) for valuation periods ending March 31, 1997 through March
42 31, 2001, to the extent possible by up to 100% of the excess
43 valuation assets allocated to the State or to the other employers,
44 respectively;

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

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

4 (4) for valuation periods ending March 31, 2004 through June
5 30, 2007, to the extent possible by up to 50% of the excess
6 valuation assets allocated to the State or to the other employers,
7 respectively.

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

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

45 The normal contribution for the increased benefits for active
46 employees under P.L.2001, c.133 shall be paid from the benefit
47 enhancement fund. If assets in the benefit enhancement fund are
48 insufficient to pay the normal contribution for the increased benefits

1 for a valuation period, the State shall pay the amount of normal
2 contribution for the increased benefits not covered by assets from
3 the benefit enhancement fund.

4 c. The retirement system shall certify annually the aggregate
5 amount payable to the contingent reserve fund in the ensuing year,
6 which amount shall be equal to the sum of the amounts described in
7 this section.

8 The State Treasurer shall reduce the normal and accrued liability
9 contributions payable by employers other than the State, excluding
10 the contribution payable from the benefit enhancement fund, to a
11 percentage of the amount certified annually by the retirement
12 system, which percentage shall be: for payments due in the State
13 fiscal year ending June 30, 2005, 20%; for payments due in the
14 State fiscal year ending June 30, 2006, not more than 40%; for
15 payments due in the State fiscal year ending June 30, 2007, not
16 more than 60%; and for payments due in the State fiscal year ending
17 June 30, 2008, not more than 80%.

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

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

43 The actuaries for the retirement system shall determine the
44 unfunded liability of the retirement system, by employer, for the
45 reduced normal and accrued liability contributions provided under
46 P.L.2009, c.19. This unfunded liability shall be paid by the
47 employer in level annual payments over a period of 15 years
48 beginning with the payments due in the State fiscal year ending

1 June 30, 2012 and shall be adjusted by the rate of return on the
2 actuarial value of assets.

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

14 The State shall pay into the contingent reserve fund during the
15 ensuing year the amount so determined. The death benefits,
16 payable as a result of contribution by the State under the provisions
17 of this chapter upon the death of an active or retired member, shall
18 be paid from the contingent reserve fund.

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

22 e. When the system has an unfunded accrued liability as
23 determined by the actuary, the actuary of the system shall make a
24 recommendation to the board with regard to how an amount
25 resulting from an increase in the contribution rate set forth in
26 paragraphs (1) and (2) of subsection b. of section 25 of P.L.1954,
27 c.84 (C.43:15A-25), paragraphs (1) and (2) of subsection a. of
28 section 2 of P.L.1972, c.167 (C.43:15A-136), paragraphs (1) and (2)
29 of subsection b. of section 3 of P.L.2001, c.259 (C.43:15A-144),
30 and paragraphs (1) and (2) of subsection b. of section 3 of P.L.2001,
31 c.366 (C.43:15A-157), as may be required by the board, will be
32 recognized and allocated in an annual valuation report. In no event
33 shall that resulting amount be allocated toward the payment of the
34 unfunded accrued liability that is the result, as determined by the
35 actuary, of an employer not making the full payment of the certified
36 annual actuarially required contribution as determined in the
37 valuation of the system by the actuary, and including any loss of
38 interest or earnings on those contributions not made, and of changes
39 in investment interest or earnings.

40 The responsibility for the portion of any unfunded accrued
41 liability that is not attributable to the employer not making the full
42 certified contributions, the loss of interest or earnings on those
43 contributions, and changes in investment interest and earnings shall
44 be allocated equally between members and the employers. A
45 reduction in the unfunded accrued liability resulting from a
46 modification of benefits pursuant to this act, P.L. , c. (C.)
47 (pending before the Legislature as this bill), shall be solely
48 attributable to the portion of unfunded accrued liability allocated to

1 the members. An unfunded liability that accrues after the effective
2 date of this act the responsibility for which is shared equally by the
3 employers and members shall be amortized using a 30-year closed
4 amortization period.

5 f. Upon the request of the board of trustees, the actuary of the
6 system shall make a recommendation in the annual valuation report
7 with regard to the contribution rate or rates for members of the
8 system, based on the valuation of the assets and liabilities and the
9 funded ratio of the system, in order to attain and maintain the
10 financial condition of the system that the board has determined to
11 be reasonable, necessary, and appropriate. The board in making
12 such a determination may consider the standards set or
13 recommended by relevant national authorities for the financial
14 condition of such similar systems and may consider the standards of
15 the Governmental Accounting Standards Board for the purpose of
16 valuing the assets and liabilities and calculating the funded ratio of
17 the system.

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

19

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

21 18A:66-18. The contingent reserve fund shall be the fund in
22 which shall be credited contributions made by the State and other
23 employers.

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

32 b. Upon the basis of the tables recommended by the actuary
33 which the board of trustees adopts and regular interest, the actuary
34 of the board shall annually determine if there is an amount of the
35 accrued liability of the retirement system, computed under the
36 projected unit credit method, including the liability for pension
37 adjustment benefits for active employees funded pursuant to section
38 2 of P.L.1987, c.385 (C.18A:66-18.1), which is not already covered
39 by the assets of the retirement system, valued in accordance with
40 the asset valuation method established in this section. This shall be
41 known as the "unfunded accrued liability." If there was no
42 unfunded accrued liability for the valuation period immediately
43 preceding the current valuation period, the actuary, using the total
44 amount of this unfunded accrued liability, shall compute the initial
45 amount of contribution which, if the contribution is increased at a
46 specific rate and paid annually for a specific period of time, will
47 amortize this liability. The **[State Treasurer]** board of trustees shall
48 determine, upon the advice of the Director of the Division of

1 Pensions and Benefits, the [board of trustees] State Treasurer and
2 the actuary, the rate of increase for the contribution and the time
3 period for full funding of this liability, which shall not exceed 30
4 years. 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 After consultation with and recommendation of the actuary, the
20 board shall require, for the valuation period commencing after the
21 effective date of P.L. , c. (pending before the Legislature as this
22 bill) and for each period thereafter, the acceleration of payments by
23 the State and other employers for the unfunded accrued liability
24 over such a designated period of time as the board determines to be
25 reasonable, necessary, and appropriate.

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

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

- 46 (1) the valuation assets; less
- 47 (2) the actuarial accrued liability for basic benefits and pension
48 adjustment benefits, excluding the unfunded accrued liability for

1 early retirement incentive benefits pursuant to P.L.1991, c.231 and
2 P.L.1993, c.163 for employers other than the State; less

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

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

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

15 If there are excess valuation assets for the valuation period
16 ending March 31, 1996, the normal contributions for the valuation
17 periods ending March 31, 1996 and March 31, 1997 which have not
18 yet been paid to the retirement system shall be reduced to the extent
19 possible by the excess valuation assets, provided that the General
20 Fund balances that would have been paid to the retirement system
21 except for this provision shall first be allocated as State aid to
22 public schools to the extent that additional sums are required to
23 comply with the May 14, 1997 decision of the New Jersey Supreme
24 Court in Abbott v. Burke, and provided further that the normal
25 contribution for the valuation period ending March 31, 1996 shall
26 not be less than \$54,000,000. If there are excess valuation assets
27 for a valuation period ending after March 31, 1996, the State
28 Treasurer may reduce the normal contribution payable for the next
29 valuation period as follows:

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

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

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

37 (4) for valuation periods ending March 31, 2004 through June
38 30, 2007, to the extent possible by up to 50% of the excess
39 valuation assets.

40 For calendar years 1998 and 1999, the rate of contribution of
41 members of the retirement system under N.J.S.18A:66-29 shall be
42 reduced by 1/2 of 1% from excess valuation assets. For calendar
43 years 2000 and 2001, the rate of contribution of members of the
44 retirement system shall be reduced equally with normal
45 contributions to the extent possible, but not more than 1/2 of 1%,
46 from excess valuation assets. Thereafter, through calendar year
47 2007, the rate of contribution of members of the retirement system
48 under that section for a calendar year shall be reduced equally with

1 normal contributions to the extent possible, but not by more than
2 2%, from excess valuation assets if the State Treasurer determines
3 that excess valuation assets shall be used to reduce normal
4 contributions by the State for the fiscal year beginning immediately
5 prior to the calendar year, and excess valuation assets above the
6 amount necessary to fund the reduction for that calendar year in the
7 member contribution rate plus an equal reduction in the normal
8 contribution shall be available for the further reduction of normal
9 contributions, subject to the limitations prescribed by this
10 subsection.

11 If there are excess valuation assets after reductions in normal
12 contributions and member contributions as authorized in the
13 preceding paragraphs for a valuation period beginning with the
14 valuation period ending June 30, 1999, an amount of excess
15 valuation assets not to exceed the amount of the member
16 contributions for the fiscal year in which the normal contributions
17 are payable shall be credited to the benefit enhancement fund. The
18 amount of excess valuation assets credited to the benefit
19 enhancement fund shall not exceed the present value of the
20 expected additional normal contributions attributable to the
21 provisions of P.L.2001, c.133 payable on behalf of the active
22 members over the expected working lives of the active members in
23 accordance with the tables of actuarial assumptions for the
24 valuation period. No additional excess valuation assets shall be
25 credited to the benefit enhancement fund after the maximum
26 amount is attained. Interest shall be credited to the benefit
27 enhancement fund as provided under N.J.S.18A:66-25.

28 The normal contribution for the increased benefits for active
29 members under P.L.2001, c.133 shall be paid from the benefit
30 enhancement fund. If assets in the benefit enhancement fund are
31 insufficient to pay the normal contribution for the increased benefits
32 for a valuation period, the State shall pay the amount of normal
33 contribution for the increased benefits not covered by assets from
34 the benefit enhancement fund.

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

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

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

45 f. The disbursements for benefits not covered by reserves in
46 the system on account of veterans shall be met by direct
47 contribution of the State.

1 g. When the system has an unfunded accrued liability as
2 determined by the actuary, the actuary of the system shall make a
3 recommendation to the board with regard to how an amount
4 resulting from an increase in the contribution rate set forth in
5 subsection a. and paragraph (1) of subsection b. of N.J.S.18A:66-
6 29, as may be required by the board, will be recognized and
7 allocated in an annual valuation report. In no event shall that
8 resulting amount be allocated toward the payment of the unfunded
9 accrued liability that is the result, as determined by the actuary, of
10 the State or other employer not making the full payment of the
11 certified annual actuarially required contribution as determined in
12 the valuation of the system by the actuary, and including any loss of
13 interest or earnings on those contributions not made, and of changes
14 in investment interest or earnings.

15 The responsibility for the portion of any unfunded accrued
16 liability that is not attributable to the employer not making the full
17 certified contributions, the loss of interest or earnings on those
18 contributions, and changes in investment interest and earnings shall
19 be allocated equally between members and employers. A reduction
20 in the unfunded accrued liability resulting from a modification of
21 benefits pursuant to this act, P.L. , c. (C.)(pending before the
22 Legislature as this bill), shall be solely attributable to the portion of
23 unfunded accrued liability allocated to the members. An unfunded
24 liability that accrues after the effective date of this act the
25 responsibility for which is shared equally by the employers and
26 members shall be amortized using a 30-year closed amortization
27 period.

28 h. Upon the request of the board of trustees, the actuary of the
29 system shall make a recommendation in the annual valuation report
30 with regard to the contribution rate or rates for members of the
31 system, based on the valuation of the assets and liabilities and the
32 funded ratio of the system, in order to attain and maintain the
33 financial condition of the system that the board has determined to
34 be reasonable, necessary, and appropriate. The board in making
35 such a determination may consider the standards set or
36 recommended by relevant national authorities for the financial
37 condition of such similar systems and may consider the standards of
38 the Governmental Accounting Standards Board for the purpose of
39 valuing the assets and liabilities and calculating the funded ratio of
40 the system.

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

42

43 35. Section 34 of P.L.1965, c.89 (C.53:5A-34) is amended to
44 read as follows:

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

47 a. Upon the basis of the tables recommended by the actuary
48 which the board adopts and regular interest, the actuary shall

1 compute annually, beginning as of June 30, 1992, the amount of the
2 contribution which shall be the normal cost as computed under the
3 projected unit credit method attributable to service rendered under
4 the retirement system for the year beginning on July 1 immediately
5 succeeding the date of the computation. This shall be known as the
6 "normal contribution."

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

39 After consultation with and recommendation of the actuary, the
40 board shall require, for the valuation period commencing after the
41 effective date of P.L. , c. (pending before the Legislature as this
42 bill) and for each period thereafter, the acceleration of payments by
43 the State for the unfunded accrued liability over such a designated
44 period of time as the board determines to be reasonable, necessary,
45 and appropriate.

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

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

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

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

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

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

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

40 c. The actuary shall certify annually the aggregate amount
41 payable to the Contingent Reserve Fund in the ensuing year, which
42 amount shall be equal to the sum of the amounts described in this
43 section. The State shall pay into the Contingent Reserve Fund
44 during the ensuing year the amount so certified. In the event the
45 amount certified to be paid by the State includes amounts due for
46 services rendered by members to specific instrumentalities or
47 authorities the total amounts so certified shall be paid to the
48 retirement system by the State; provided, however, the full cost

1 attributable to such services rendered to such instrumentalities and
2 authorities shall be computed separately by the actuary and the
3 State shall be reimbursed for such amounts by such
4 instrumentalities or authorities.

5 The cash death benefits, payable as the result of contribution by
6 the State under the provisions of this act upon the death of a
7 member in active service and after retirement shall be paid from the
8 Contingent Reserve Fund.

9 d. When the system has an unfunded accrued liability as
10 determined by the actuary, the actuary of the system shall make a
11 recommendation to the board with regard to how an amount
12 resulting from an increase in the contribution rate set forth in
13 paragraphs (1) and (2) of subsection a. of section 38 of P.L.1965,
14 c.89 (C.53:5A-38), as may be required by the board, will be
15 recognized and allocated in an annual valuation report. In no event
16 shall that resulting amount be allocated toward the payment of the
17 unfunded accrued liability that is the result, as determined by the
18 actuary, of the employer not making the full payment of the
19 certified annual actuarially required contribution as determined in
20 the valuation of the system by the actuary, and including any loss of
21 interest or earnings on those contributions not made, and of changes
22 in investment interest or earnings.

23 The responsibility for the portion of any unfunded accrued
24 liability that is not attributable to the employer not making the full
25 certified contributions, the loss of interest or earnings on those
26 contributions, and changes in investment interest and earnings shall
27 be allocated equally between members and employers. A reduction
28 in the unfunded accrued liability resulting from a modification of
29 benefits pursuant to this act, P.L. , c. (C.)(pending before the
30 Legislature as this bill), shall be solely attributable to the portion of
31 unfunded accrued liability allocated to the members. An unfunded
32 liability that accrues after the effective date of this act the
33 responsibility for which is shared equally by the employers and
34 members shall be amortized using a 30-year closed amortization
35 period.

36 e. Upon the request of the board of trustees, the actuary of the
37 system shall make a recommendation in the annual valuation report
38 with regard to the contribution rate or rates for members of the
39 system, based on the valuation of the assets and liabilities and the
40 funded ratio of the system, in order to attain and maintain the
41 financial condition of the system that the board has determined to
42 be reasonable, necessary, and appropriate. The board in making
43 such a determination may consider the standards set or
44 recommended by relevant national authorities for the financial
45 condition of such similar systems and may consider the standards of
46 the Governmental Accounting Standards Board for the purpose of

1 valuing the assets and liabilities and calculating the funded ratio of
2 the system.

3 (cf: P.L.2007, c.92, s.27)

4

5 36. Section 19 of P.L.1992, c.125 (C.43:4B-1) is amended to
6 read as follows:

7 19. There is hereby established the Retirement Systems Actuary
8 Selection Committee which shall consist of the State Treasurer, and
9 the **[directors]** director of the **[Divisions]** Division of Pensions and
10 Benefits **[and Investment, and Office of Management and Budget]**,
11 or their designated representatives, and one member designated by
12 each of the boards of trustees of the Public Employees' Retirement
13 System, the Teachers' Pension and Annuity Fund, the Judicial
14 Retirement System, the State Police Retirement System, and the
15 Police and Firemen's Retirement System. **[The]** If a board of
16 trustees is unable to agree upon the selection of an actuary or
17 actuaries for the system, the committee shall select the actuary or
18 actuaries for the State retirement **[systems]** system in accordance
19 with the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), provided,
20 however, that the boards shall have the power to veto the selection
21 of the actuary for valid reason.

22 (cf: P.L.1992, c.125, s.19)

23

24 37. Section 38 of P.L.1992, c.41 (C.43:3C-11) is amended to
25 read as follows:

26 38. No present or future retirees of the Teachers' Pension and
27 Annuity Fund, the Judicial Retirement System, the Public
28 Employees' Retirement System, the Consolidated Police and
29 Firemen's Pension Fund, the Police and Firemen's Retirement
30 System, or the State Police Retirement System shall receive any
31 reduction in benefits or incur any additional costs as a result of the
32 provisions of P.L.1992, c.41 (C.43:6A-33.1 et al.), except as may be
33 provided by law.

34 (cf: P.L.1992, c.41, s.38)

35

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

38 29. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
39 to 52:18A-104), the general responsibility for the proper operation
40 of the retirement system is hereby vested in the State House
41 Commission.

42 The commission may, in its discretion and at such time and in
43 such manner as the board determines, enhance any benefit set forth
44 in P.L.1973, c.140 (C.43:6A-1 et seq.) as the commission
45 determines to be reasonable and appropriate, subject to the election
46 of a member to receive that enhancement and to make an additional
47 annual contribution for that enhancement at a rate to be determined
48 by the commission, or reduce any such benefit as an alternative to

1 an increase in the member contribution rate, which increase the
2 commission determines to be reasonable, necessary, and
3 appropriate, or reinstate, when appropriate, such reduced benefit to
4 the statutory level without an additional contribution by the
5 members.

6 b. Except as otherwise herein provided, no member of the State
7 House Commission shall have any direct interest in the gains or
8 profits of any investments of the retirement system, nor shall any
9 member of the State House Commission directly or indirectly, for
10 himself or as an agent in any manner use the moneys of the
11 retirement system, except to make such current and necessary
12 payments as are authorized by the commission; nor shall any
13 member of the State House Commission become an endorser or
14 surety, or in any manner an obligor for moneys loaned to or
15 borrowed from the retirement system.

16 c. For purposes of this act, each member of the State House
17 Commission shall be entitled to one vote and a majority vote of all
18 members shall be necessary for any decision by the commission at
19 any meeting of said commission.

20 d. Subject to the limitations of this act, the State House
21 Commission shall annually establish rules and regulations for the
22 administration of the funds created by this act and for the
23 transaction of its business. Such rules and regulations shall be
24 consistent with those adopted by the other pension funds within the
25 Division of Pensions in order to permit the most economical and
26 uniform administration of all such retirement systems.

27 e. The actuary of the system shall be selected by the
28 commission pursuant to the provisions of P.L.1954, c.48 (C.52:34-6
29 et seq.), except that if the commission is unable to agree upon the
30 selection of an actuary, the Retirement Systems Actuary Selection
31 Committee established by P.L.1992, c.125 shall select the actuary.
32 He shall be the technical adviser of the commission on matters
33 regarding the operation of the funds created by the provisions of
34 this act and shall perform such other duties as are required in
35 connection herewith.

36 f. The commission may, in its discretion, select and employ or
37 contract with legal counsel to advise and represent the commission.
38 If the commission does not select and employ or contract with legal
39 counsel, the Attorney General shall be the legal adviser of the
40 retirement system, except that if the Attorney General determines
41 that a conflict of interest would affect the ability of the Attorney
42 General to represent the commission on a matter affecting the
43 retirement system, the commission may select and employ or
44 contract with legal counsel to advise and represent the commission
45 on that matter.

46 g. The Director of the Division of Pensions of the State
47 Department of the Treasury shall be the secretary of the commission
48 for purposes pertaining to the provisions of this act.

1 h. For purposes of this act, the State House Commission shall
2 keep a record of all of its proceedings which shall be open to public
3 inspection. The retirement system shall publish annually a report
4 showing the fiscal transactions of the retirement system for the
5 preceding year, the amount of the accumulated cash and securities
6 of the system and the last balance sheet showing the financial
7 condition of the system by means of any actuarial valuation of the
8 assets and liabilities of the retirement system.

9 i. The State Treasurer shall designate a medical board after
10 consultation with the Director of the Division of Pensions. It shall
11 be composed of three physicians. The medical board shall pass on
12 all medical examinations required under the provisions of this act,
13 and shall report in writing to the retirement system its conclusions
14 and recommendations upon all matters referred to it.

15 j. No member of the commission shall accept from any person,
16 whether directly or indirectly and whether by himself or through his
17 spouse or any member of his family, or through any partner or
18 associate, any gift, favor, service, employment or offer of
19 employment, or any other thing of value, including contributions to
20 the campaign of a member as a candidate for elective public office,
21 which he knows or has reason to believe is offered to him with
22 intent to influence him in the performance of his public duties and
23 responsibilities. As used in this subsection, "person" means an (1)
24 individual or business entity, or officer or employee of such an
25 entity, who is seeking, or who holds, or who held within the prior
26 three years, a contract with the board; or (2) an active or retired
27 member, or beneficiary, of the retirement system. A board member
28 violating this prohibition shall be guilty of a crime of the third
29 degree.

30 (cf: P.L.1992, c.125, s.5)

31

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

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

39 b. Vested members of the Teachers' Pension and Annuity Fund,
40 the Judicial Retirement System, the Prison Officers' Pension Fund,
41 the Public Employees' Retirement System, the Consolidated Police
42 and Firemen's Pension Fund, the Police and Firemen's Retirement
43 System, and the State Police Retirement System, upon the
44 attainment of five years of service credit in the retirement system or
45 fund or on the date of enactment of this bill, whichever is later,
46 shall have a non-forfeitable right to receive benefits as provided
47 under the laws governing the retirement system or fund upon the
48 attainment of five years of service credit in the retirement system or

1 fund or on the effective date of this act, whichever is later. This
2 subsection shall not be applicable to a person who becomes a
3 member of these systems or funds on or after the effective date of
4 P.L.2010, c.1, except that such person shall not include a person
5 who at the time of enrollment in the retirement system or fund on or
6 after that effective date transfers service credit, as permitted, from
7 another State-administered retirement system or fund of which the
8 person was a member immediately prior to the effective date and
9 continuously thereafter, but shall include a former member of the
10 retirement system or fund who has been granted a retirement
11 allowance and is reenrolled in the retirement system or fund on or
12 after that effective date after becoming employed again in a position
13 that makes the person eligible to be a member of the retirement
14 system.

15 c. (1) The State and all other employers shall make [an] their
16 annual normal contribution [and an] to each system or fund as
17 determined by the board in consultation with the system's or fund's
18 actuary. The State and all other employers shall also make their
19 annual unfunded accrued liability contribution to each system or
20 fund as determined by the board in consultation with the system's
21 or fund's actuary, pursuant to standard actuarial practices
22 authorized by law, unless both of the following conditions are met:
23 (1) there is no existing unfunded accrued liability contribution due
24 to the system or fund at the close of the valuation period applicable
25 to the upcoming fiscal year; and (2) there are excess valuation
26 assets in excess of the actuarial accrued liability of the system or
27 fund at the close of the valuation period applicable to the upcoming
28 fiscal year. The annual normal contribution plus the annual
29 unfunded accrued liability contribution shall together be the annual
30 required contribution. For the State, section 38 of P.L.2010, c.1
31 (C.43:3C-14) shall apply with regard to the State's annual required
32 contribution.

33 (2) Each member of the Teachers' Pension and Annuity Fund,
34 the Judicial Retirement System, the Prison Officers' Pension Fund,
35 the Public Employees' Retirement System, the Consolidated Police
36 and Firemen's Pension Fund, the Police and Firemen's Retirement
37 System, and the State Police Retirement System shall have a
38 contractual right to a securely funded retirement system in which
39 contributions are made at the annual required contribution amount
40 by the member's employer or by any other public entity if so
41 designated to make such contributions by law. A contractual right
42 to a securely funded retirement system means that the employer or
43 other public entity shall make the annual required contributions on a
44 timely basis such that the retirement benefits to which the members
45 are entitled by statute or the actions of the boards of trustees, or
46 both, and in consideration for their public service and in
47 compensation for their work will be paid upon retirement. This
48 contractual right includes the right to have all employers and other

1 public entities, including the State, make all annually required
2 contributions as determined by the system actuary and the board of
3 trustees. The failure of any employer or other public entity,
4 including the State, to make the annually required contributions
5 shall be deemed to be an impairment of the contractual right of each
6 employee to a securely funded retirement system. The amount of
7 the State's annually required contributions shall be included in all
8 annual appropriations acts as a dedicated line item. Any member of
9 any retirement system and any board of trustees may bring an action
10 in the Superior Court, Law Division to enforce the contractual
11 rights set forth in this subsection and the State and other employers
12 wave any right to contest the jurisdiction of the court or to assert
13 any immunity to suit. If a member or board prevails in such action,
14 the court shall award that party their reasonable attorney's fees, in
15 addition to directing that all required funding be paid.

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

18 e. Except as expressly provided herein and only to the extent
19 so expressly provided, nothing in this act shall be deemed to (1)
20 limit the right of the State to alter, modify or amend such retirement
21 systems and funds, or (2) create in any member a right in the corpus
22 or management of a retirement system or pension fund. The rights
23 reserved to the State in this subsection shall not diminish the
24 contractual right of employees to non-forfeitable benefits
25 established by subsections a. and b. of this section and to securely
26 funded retirement systems established by subsection c. of this
27 section.

28 (cf: P.L.2010, c.1, s.29)

29

30 40. Section 3 of P.L.1973, c.140 (C.43:6A-3) is amended to read
31 as follows:

32 3. As used in this act:

33 a. "Accumulated deductions" means the sum of all amounts,
34 deducted from the compensation of a member or contributed by him
35 or on his behalf, standing to the credit of his individual account in
36 the annuity saving fund.

37 b. "Annuity" means payments for life derived from the
38 accumulated deductions of a member as provided in this
39 amendatory and supplementary act.

40 c. "Annuity reserve" means the present value of all payments
41 to be made on account of any annuity or benefit in lieu of an
42 annuity computed on the basis of such mortality tables
43 recommended by the actuary as the State House Commission adopts
44 with regular interest.

45 d. "Beneficiary" means any person entitled to receive any
46 benefit pursuant to the provisions of this act by reason of the death
47 of a member or retirant.

- 1 e. "Child" means a deceased member's or retirant's unmarried
2 child who is either (a) under the age of 18; (b) of any age who, at
3 the time of the member's or retirant's death, is disabled because of
4 mental retardation or physical incapacity, is unable to do any
5 substantial, gainful work because of the impairment and his
6 impairment has lasted or can be expected to last for a continuous
7 period of not less than 12 months, as affirmed by the medical board;
8 or (c) under the age of 21 and is attending school full time.
- 9 f. "Compensation" means the base salary, for services as a
10 member as defined in this act, which is in accordance with
11 established salary policies of the State for all employees in the same
12 position but shall not include individual salary adjustments which
13 are granted primarily in anticipation of the member's retirement or
14 additional remuneration for performing temporary duties beyond
15 the regular work schedule.
- 16 g. "Final salary" means the annual salary received by the
17 member at the time of his retirement or death.
- 18 h. "Fiscal year" means any year commencing with July 1 and
19 ending with June 30 next following.
- 20 i. "Medical board" means the board of physicians provided for
21 in section 29 of this act.
- 22 j. "Member" means the Chief Justice and associate justices of
23 the Supreme Court, judges of the Superior Court and tax court of
24 the State of New Jersey required to be enrolled in the retirement
25 system established by this act.
- 26 For purposes of this act, the person holding the office of standing
27 master by appointment pursuant to N.J.S.2A:1-7 shall have the
28 same privileges and obligations under this act as a judge of a
29 Superior Court.
- 30 k. "Parent" means the parent of a member who was receiving at
31 least one-half of his support from the member in the 12-month
32 period immediately preceding the member's death or the accident
33 which was the direct cause of the member's death. The dependency
34 of such a parent will be considered terminated by marriage of the
35 parent subsequent to the death of the member.
- 36 l. "Pension" means payment for life derived from contributions
37 by the State.
- 38 m. "Pension reserve" means the present value of all payments to
39 be made on account of any pension or benefit in lieu of a pension
40 computed on the basis of such mortality tables recommended by the
41 actuary as shall be adopted by the State House Commission with
42 regular interest.
- 43 n. "Regular interest" means interest as determined by the [State
44 Treasurer] commission, after consultation with and
45 recommendation of the [Directors of the Divisions of Investment
46 and Pensions, the State House Commission and the] actuary. [It
47 shall bear a reasonable relationship to the percentage rate of
48 earnings on investments based on the market value of assets but

1 shall not exceed the assumed percentage rate of increase applied to
2 salaries plus 3%, provided however that the commission shall not
3 set the average percentage rate of increase applied to salaries below
4 6%.]

5 o. "Retirant" means any former member receiving a pension or
6 retirement allowance as provided by this act.

7 p. "Retirement allowance" means the pension plus the annuity.

8 q. "Retirement system" or "system" herein refers to the
9 "Judicial Retirement System of New Jersey," which is the corporate
10 name of the arrangement for the payment of pensions, retirement
11 allowances and other benefits under the provisions of this act
12 including the several funds placed under said system. By that name,
13 all of its business shall be transacted, its funds invested, warrants
14 for money drawn, and payments made and all of its cash and
15 securities and other property held.

16 r. "Service" means public service rendered for which credit is
17 allowed on the basis of contributions made by the State.

18 s. "Several courts" means the Supreme, Superior, and tax
19 courts.

20 t. "Widow" means the woman to whom a member or a retirant
21 was married, or a domestic partner as defined in section 3 of
22 P.L.2003, c.246 (C.26:8A-3), at least four years before the date of
23 his death and to whom he continued to be married or a domestic
24 partner until the date of his death. The eligibility of such a widow to
25 receive a survivor's benefit will be considered terminated by the
26 marriage of, or establishment of a domestic partnership by, the
27 widow subsequent to the member's or the retirant's death. In the
28 event of accidental death the four-year qualification shall be
29 waived. When used in this act, the term "widow" shall mean and
30 include "widower" as may be necessary and appropriate to the
31 particular situation.

32 u. "Widower" means the man to whom a member or a retirant
33 was married, or a domestic partner as defined in section 3 of
34 P.L.2003, c.246 (C.26:8A-3), at least four years before the date of
35 her death and to whom she continued to be married or a domestic
36 partner until the date of her death. The eligibility of such a widower
37 to receive a survivor's benefit will be considered terminated by the
38 marriage of, or establishment of a domestic partnership by, the
39 widower subsequent to the member's or retirant's death. In the event
40 of accidental death the four-year qualification shall be waived.

41 v. "Spouse" means the husband or wife, or domestic partner as
42 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), of a member or
43 retirant.

44 (cf: P.L.2003, c.246, s.44)

45

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

48 6. As used in this act:

- 1 a. "Accumulated deductions" means the sum of all the
2 amounts, deducted from the compensation of a member or
3 contributed by or on behalf of the member, standing to the credit of
4 the member's individual account in the annuity savings fund.
- 5 b. "Annuity" means payments for life derived from the
6 accumulated deductions of a member as provided in this act.
- 7 c. "Annuity reserve" means the present value of all payments
8 to be made on account of any annuity or benefit in lieu of an
9 annuity, granted under the provisions of this act, computed on the
10 basis of such mortality tables recommended by the actuary as the
11 board of trustees adopts, with regular interest.
- 12 d. "Beneficiary" means any person receiving a retirement
13 allowance or other benefit as provided in this act.
- 14 e. "Child" means a deceased member's unmarried child either
15 (1) under the age of 18 or (2) of any age who, at the time of the
16 member's death, is disabled because of an intellectual disability or
17 physical incapacity, is unable to do any substantial, gainful work
18 because of the impairment and the impairment has lasted or can be
19 expected to last for a continuous period of not less than 12 months,
20 as affirmed by the medical board.
- 21 f. "Parent" shall mean the parent of a member who was
22 receiving at least 1/2 of the parent's support from the member in the
23 12-month period immediately preceding the member's death or the
24 accident which was the direct cause of the member's death. The
25 dependency of such a parent will be considered terminated by
26 marriage of the parent subsequent to the death of the member.
- 27 g. (1) "Widower," for employees of the State, means the man to
28 whom a member was married, or a domestic partner as defined in
29 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
30 the date of her death and to whom she continued to be married or a
31 domestic partner until the date of her death and who was receiving
32 at least 1/2 of his support from the member in the 12-month period
33 immediately preceding the member's death or the accident which
34 was the direct cause of the member's death. The dependency of such
35 a widower will be considered terminated by marriage of, or
36 establishment of a domestic partnership by, the widower subsequent
37 to the death of the member. In the event of the payment of an
38 accidental death benefit, the five-year qualification shall be waived.
- 39 (2) Subject to the provisions of paragraph (3) of this subsection,
40 "widower," for employees of public employers other than the State,
41 means the man to whom a member was married at least five years
42 before the date of her death and to whom she continued to be
43 married until the date of her death and who was receiving at least
44 1/2 of his support from the member in the 12-month period
45 immediately preceding the member's death or the accident which
46 was the direct cause of the member's death. The dependency of such
47 a widower shall be considered terminated by marriage of the
48 widower subsequent to the death of the member. In the event of the

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

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

7 h. (1) "Final compensation" means the average annual
8 compensation for which contributions are made for the three years
9 of creditable service in New Jersey immediately preceding the
10 member's retirement or death, or it shall mean the average annual
11 compensation for New Jersey service for which contributions are
12 made during any three fiscal years of his or her membership
13 providing the largest possible benefit to the member or the
14 member's beneficiary.

15 (2) In the case of a person who becomes a member of the
16 retirement system on or after the effective date of P.L.2010, c.1,
17 "final compensation" means the average annual compensation for
18 which contributions are made for the five years of creditable service
19 in New Jersey immediately preceding the member's retirement or
20 death, or it shall mean the average annual compensation for New
21 Jersey service for which contributions are made during any five
22 fiscal years of his or her membership providing the largest possible
23 benefit to the member or the member's beneficiary.

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

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

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

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

35 m. "Public Employees' Retirement System of New Jersey,"
36 hereinafter referred to as the "retirement system" or "system," is the
37 corporate name of the arrangement for the payment of retirement
38 allowances and other benefits under the provisions of this act
39 including the several funds placed under said system. By that name
40 all of its business shall be transacted, its funds invested, warrants
41 for money drawn, and payments made and all of its cash and
42 securities and other property held.

43 n. "Regular interest" shall mean interest as determined by the
44 **【State Treasurer】 board**, after consultation with and
45 recommendation of the **【Directors of the Divisions of Investment**
46 **and Pensions, the board of trustees and the】** actuary. **【It shall bear a**
47 **reasonable relationship to the percentage rate of earnings on**
48 **investments based on the market value of the assets but shall not**

1 exceed the assumed percentage rate of increase applied to salaries
2 plus 3%, provided however that the board of trustees shall not set
3 the average percentage rate of increase applied to salaries below
4 6%.]

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

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

23 (1) The Indian wars and uprisings during any of the periods
24 recognized by the War Department of the United States as periods
25 of active hostility;

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

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

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

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

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

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

39 (8) The Mexican border patrol, having actually participated in
40 engagements against Mexicans between April 12, 1911, and June
41 16, 1919;

42 (9) World War I, between April 6, 1917, and November 11,
43 1918;

44 (10) World War II, between September 16, 1940, and December
45 31, 1946, who shall have served at least 90 days in such active
46 service, exclusive of any period of assignment (1) for a course of
47 education or training under the Army Specialized Training Program
48 or the Navy College Training Program which course was a

1 continuation of a civilian course and was pursued to completion, or
2 (2) as a cadet or midshipman at one of the service academies any
3 part of which 90 days was served between said dates; provided, that
4 any person receiving an actual service-incurred injury or disability
5 shall be classed as a veteran whether or not that person has
6 completed the 90-day service as herein provided;

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

22 (12) Lebanon crisis, on or after July 1, 1958, who has served in
23 Lebanon or on board any ship actively engaged in patrolling the
24 territorial waters of that nation for a period, continuous or in the
25 aggregate, of at least 14 days commencing on or before November
26 1, 1958 or the date of termination of that conflict, as proclaimed by
27 the President of the United States or Congress, whichever date of
28 termination is the latest, in such active service; provided, that any
29 person receiving an actual service-incurred injury or disability shall
30 be classed as a veteran whether or not that person has completed the
31 14 days' service as herein provided;

32 (13) Vietnam conflict on or after December 31, 1960, and on or
33 prior to May 7, 1975, who shall have served at least 90 days in such
34 active service, exclusive of any period of assignment (1) for a
35 course of education or training under the Army Specialized
36 Training Program or the Navy College Training Program which
37 course was a continuation of a civilian course and was pursued to
38 completion, or (2) as a cadet or midshipman at one of the service
39 academies, any part of which 90 days was served between said
40 dates; and exclusive of any service performed pursuant to the
41 provisions of section 511(d) of Title 10, United States Code,
42 pursuant to an enlistment in the Army National Guard or as a
43 reserve for service in the Army Reserve, Naval Reserve, Air Force
44 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
45 that any person receiving an actual service-incurred injury or
46 disability shall be classed as a veteran whether or not that person
47 has completed the 90 days' service as herein provided;

1 (14) Lebanon peacekeeping mission, on or after September 26,
2 1982, who has served in Lebanon or on board any ship actively
3 engaged in patrolling the territorial waters of that nation for a
4 period, continuous or in the aggregate, of at least 14 days
5 commencing on or before December 1, 1987 or the date of
6 termination of that mission, as proclaimed by the President of the
7 United States or Congress, whichever date of termination is the
8 latest, in such active service; provided, that any person receiving an
9 actual service-incurred injury or disability shall be classed as a
10 veteran whether or not that person has completed the 14 days'
11 service as herein provided;

12 (15) Grenada peacekeeping mission, on or after October 23,
13 1983, who has served in Grenada or on board any ship actively
14 engaged in patrolling the territorial waters of that nation for a
15 period, continuous or in the aggregate, of at least 14 days
16 commencing on or before November 21, 1983 or the date of
17 termination of that mission, as proclaimed by the President of the
18 United States or Congress, whichever date of termination is the
19 latest, in such active service; provided, that any person receiving an
20 actual service-incurred injury or disability shall be classed as a
21 veteran whether or not that person has completed the 14 days'
22 service as herein provided;

23 (16) Panama peacekeeping mission, on or after December 20,
24 1989 or the date of inception of that mission, as proclaimed by the
25 President of the United States or Congress, whichever date of
26 inception is earliest, who has served in Panama or on board any ship
27 actively engaged in patrolling the territorial waters of that nation for
28 a period, continuous or in the aggregate, of at least 14 days
29 commencing on or before January 31, 1990 or the date of
30 termination of that mission, as proclaimed by the President of the
31 United States or Congress, whichever date of termination is the
32 latest, in such active service; provided, that any person receiving an
33 actual service-incurred injury or disability shall be classed as a
34 veteran whether or not that person has completed the 14 days'
35 service as herein provided;

36 (17) Operation "Desert Shield/Desert Storm" mission in the
37 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
38 or the date of inception of that operation, as proclaimed by the
39 President of the United States or Congress, whichever date of
40 inception is earliest, who has served in the Arabian peninsula or on
41 board any ship actively engaged in patrolling the Persian Gulf for a
42 period, continuous or in the aggregate, of at least 14 days
43 commencing on or before the date of termination of that mission, as
44 proclaimed by the President of the United States or Congress,
45 whichever date of termination is the latest, in such active service;
46 provided, that any person receiving an actual service-incurred injury
47 or disability shall be classed as a veteran whether or not that person
48 has completed the 14 days' service as herein provided;

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

16 (19) Operation "Restore Hope" in Somalia, on or after December
17 5, 1992, or the date of inception of that operation as proclaimed by
18 the President of the United States or Congress, whichever date is
19 earliest, who has served in Somalia or on board any ship actively
20 engaged in patrolling the territorial waters of that nation for a
21 period, continuously or in the aggregate, of at least 14 days in such
22 active service commencing on or before March 31, 1994; provided
23 that any person receiving an actual service-incurred injury or
24 disability shall be classed as a veteran whether or not that person
25 has completed the 14-day service as herein provided;

26 (20) Operations "Joint Endeavor" and "Joint Guard" in the
27 Republic of Bosnia and Herzegovina, on or after November 20,
28 1995, who served in such active service in direct support of one or
29 both of the operations for at least 14 days, continuously or in the
30 aggregate, commencing on or before June 20, 1998 and (1) was
31 deployed in that nation or in another area in the region, or (2) was
32 on board a United States naval vessel operating in the Adriatic Sea,
33 or (3) operated in airspace above the Republic of Bosnia and
34 Herzegovina; provided that any person receiving an actual service-
35 incurred injury or disability shall be classed as a veteran whether or
36 not that person completed the 14-day service requirement;

37 (21) Operation "Enduring Freedom", on or after September 11,
38 2001, who served in a theater of operation and in direct support of
39 that operation for a period, continuously or in the aggregate, of at
40 least 14 days in such active service commencing on or before the
41 date the President of the United States or the United States
42 Secretary of Defense designates as the termination date of that
43 operation; provided, that any person receiving an actual service-
44 incurred injury or disability while engaged in such service shall be
45 classed as a veteran whether or not that person has completed the 14
46 days' service as herein provided; and

47 (22) Operation "Iraqi Freedom", on or after the date the President
48 of the United States or the United States Secretary of Defense

1 designates as the inception date of that operation, who served in
2 Iraq or in another area in the region in direct support of that
3 operation for a period, continuously or in the aggregate, of at least
4 14 days in such active service commencing on or before the date the
5 President of the United States or the United States Secretary of
6 Defense designates as the termination date of that operation;
7 provided, that any person receiving an actual service-incurred injury
8 or disability while engaged in such service shall be classed as a
9 veteran whether or not that person has completed the 14 days'
10 service as herein provided.

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

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

27 (2) Subject to the provisions of paragraph (3) of this subsection,
28 "widow," for employees of public employers other than the State,
29 means the woman to whom a member was married at least five
30 years before the date of his death and to whom he continued to be
31 married until the date of his death and who was receiving at least
32 1/2 of her support from the member in the 12-month period
33 immediately preceding the member's death or the accident which
34 was the direct cause of the member's death. The dependency of such
35 a widow shall be considered terminated by the marriage of the
36 widow subsequent to the member's death. In the event of the
37 payment of an accidental death benefit, the five-year qualification
38 shall be waived.

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

43 r. (1) "Compensation" means the base or contractual salary, for
44 services as an employee, which is in accordance with established
45 salary policies of the member's employer for all employees in the
46 same position but shall not include individual salary adjustments
47 which are granted primarily in anticipation of the member's
48 retirement or additional remuneration for performing temporary or

1 extracurricular duties beyond the regular workday or the regular
2 work year.

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

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

26 For the period of July 1, 2009 through June 30, 2011,
27 "contractual salary" for State employees shall include across the
28 board negotiated wage increases under a collective negotiations
29 agreement that were payable to all State employees covered by that
30 agreement notwithstanding that, by amendment to that collective
31 negotiations agreement, the effective date of the contractual
32 increase has been deferred. For the purpose of this paragraph,
33 "State employee" means an employee in the Executive Branch or
34 the Judicial Branch of State government of New Jersey or an
35 employee of the State University authorized to participate in the
36 system under subsection b. of section 73 of P.L.1954, c.84
37 (C.43:15A-73), but shall not include employees of agencies
38 authorized to participate in the system under subsections a., c., d.,
39 e., f., and g. of section 73 of P.L.1954, c.84 (C.43:15A-73) or under
40 P.L.1990, c.25 (C.43:15A-73.2 et al.).

41 For the period of July 1, 2009 through June 30, 2011,
42 "contractual salary" for county and municipal employees shall
43 include across the board negotiated wage increases under a
44 collective negotiations agreement that were payable to all county or
45 all municipal employees covered by that agreement notwithstanding
46 that, by amendment to that collective negotiations agreement which
47 has been filed with the Division of Pensions and Benefits, the
48 effective date of the contractual increase has been deferred. For the

1 purpose of this paragraph, "county and municipal employees"
2 means all persons employed by a county or municipality in this
3 State.

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

5

6 42. 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】** board, after consultation with and
25 recommendation of the **【Directors of the Divisions of Investment**
26 **and Pensions, the board of trustees and the】** actuary. **【It shall bear**
27 **a reasonable relationship to the percentage rate of earnings on**
28 **investments based on the market value of assets but shall not exceed**
29 **the assumed percentage rate of increase applied to salaries plus 3%,**
30 **provided however that the board of trustees shall not set the average**
31 **percentage rate of increase applied to 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 final
2 compensation.

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

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

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

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

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

36 (22) "Parent" shall mean the parent of a member who was
37 receiving at least one-half of his 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 (23) (a) "Widower," for employees of the State, means the man
43 to whom a member or retirant was married, or a domestic partner as
44 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
45 her death and who has not since remarried or established a domestic
46 partnership. In the event of the payment of accidental death
47 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),

1 the restriction concerning remarriage or establishment of a domestic
2 partnership shall be waived.

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

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

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

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

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

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

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

36 (b) In the case of a person who becomes a member of the
37 retirement system on or after the effective date of P.L.2010, c.1,
38 "compensation" means the amount of base salary equivalent to the
39 annual maximum wage contribution base for Social Security,
40 pursuant to the Federal Insurance Contributions Act, for services as
41 a member as defined in this act, which is in accordance with
42 established salary policies of the member's employer for all
43 employees in the same position but shall not include individual
44 salary adjustments which are granted primarily in anticipation of
45 the member's retirement or additional remuneration for performing
46 temporary duties beyond the regular workday.

47 (27) "Department" shall mean any police or fire department of a
48 municipality or a fire department of a fire district located in a

1 township or a county police or park police department or the
2 appropriate department of the State or instrumentality thereof.

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

6 (b) In the case of a person who becomes a member of the
7 retirement system on or after the effective date of P.L.2010, c.1,
8 "final compensation" means the average annual compensation for
9 service for which contributions are made during any three fiscal
10 years of membership providing the largest possible benefit to the
11 member or the member's beneficiary.

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

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

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

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

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

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

25

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

27 18A:66-2. As used in this article:

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

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

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

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

45 (2) In the case of a person who becomes a member of the
46 retirement system on or after July 1, 2007, "compensation" means
47 the amount of the contractual salary equivalent to the annual
48 maximum wage contribution base for Social Security, pursuant to

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

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

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

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

35 (2) In the case of a person who becomes a member of the
36 retirement system on or after the effective date of P.L.2010, c.1,
37 "final compensation" means the average annual compensation for
38 which contributions are made for the five years of creditable service
39 in New Jersey immediately preceding the member's retirement or
40 death, or it shall mean the average annual compensation for New
41 Jersey service for which contributions are made during any five
42 fiscal years of his or her membership providing the largest possible
43 benefit to the member or the member's beneficiary.

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

46 h. "Pension" means payments for life derived from
47 appropriations made by the State or employers to the Teachers'
48 Pension and Annuity Fund.

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

1 teachers as defined in this subsection. No person shall be deemed a
2 teacher within the meaning of this article who is a substitute
3 teacher. In all cases of doubt the board of trustees shall determine
4 whether any person is a teacher as defined in this article.

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

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

30 (1) The Indian wars and uprisings during any of the periods
31 recognized by the War Department of the United States as periods
32 of active hostility;

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

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

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

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

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

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

46 (8) The Mexican border patrol, having actually participated in
47 engagements against Mexicans between April 12, 1911, and June
48 16, 1919;

1 (9) World War I, between April 6, 1917, and November 11,
2 1918;

3 (10) World War II, between September 16, 1940, and December
4 31, 1946, who shall have served at least 90 days in such active
5 service, exclusive of any period of assignment (1) for a course of
6 education or training under the Army Specialized Training Program
7 or the Navy College Training Program, which course was a
8 continuation of a civilian course and was pursued to completion, or
9 (2) as a cadet or midshipman at one of the service academies, any
10 part of which 90 days was served between said dates; provided that
11 any person receiving an actual service-incurred injury or disability
12 shall be classed as a veteran, whether or not that person has
13 completed the 90-day service as herein provided;

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

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

39 (13) Vietnam conflict, on or after December 31, 1960, and on or
40 prior to May 7, 1975, who shall have served at least 90 days in such
41 active service, exclusive of any period of assignment (1) for a
42 course of education or training under the Army Specialized
43 Training Program or the Navy College Training Program, which
44 course was a continuation of a civilian course and was pursued to
45 completion, or (2) as a cadet or midshipman at one of the service
46 academies, any part of which 90 days was served between said
47 dates; and exclusive of any service performed pursuant to the
48 provisions of section 511(d) of Title 10, United States Code,

1 pursuant to an enlistment in the Army National Guard or as a
2 reserve for service in the Army Reserve, Naval Reserve, Air Force
3 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
4 that any person receiving an actual service-incurred injury or
5 disability shall be classed as a veteran, whether or not that person
6 has completed the 90-day service as herein provided;

7 (14) Lebanon peacekeeping mission, on or after September 26,
8 1982, who has served in Lebanon or on board any ship actively
9 engaged in patrolling the territorial waters of that nation for a
10 period, continuous or in the aggregate, of at least 14 days
11 commencing on or before December 1, 1987 or the date of
12 termination of that mission, as proclaimed by the President of the
13 United States or Congress, whichever date of termination is the
14 latest, in such active service; provided, that any person receiving an
15 actual service-incurred injury or disability shall be classed as a
16 veteran whether or not that person has completed the 14 days'
17 service as herein provided;

18 (15) Grenada peacekeeping mission, on or after October 23,
19 1983, who has served in Grenada or on board any ship actively
20 engaged in patrolling the territorial waters of that nation for a
21 period, continuous or in the aggregate, of at least 14 days
22 commencing on or before November 21, 1983 or the date of
23 termination of that mission, as proclaimed by the President of the
24 United States or Congress, whichever date of termination is the
25 latest, in such active service; provided, that any person receiving an
26 actual service-incurred injury or disability shall be classed as a
27 veteran whether or not that person has completed the 14 days'
28 service as herein provided;

29 (16) Panama peacekeeping mission, on or after December 20,
30 1989 or the date of inception of that mission, as proclaimed by the
31 President of the United States or Congress, whichever date of
32 inception is earliest, who has served in Panama or on board any ship
33 actively engaged in patrolling the territorial waters of that nation for
34 a period, continuous or in the aggregate, of at least 14 days
35 commencing on or before January 31, 1990 or the date of
36 termination of that mission, as proclaimed by the President of the
37 United States or Congress, whichever date of termination is the
38 latest, in such active service; provided, that any person receiving an
39 actual service-incurred injury or disability shall be classed as a
40 veteran whether or not that person has completed the 14 days'
41 service as herein provided;

42 (17) Operation "Desert Shield/Desert Storm" mission in the
43 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
44 or the date of inception of that operation, as proclaimed by the
45 President of the United States or Congress, whichever date of
46 inception is earliest, who has served in the Arabian peninsula or on
47 board any ship actively engaged in patrolling the Persian Gulf for a
48 period, continuous or in the aggregate, of at least 14 days

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

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

22 (19) Operation "Restore Hope" in Somalia, on or after December
23 5, 1992, or the date of inception of that operation as proclaimed by
24 the President of the United States or Congress, whichever date is
25 earliest, who has served in Somalia or on board any ship actively
26 engaged in patrolling the territorial waters of that nation for a
27 period, continuously or in the aggregate, of at least 14 days in such
28 active service commencing on or before March 31, 1994; provided
29 that any person receiving an actual service-incurred injury or
30 disability shall be classed as a veteran whether or not that person
31 has completed the 14-day service as herein provided;

32 (20) Operations "Joint Endeavor" and "Joint Guard" in the
33 Republic of Bosnia and Herzegovina, on or after November 20,
34 1995, who served in such active service in direct support of one or
35 both of the operations for at least 14 days, continuously or in the
36 aggregate, commencing on or before June 20, 1998, and (1) was
37 deployed in that nation or in another area in the region, or (2) was
38 on board a United States naval vessel operating in the Adriatic Sea,
39 or (3) operated in airspace above the Republic of Bosnia and
40 Herzegovina; provided that any person receiving an actual service-
41 incurred injury or disability shall be classed as a veteran whether or
42 not that person completed the 14-day service requirement;

43 (21) Operation "Enduring Freedom", on or after September 11,
44 2001, who served in a theater of operation and in direct support of
45 that operation for a period, continuously or in the aggregate, of at
46 least 14 days in such active service commencing on or before the
47 date the President of the United States or the United States
48 Secretary of Defense designates as the termination date of that

1 operation; provided, that any person receiving an actual service-
2 incurred injury or disability while engaged in such service shall be
3 classed as a veteran whether or not that person has completed the 14
4 days' service as herein provided; and

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

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

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

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

40 (2) Subject to the provisions of paragraph (3) of this subsection,
41 "widower," for employees of public employers other than the State,
42 means the man to whom a member was married at least five years
43 before the date of her death and to whom she continued to be
44 married until the date of her death and who was receiving at least
45 one-half of his support from the member in the 12-month period
46 immediately preceding the member's death or the accident which
47 was the direct cause of the member's death. The dependency of such
48 a widower shall be considered terminated by marriage of the

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

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

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

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

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

36 v. "Parent" means the parent of a member who was receiving at
37 least one-half of the parent's support from the member in the 12-
38 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 w. "Medical board" means the board of physicians provided for
43 in N.J.S.18A:66-56.

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

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

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

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

9

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

12 3. As used in this act:

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

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

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

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

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

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

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

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

47 i. (1) "Final compensation" means the average compensation
48 received by the member in the last 12 months of creditable service

- 1 preceding his retirement or death. Such term includes the value of
2 the member's maintenance allowance for this same period.
- 3 (2) In the case of a person who becomes a member of the
4 retirement system on or after the effective date of P.L.2010, c.1,
5 "final compensation" means the average annual compensation for
6 service for which contributions are made during any three fiscal
7 years of membership providing the largest possible benefit to the
8 member or the member's beneficiary. Such term includes the value
9 of the member's maintenance allowance for this same period.
- 10 j. (1) "Final salary" means the average salary received by the
11 member in the last 12 months of creditable service preceding his
12 retirement or death. Such term shall not include the value of the
13 member's maintenance allowance.
- 14 (2) In the case of a person who becomes a member of the
15 retirement system on or after the effective date of P.L.2010, c.1,
16 "final salary" means the average annual salary for service for which
17 contributions are made during any three fiscal years of membership
18 providing the largest possible benefit to the member or the
19 member's beneficiary. Such term shall not include the value of the
20 member's maintenance allowance.
- 21 k. "Fiscal year" means any year commencing with July 1 and
22 ending with June 30 next following.
- 23 l. "Medical board" means the board of physicians provided for
24 in section 30 of this act.
- 25 m. "Member" means any full-time, commissioned officer, non-
26 commissioned officer or trooper of the Division of State Police of
27 the Department of Law and Public Safety of the State of New Jersey
28 enrolled in the retirement system established by this act.
- 29 n. "Pension" means payment for life derived from contributions
30 by the State.
- 31 o. "Pension reserve" means the present value of all payments to
32 be made on account of any pension or benefit in lieu of any pension
33 computed on the basis of such mortality tables recommended by the
34 actuary as shall be adopted by the board of trustees and regular
35 interest.
- 36 p. "Regular interest" means interest as determined by the [State
37 Treasurer] board, after consultation with and recommendation of
38 the [Directors of the Divisions of Investment and Pensions, the
39 board of trustees and the] actuary. [It shall bear a reasonable
40 relationship to the percentage rate of earnings on investments based
41 on the market value of the assets but shall not exceed the assumed
42 percentage rate of increase applied to salaries plus 3%, provided
43 however that the board of trustees shall not set the average
44 percentage rate of increase applied to salaries below 6%.]
- 45 q. "Retirant" means any former member receiving a retirement
46 allowance as provided by this act.
- 47 r. "Retirement allowance" means the pension plus the annuity.

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

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

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

31 (2) In the case of a person who becomes a member of the
32 retirement system on or after the effective date of P.L.2010, c.1,
33 "compensation" means the amount of base salary equivalent to the
34 annual maximum wage contribution base for Social Security,
35 pursuant to the Federal Insurance Contributions Act, for services as
36 a member as defined in this act, which is in accordance with
37 established salary policies of the State for all employees in the same
38 position but shall not include individual salary adjustments which
39 are granted primarily in anticipation of the member's retirement or
40 additional remuneration for performing temporary duties beyond
41 the regular workday or shift.

42 (cf: P.L.2010, c.50, s.80)

43

44 45. The terms of service of those appointed and elected
45 members serving on the boards of trustees of the Teachers' Pension
46 and Annuity Fund, the Public Employees' Retirement System, the
47 Police and Firemen's Retirement System, and the State Police
48 Retirement System on the effective date of this act, P.L. ,

1 c. (pending before the Legislature as this bill), shall be
2 terminated as of that effective date so that the composition of those
3 boards as provided for in this act shall be attained. A trustee whose
4 service on the board has been terminated pursuant to this section
5 may be appointed to serve as a trustee after that effective date if
6 qualified.

7

8 46. Section 1 of P.L.1997, c.63 (C.18A:66-56.1) is repealed.

9

10 47. This act shall take effect on the 120th day after enactment,
11 except that sections 7 through 16, inclusive, shall take effect the
12 first day of the thirteenth month following enactment. The Division
13 of Pensions and Benefits in the Department of the Treasury, the
14 Commissioner of the Department of Labor and Workforce
15 Development, and the various boards of trustees shall take such
16 anticipatory action as may be deemed necessary and appropriate to
17 effectuate the implementation of this act.

18

19

20

STATEMENT

21

22 This bill makes various changes to Teachers' Pension and
23 Annuity Fund (TPAF), the Public Employees' Retirement System
24 (PERS), the Police and Firemen's Retirement System (PFRS), the
25 Judicial Retirement System (JRS), and the State Police Retirement
26 System (SPRS).

27 The bill changes the membership of the board of trustees of the
28 TPAF, PERS, PFRS, and SPRS to ensure that there are an equal
29 number of trustees representing public employers and an equal
30 number representing public employees. The trustees representing
31 public employees will be appointed by the heads of public employee
32 unions in this State and the Director of the John J. Heldrich Center
33 for Workforce Development at the Edward J. Bloustein School of
34 Planning and Public Policy at Rutgers, the State University will
35 allocate the number of trustees to be appointed by each union head.
36 Election of trustees is eliminated.

37 The bill prohibits any trustee of the board of the TPAF, PERS,
38 PFRS, SPRS, and JRS from accepting from any person, whether
39 directly or indirectly and whether by himself or through his spouse
40 or any member of his family, or through any partner or associate,
41 any gift, favor, service, employment or offer of employment, or any
42 other thing of value, including contributions to the campaign of a
43 member as a candidate for elective public office, which he knows or
44 has reason to believe is offered to him with intent to influence him
45 in the performance of his public duties and responsibilities. As
46 defined, "person" means an (1) individual or business entity, or
47 officer or employee of such an entity, who is seeking, or who holds,
48 or who held within the prior three years, a contract with the board;

1 (2) an active or retired member, or beneficiary, of the retirement
2 system; or (3) an entity, or officer or employee of such an entity, in
3 which the assets of the retirement system have been invested. A
4 board member violating this prohibition will guilty of a crime of the
5 third degree.

6 The bill vests with the board of trustees of the PFRS and SPRS,
7 and permits the board of the PERS and TPAF to assume, all the
8 functions, powers, and duties for, or relating to, investment or
9 reinvestment of moneys, and purchase, sale or exchange of any
10 investments or securities, of or for any funds or accounts under the
11 control and management of each board. These functions, powers,
12 and duties are currently performed by the Division of Investment in
13 the Department of the Treasury. The bill authorizes the director of
14 that division to administer all the activities and implement all the
15 decisions of each board to the extent and in the manner authorized,
16 approved, or directed by each board.

17 The bill authorizes the boards of the TPAF, PERS, PFRS, and
18 SPRS, at the board's discretion, to establish a division or unit, and
19 use external managers, for the administration and implementation of
20 matters with regard to its functions, powers, and duties vested by
21 law for, or relating to, investment or reinvestment of moneys of,
22 and purchase, sale or exchange of any investments or securities of
23 or for any funds or accounts under the control and management of
24 each board, consistent with applicable law and the policies,
25 procedures, and regulations of the board. If a board makes such an
26 election, the board must consult and coordinate with the Division of
27 Investment in the Department of the Treasury and the State
28 Investment Council for such transfers as deemed necessary and
29 appropriate. If the board makes such an election, the board must
30 comply with applicable provisions of P.L.1950, c.270 (C.52:18A-79
31 et seq.).

32 All actions and decisions of any division or unit or external
33 manager regarding investments must be authorized by either general
34 policies, objectives, or guidelines or specific orders of the board, or
35 by approval by the board or the finance committee of the board of a
36 specific action or decision.

37 The bill provides that the details of contracts with external
38 managers used by the Division of Investment in the Department of
39 the Treasury for investment of pension system assets, including
40 information on types of investments, fees paid, and performance
41 benchmarks and actual performance, must be available for public
42 inspection, examination, and copying as a government record in
43 accordance with the open public records act (P.L.1963, c.73;
44 C.47:1A-1 et seq.).

45 The bill changes the member contribution rate for TPAF, PERS,
46 PFRS, SPRS, and JRS so that, for the valuation period commencing
47 after the effective date of the bill, or at such earlier date as the
48 board determines, the contribution rate for a member, expressed as

1 a percentage of salary, will be equal to the employer contribution,
2 expressed as a percentage of the salary base, the sum of which
3 percentage amounts will equal the normal cost of the retirement
4 system as determined in the annual valuation by the actuary. If the
5 contributions of members based on the statutory rate represent 40%
6 or less of the normal cost of the retirement system, then the
7 statutory rate will remain in effect until the board increases that
8 rate. If the contributions of members based on the statutory rate
9 represent more than 50% of the normal cost of the retirement
10 system, then the statutory rate will remain in effect until the board
11 adjusts that rate.

12 The bill also authorizes the board of trustees of the TPAF, PERS,
13 PFRS, SPRS, and JRS to adjust the contribution rate of the
14 members of the system, after consultation with and recommendation
15 of the actuary of the system, as determined by the board to be
16 reasonable, necessary, and appropriate.

17 The actuary of the system will recommend how the amount
18 resulting from an increase in the contribution rate should be
19 recognized and allocated in an annual valuation report. In no event
20 can that resulting amount be allocated toward the payment of the
21 unfunded accrued liability that is the result, as determined by the
22 actuary, of an employer not making the full payment of the certified
23 annual actuarially required contribution as determined in the
24 valuation of the system by the actuary, and including any loss of
25 interest or earnings on those contributions not made, and of changes
26 in investment interest or earnings.

27 The bill also allocates the responsibility for the portion of any
28 unfunded accrued liability that is not attributable to the employer
29 not making the full certified contributions, the loss of interest or
30 earnings on those contributions, and changes in investment interest
31 and earnings equally between members and employers. A reduction
32 in the unfunded accrued liability resulting from a modification of
33 benefits pursuant to this bill must be solely attributable to the
34 portion of unfunded accrued liability allocated to the members. An
35 unfunded liability that accrues after the effective date of the bill the
36 responsibility for which is shared equally by the employers and
37 members must be amortized using a 30-year closed amortization
38 period.

39 Upon the request of the board of trustees, the actuary of the
40 system is to make a recommendation in the annual valuation report
41 with regard to the contribution rate or rates for members of the
42 system, based on the valuation of the assets and liabilities and the
43 funded ratio of the system, in order to attain and maintain the
44 financial condition of the system that the board has determined to
45 be reasonable, necessary, and appropriate. The board in making
46 such a determination may consider the standards set or
47 recommended by relevant national authorities for the financial
48 condition of such similar systems and may consider the standards of

1 the Governmental Accounting Standards Board for the purpose of
2 valuing the assets and liabilities and calculating the funded ratio of
3 the system.

4 The bill provides that the board may, in its discretion and at such
5 time and in such manner as the board determines, enhance any
6 benefit set forth in statute for the JRS, TPAF, PERS, PFRS, and
7 SPRS as the board determines to be reasonable and appropriate,
8 subject to the election of a member to receive that enhancement and
9 to make an additional annual contribution for that enhancement at a
10 rate to be determined by the board, or reduce any such benefit as an
11 alternative to an increase in the member contribution rate, which
12 increase the board determines to be reasonable, necessary, and
13 appropriate, or reinstate, when appropriate, such reduced benefit to
14 the statutory level without an additional contribution by the
15 members.

16 The bill terminates the application of the "Pension Adjustment
17 Act," P.L.1958, c.143 (C.43:3B-1 et seq.), for members of the
18 TPAF, PERS, PFRS, SPRS, and JRS with less than five years of
19 service credit in the system on the bill's effective date. For those
20 members with five or more years of service on that effective date,
21 the application of the act may continue if the member elects to
22 contribute such an additional amount to the retirement system as
23 determined by the board of trustees for the benefit going forward.
24 Contributions by the employer will also continue for those members
25 who make such an election.

26 The bill provides that the multiplier of final compensation used
27 in the calculation of the deferred, early, and service retirement
28 allowances for members of the TPAF and the PERS will change
29 from 1/55 to 1/60 for service credited on and after the bill's
30 effective date. The bill allows a TPAF or PERS member to
31 contribute an additional amount to the system representing the
32 additional benefit as determined by the board of trustees, which
33 amount cannot be less than 50% of the cost of the benefit as
34 determined by the actuary of the system unless the board determines
35 otherwise, in order to continue to have a deferred, early, or service
36 retirement allowance calculated using 1/55 for all service credited
37 on and after the effective date. Contributions by the employer will
38 also continue for those members who make such an election.

39 The bill requires the board of trustees of the TPAF, PERS, PFRS,
40 SPRS, and JRS to select the actuary for the system. If the board
41 cannot agree on the selection, the Retirement Systems Actuary
42 Selection Committee, which currently makes the selection, will do
43 so. The bill changes the membership of the committee to consist of
44 the State Treasurer and the Director of the Division of Pensions and
45 Benefits, and one member designated by each board of trustees of
46 the PERS, TPAF, JRS, SPRS, and PFRS. The bill removes from
47 the committee the Director of the Division of Investment and of the

1 Office of Management and Budget, and adds a representative of the
2 board of the JRS and the SPRS.

3 The bill authorizes the board of trustees of the TPAF, PERS,
4 PFRS, SPRS, and JRS to determine, upon the advice of the Director
5 of the Division of Pensions and Benefits, the State Treasurer, and
6 the actuary of the system, the rate of increase for the contribution
7 toward the unfunded accrued liability of the system and the time
8 period for full funding of this liability, which cannot exceed 30
9 years. Currently, the State Treasurer makes this determination and
10 the board is consulted for advice.

11 The bill requires that, after consultation with and
12 recommendation of the actuary, each board is to require, for the
13 pension valuation period commencing after the effective date of the
14 bill and for each period thereafter, the acceleration of payments by
15 employers for the unfunded accrued liability over such a designated
16 period of time as the board determines to be reasonable, necessary,
17 and appropriate.

18 The bill provides that each member of the TPAF, JRS, Prison
19 Officers' Pension Fund, PERS, Consolidated Police and Firemen's
20 Pension Fund, PFRS, and SPRS will have a contractual right to a
21 securely funded retirement system in which contributions are made
22 at the annual required contribution level by the employer or by any
23 other public entity if so designated to make such contributions by
24 law. A contractual right to a securely funded retirement system
25 means that the employer or other public entity will make the annual
26 required contributions on a timely basis such that the retirement
27 benefits to which the members are entitled by statute or the actions
28 of the boards of trustees, or both, and in consideration for their
29 public service and in compensation for their work will be paid upon
30 retirement. This contractual right includes the right to have all
31 employers and other public entities, including the State, make all
32 annually required contributions as determined by the system actuary
33 and the board of trustees. The failure of any employer or other
34 public entity, including the State, to make the annually required
35 contributions will be deemed to be an impairment of the contractual
36 right of each employee to a securely funded retirement system. The
37 amount of the State's annually required contribution must be
38 included in all annual appropriations acts as a dedicated line item.
39 Any member of any retirement system and any board of trustees
40 may bring an action in the Superior Court, Law Division to enforce
41 the contractual rights and the State and other employers waive any
42 right to contest the jurisdiction of the court or to assert any
43 immunity to suit. If a member or board prevails in such action, the
44 court must award that party their reasonable attorney's fees, in
45 addition to directing that all required funding be paid.

46 The bill also provides that the rights reserved to the State in
47 current law to alter, modify, or amend such retirement systems and
48 funds, or to create in any member a right in the corpus or

1 management of a retirement system or pension fund, cannot
2 diminish the contractual right of employees to non-forfeitable
3 benefits established by law and to securely funded retirement
4 systems established by this bill.

5 Finally, the bill changes the definition of "regular interest" in the
6 JRS, PERS, PFRS, TPAF, and SPRS to mean interest as determined
7 by the board of trustees after consultation and recommendation of
8 the actuary. Current law defines "regular interest" to mean interest
9 as determined by the State Treasurer, after consultation with the
10 Directors of the Divisions of Investment and Pensions and Benefits,
11 the board of trustees, and the actuary, which bears a reasonable
12 relationship to the percentage rate of earnings on investments based
13 on the market value of the assets but not exceeding the assumed
14 percentage rate of increase applied to salaries plus 3%, provided
15 however, that the board of trustees must not set the average
16 percentage rate of increase applied to salaries below 6%.

17 The bill repeals one section of law that concerns the terms of
18 office of elected members of the TPAF board of trustees.

19 The bill, if enacted, will take effect 120 days after enactment,
20 except that the provisions concerning the transfer of authority over
21 investment of pension system assets will take effect one year after
22 enactment.