

SENATE, No. 2705

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED FEBRUARY 17, 2011

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Morris and Passaic)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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2

1 AN ACT concerning the retirement benefits of public employees
2 and the State-administered retirement systems, and amending,
3 supplementing and repealing various parts of the statutory law.
4

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

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

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

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

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

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

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

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

40 g. The reforms contain technical changes that are required in
41 order to ensure the pension plans operate as qualified plans under
42 federal tax law.
43

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

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

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

Matter underlined thus is new matter.

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

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

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

10 d. (1) "Compensation" means the contractual salary, for services
11 as a teacher as defined in this article, which is in accordance with
12 established salary policies of the member's employer for all
13 employees in the same position but shall not include individual
14 salary adjustments which are granted primarily in anticipation of
15 the member's retirement or additional remuneration for performing
16 temporary or extracurricular duties beyond the regular school day or
17 the regular school year.

18 (2) In the case of a person who becomes a member of the
19 retirement system on or after July 1, 2007, "compensation" means
20 the amount of the contractual salary equivalent to the annual
21 maximum wage contribution base for Social Security, pursuant to
22 the Federal Insurance Contributions Act, for services as a teacher as
23 defined in this article, which is in accordance with established
24 salary policies of the member's employer for all employees in the
25 same position but shall not include individual salary adjustments
26 which are granted primarily in anticipation of the member's
27 retirement or additional remuneration for performing temporary or
28 extracurricular duties beyond the regular school day or the regular
29 school year. This paragraph shall not apply to a person who at the
30 time of enrollment in the retirement system on or after July 1, 2007
31 transfers service credit from another State-administered retirement
32 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
33 member of the retirement system who has been granted a retirement
34 allowance and is reenrolled in the retirement system on or after July
35 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
36 again in a position that makes the person eligible to be a member of
37 the retirement system.

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

45 e. "Employer" means the State, the board of education or any
46 educational institution or agency of or within the State by which a
47 teacher is paid.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (1) the valuation assets; less

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29

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

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

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

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

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17

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

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

4

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

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

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

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

26

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

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

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

40

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

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

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

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

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

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

19

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

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

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

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

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

4 If a work-related disability retirant or an accidental disability
5 retirant approved prior to the effective date of P.L. , c. (pending
6 before the Legislature as this bill) receives a retirement allowance
7 without reduction and periodic benefits under the workers'
8 compensation law for any period of time after the date of
9 retirement, the retirant shall repay to the retirement system the
10 amount of the pension portion of the retirement allowance which
11 should have been subject to reduction under this subsection. The
12 repayment may be in the form of a lump sum payment or scheduled
13 as deductions from the retirant's retirement allowance and pension
14 adjustment benefits. If the retirant dies before full repayment of the
15 amount required, the remaining balance shall be deducted from any
16 death benefits payable on behalf of the retirant. Notwithstanding
17 the provisions of R.S.34:15-26 and R.S.34:15-40, the amount of the
18 dollar-for-dollar reduction from the receipt of workers'
19 compensation periodic benefits shall not be reduced by a payment
20 for legal services or by receipt of a third party recovery.
21 (cf: P.L.1995, c.369, s.1)

22

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

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

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

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

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

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

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

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

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

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

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

37

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

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

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

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

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

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

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

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

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

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

12

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

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

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

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

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

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

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

19

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

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

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

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

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

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

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

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

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1 agreed upon and shall have certified to the board that he is
2 physically or mentally incapacitated for the performance of duty,
3 and should be retired, and the employer shall have certified to the
4 board that the member is permanently and totally disabled as a
5 direct result of a traumatic event occurring during and as a result of
6 the performance of his regular and assigned duties, the time and
7 place where the duty causing the disability was performed, that the
8 disability was not the result of his willful negligence and that the
9 member should be retired.】
10 (cf: P.L.2010, c.3, s.7)

11

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

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

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

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

27 Upon the receipt of proper proofs of the death of a member who
28 has retired on an ordinary or work-related disability retirement
29 allowance, there shall be paid to such member's beneficiary, an
30 amount equal to 1 1/2 times the compensation upon which
31 contributions by the member to the annuity savings fund were based
32 in the last year of creditable service or in the year of the member's
33 highest contractual salary, whichever is higher; provided, however,
34 that if such death shall occur after the member shall have attained
35 age 60, the amount payable shall equal 3/16 of such compensation.
36 The death benefits provided in this section shall apply to any
37 member who has retired or shall retire on or after January 1, 1956.
38 (cf: P.L.2001, c.353, s.1)

39

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

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

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

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

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

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

29

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

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

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

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

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

3 Upon the receipt of proper proofs of the death of a member who
4 has retired on a service retirement allowance, there shall be paid to
5 the member's beneficiary, an amount equal to 3/16 of the
6 compensation upon which contributions by the member to the
7 annuity savings fund were based in the last year of creditable
8 service or in the year of the member's highest contractual salary,
9 whichever is higher.
10 (cf: P.L.2010, c.1, s.10)

11

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

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

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

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

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

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

4 If, at the member's or retirant's death, an amount of death benefit
5 would be payable to the beneficiary in a single sum, any election
6 with regard to such amount which was available to the member or
7 retirant immediately prior to his death in accordance with the
8 provisions of the immediately preceding paragraph shall then be
9 available to such beneficiary for the benefit of such beneficiary.
10 (cf: P.L.1984, c.132, s.4)

11

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

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

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

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

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

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

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

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

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

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

14

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

17 3. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41

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

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

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

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

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

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

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

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

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- 1 e. the suitability of the rights and benefits to the needs and
2 interests of participating employees and the various State public
3 institutions of higher education;
- 4 f. the ability of the company to provide the rights and benefits
5 under such contracts;
- 6 g. the financial soundness of the company, the extent of the
7 company's financial commitment to the contracts, and whether the
8 company meets the minimum financial criteria established by the
9 Division of Pensions;
- 10 h. the company's overall quality of service, its investment
11 performance considering return on investments and risk, the
12 administrative fee to be charged to participating employees, and the
13 offering of a balanced array of investment opportunities; and
- 14 i. the nature of the informational or promotional materials to
15 be provided to prospective participants.

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

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

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

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

27

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

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

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

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

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

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

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

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

33

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

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

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

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

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

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

3 e. Any member of the retirement system eligible to retire under
4 the provisions of this section, shall receive a retirement allowance
5 consisting of an annuity which shall be the actuarial equivalent of
6 his accumulated deductions together with regular interest, which
7 rate of interest shall be 4 percent commencing with the effective
8 date of this section of P.L. , c. (pending before the Legislature as
9 this bill), and a pension which, when added to the member's
10 annuity, will provide a retirement allowance during the remainder
11 of his life in the amount equal to three-quarters of his final salary.
12 (cf: P.L.1981, c.470, s.2)

13

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

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

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

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

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

41

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

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

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1 board of education, or public agency of this State may retire;
2 provided that election is communicated by such judge to the
3 retirement system by filing a written application duly attested
4 stating at what time subsequent to the execution and filing thereof
5 he desires to be retired. He shall receive an annuity which is the
6 actuarial equivalent of his accumulated deductions together with
7 regular interest, which rate of interest shall be 4 percent
8 commencing with the effective date of this section of P.L. _____,
9 c. (pending before the Legislature as this bill), and a pension
10 which, when added to the member's annuity, will provide a
11 retirement allowance in the amount of 2% of his final salary
12 multiplied by his number of years of service up to 25 plus 1% of
13 his final salary multiplied by his number of years of service over
14 25.

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

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

19

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

22 6. Any judge of the several courts who shall have attained the
23 age of 60 years or more while serving as such judge may retire;
24 provided that such election is communicated by such member to
25 the retirement system by filing a written application duly attested
26 stating at what time subsequent to the execution and filing thereof
27 he desires to be retired. He shall receive an annuity which is the
28 actuarial equivalent of his accumulated deductions together with
29 regular interest, which rate of interest shall be 4 percent
30 commencing with the effective date of this section of P.L. _____,
31 c. (pending before the Legislature as this bill), and a pension
32 which, when added to the member's annuity, will provide a
33 retirement allowance in the amount of 2% of his final salary
34 multiplied by his number of years of judicial service up to 25 plus
35 1% of his final salary multiplied by his number of years of service
36 over 25.

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

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

41

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

44 10. Should any member resign, or fail of reappointment who
45 shall have served at least 5 years successively as a judge of the
46 several courts and at least 25 years in the aggregate, including such
47 service as a judge or in office, position, or employment of this State
48 or a county, municipality, board of education, or public agency of

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

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

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

22

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

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

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

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

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1 option, he must exercise such option at least 1 month before the
2 effective date of his retirement. If such inactive member shall die
3 after attaining age 60 but before filing an application for retirement
4 benefits pursuant to this section or section 10 and for which
5 benefits he would have qualified, or in the event of death after
6 retirement, there shall be paid to such member's beneficiary the
7 death benefits prescribed by section 19.

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

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

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

25

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

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

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1 provide a retirement allowance during the remainder of his life in
2 an amount equal to three-fourths of his final salary.

3 (cf: P.L.1981, c.470, s.6)

4

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

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

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

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

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

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

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

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

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

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

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

46 The cash death benefits, payable as the result of contribution by
47 the State under the provisions of this act upon the death of a

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1 member in active service and after retirement, shall be paid from
2 the contingent reserve fund.

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

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

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

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

22 Any surplus or deficit developing in the retirement reserve fund
23 shall be adjusted from time to time by transfer to or from the
24 contingent reserve fund by appropriate action of the retirement
25 system upon the advice of the actuary.
26 (cf: P.L.1981, c.470, s.15)

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

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

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

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1 (2) Commencing with the payroll period for which the payroll
2 date occurs on or immediately following July 1, 2011, there shall be
3 deducted from the payroll of each member of the system an
4 additional 5.5% of the amount of any difference between the salary
5 after that effective date for any judicial position held by the member
6 and the salary for that position on that effective date, except that
7 there shall be deducted from the payroll of each new member
8 initially enrolled on or after that effective date in the retirement
9 system, an additional 5.5% of the salary for the judicial position
10 held by the member. The additional deduction, however, shall not
11 be used to reduce the employer normal contribution required
12 pursuant to section 33 of P.L.1973, c.140 (C.43:6A-33).

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

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

26

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

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

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

40

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

43 35. The retirement system at the end of each fiscal year shall
44 allow interest on the balance of the contingent reserve fund, the
45 annuity savings fund, and the retirement reserve fund as of the
46 beginning of said fiscal year at the regular interest rate applicable
47 thereto to cover the interest creditable to the respective funds for
48 the year. Commencing with the effective date of this section of

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1 P.L. , c. (pending before the Legislature as this bill), the regular
2 interest rate applicable to the annuity savings fund shall be 4
3 percent. The amount so allowed shall be due and payable to said
4 funds and shall be credited annually.
5 (cf: P.L.1981, c.470, s.16)

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

9 6. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26

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

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

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

37 b. Any person becoming an employee of the State or other
38 employer after January 2, 1955 and every veteran, other than a
39 retired member who returns to service pursuant to subsection b. of
40 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
41 whose appointments are seasonal, becoming an employee of the
42 State or other employer after such date, including a temporary
43 employee with at least one year's continuous service. The
44 membership of the retirement system shall not include those
45 persons appointed to serve as described in paragraphs (2) and (3) of
46 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
47 person who was a member of the retirement system prior to the
48 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-

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1 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
2 C.43:15A-135) and continuously thereafter; and

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

6 d. Membership in the retirement system shall be optional for
7 elected officials other than veterans, and for school crossing guards,
8 who having become eligible for benefits under other pension
9 systems are so employed on a part-time basis. Elected officials
10 commencing service on or after the effective date of sections 1
11 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
12 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
13 be eligible for membership in the retirement system based on
14 service in the elective public office, except that an elected official
15 enrolled in the retirement system as of that effective date who
16 continues to hold that elective public office without a break in
17 service shall be eligible to continue membership in the retirement
18 system under the terms and conditions of enrollment. Service in the
19 Legislature shall be considered a single elective public office. Any
20 part-time school crossing guard who is eligible for benefits under
21 any other pension system and who was hired as a part-time school
22 crossing guard prior to March 4, 1976, may at any time terminate
23 his membership in the retirement system by making an application
24 in writing to the board of trustees of the retirement system. Upon
25 receiving such application, the board of trustees shall terminate his
26 enrollment in the system and direct the employer to cease accepting
27 contributions from the member or deducting from the compensation
28 paid to the member. State employees who become members of any
29 other retirement system supported wholly or partly by the State as a
30 condition of employment shall not be eligible for membership in
31 this retirement system. Notwithstanding any other law to the
32 contrary, all other persons accepting employment in the service of
33 the State shall be required to enroll in the retirement system as a
34 condition of their employment, regardless of age.

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

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

44 (3) After November 1, 2008 and before or on the effective date
45 of P.L.2010, c.1, a person who was not a member of the retirement
46 system on November 1, 2008, or who was a member of the
47 retirement system on that date but not continuously thereafter, and
48 who is in employment, office or position, for which the annual

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

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

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

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

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

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

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

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

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

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

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

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

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

46 With respect to the State, upon the basis of the tables
47 recommended by the actuary which the commission adopts and
48 regular interest, the actuary shall annually determine if there is an

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

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

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1 the valuation assets for the valuation period ending June 30, 1999
2 shall be the full market value of the assets as of that date.

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

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

6 (2) the actuarial accrued liability of the State for basic benefits
7 and pension adjustment benefits under the retirement system; less

8 (3) the contributory group insurance premium fund, created by
9 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
10 4 of P.L.1960, c.79; less

11 (4) the post retirement medical premium fund, created pursuant
12 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by
13 section 8 of P.L.1994, c.62; less

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

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

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

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

30 (3) the contributory group insurance premium fund, created by
31 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
32 4 of P.L.1960, c.79; less

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

41 If there are excess valuation assets allocated to the State or to the
42 other employers for the valuation period ending March 31, 1996,
43 the normal contributions payable by the State or by the other
44 employers for the valuation periods ending March 31, 1996 and
45 March 31, 1997 which have not yet been paid to the retirement
46 system shall be reduced to the extent possible by the excess
47 valuation assets allocated to the State or to the other employers,
48 respectively, provided that with respect to the excess valuation

1 assets allocated to the State, the General Fund balances that would
2 have been paid to the retirement system except for this provision
3 shall first be allocated as State aid to public schools to the extent
4 that additional sums are required to comply with the May 14, 1997
5 decision of the New Jersey Supreme Court in Abbott v. Burke. If
6 there are excess valuation assets allocated to the State or to the
7 other employers for a valuation period ending after March 31, 1996,
8 the State Treasurer may reduce the normal contribution payable by
9 the State or by the other employers for the next valuation period as
10 follows:

11 (1) for valuation periods ending March 31, 1997 through March
12 31, 2001, to the extent possible by up to 100% of the excess
13 valuation assets allocated to the State or to the other employers,
14 respectively;

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

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

21 (4) for valuation periods ending March 31, 2004 through June
22 30, 2007, to the extent possible by up to 50% of the excess
23 valuation assets allocated to the State or to the other employers,
24 respectively.

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

44 If there are excess valuation assets after reductions in normal
45 contributions and member contributions as authorized in the
46 preceding paragraphs for a valuation period beginning with the
47 valuation period ending June 30, 1999, an amount of excess
48 valuation assets not to exceed the amount of the member

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1 contributions for the fiscal year in which the normal contributions
2 are payable shall be credited to the benefit enhancement fund. The
3 amount of excess valuation assets credited to the benefit
4 enhancement fund shall not exceed the present value of the
5 expected additional normal contributions attributable to the
6 provisions of P.L.2001, c.133 payable on behalf of the active
7 members over the expected working lives of the active members in
8 accordance with the tables of actuarial assumptions for the
9 valuation period. No additional excess valuation assets shall be
10 credited to the benefit enhancement fund after the maximum
11 amount is attained. Interest shall be credited to the benefit
12 enhancement fund as provided under section 33 of P.L.1954, c.84
13 (C.43:15A-33).

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

21 c. The retirement system shall certify annually the aggregate
22 amount payable to the contingent reserve fund in the ensuing year,
23 which amount shall be equal to the sum of the amounts described in
24 this section.

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

35 The State Treasurer shall reduce the normal and accrued liability
36 contributions payable by employers other than the State, excluding
37 the contribution payable from the benefit enhancement fund, to 50
38 percent of the amount certified annually by the retirement system,
39 for payments due in the State fiscal year ending June 30, 2009. An
40 employer that elects to pay the reduced normal and accrued liability
41 contribution shall adopt a resolution, separate and apart from other
42 budget resolutions, stating that the employer needs to pay the
43 reduced contribution and providing an explanation of that need
44 which shall include (1) a description of its inability to meet the levy
45 cap without jeopardizing public safety, health, and welfare or
46 without jeopardizing the fiscal stability of the employer, or (2) a
47 description of another condition that offsets the long term fiscal
48 impact of the payment of the reduced contribution. An employer

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1 also shall document those actions it has taken to reduce its
2 operating costs, or provide a description of relevant anticipated
3 circumstances that could have an impact on revenues or
4 expenditures. This resolution shall be submitted to and approved by
5 the Local Finance Board after making a finding that these fiscal
6 conditions are valid and affirming the findings contained in the
7 employer resolution.

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

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

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

31 The State shall pay into the contingent reserve fund during the
32 ensuing year the amount so determined. The death benefits,
33 payable as a result of contribution by the State under the provisions
34 of this chapter upon the death of an active or retired member, shall
35 be paid from the contingent reserve fund.

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

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

40

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

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

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

13 (2) Members enrolled in the retirement system on or after July
14 1, 2007 who are:

15 employees of the State, other than employees of the Judicial
16 Branch;

17 employees of an independent State authority, board, commission,
18 corporation, agency or organization;

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

27 employees of a State public institution of higher education, other
28 than employees of the University of Medicine and Dentistry of New
29 Jersey shall contribute 5.5% of compensation to the system, and all
30 such members described above enrolled in the system prior to July
31 1, 2007 shall contribute 5.5% of compensation to the system
32 effective with the payroll period for which the beginning date is
33 closest to July 1, 2007.

34 Members enrolled in the retirement system on or after July 1,
35 2008, other than those described in the paragraph above, shall
36 contribute 5.5% of compensation to the system. Members enrolled
37 in the system prior to July 1, 2008, other than those described in the
38 paragraph above, shall contribute 5.5% of compensation to the
39 system effective with the payroll period that begins immediately
40 after July 1, 2008.

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

47 c. The retirement system shall certify to each State department
48 or subdivision thereof, and to each branch of the State service not

1 included in a State department, and to every other employer, the
2 proportion of each member's compensation to be deducted and to
3 facilitate the making of deductions the retirement system may
4 modify the deduction required by a member by such an amount as
5 shall not exceed 1/10 of 1% of the compensation upon the basis of
6 which the deduction is to be made.

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

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

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

25

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

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

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

47 b. An application for retirement benefits may be approved by
48 the board of trustees while the member, applying for such benefits,

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

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

30 (cf: P.L.1995, c.369, s.2)

31

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

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

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

46

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

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

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

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

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

26

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

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

1 contributed by his employer covering his military leave unless he
2 shall have returned to the payroll and contributed to the retirement
3 system for a period of 90 days.

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

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

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

46 (c) for a person who becomes a member of the retirement
47 system on or after the effective date of P.L.2008, c.89,] by 1/4 of

1 1% for each month that the member lacks of being age **55** and by
2 1/12 of 1% for each month that the member lacks of being age 62
3 but over age **55** 65 , if the member has established fewer than 25
4 years of creditable service on the effective date of this section of
5 P.L. , c. (pending before the Legislature as this bill) or the
6 person becomes a member of the retirement system on or after that
7 effective date; provided, however, that upon the receipt of proper
8 proofs of the death of such a member there shall be paid to his
9 beneficiary an amount equal to three-sixteenths of the compensation
10 upon which contributions by the member to the annuity savings
11 fund were based in the last year of creditable service.

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

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

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

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

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

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

38

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

41 42. a. A member, under **60 years of** normal retirement age,
42 who has 10 or more years of credit for New Jersey service, shall,
43 upon the application of the head of the department in which he shall
44 have been employed or upon his own application or the application
45 of one acting in his behalf, be retired for ordinary disability by the
46 board of trustees. The physician or physicians designated by the
47 board shall have first made a medical examination of him **at his**

1 residence or at any other place mutually agreed upon] and shall
2 have certified to the board that the member is physically or
3 mentally incapacitated for the performance of his usual duty or of
4 any other available duty that his employer is willing to assign to
5 him and should be retired.

6 [The service requirement provisions of this amendatory and
7 supplementary act shall not become effective for 5 years following
8 the effective date of the act.

9 No person who becomes a member of the retirement system on
10 or after the effective date of P.L.2010, c.3 shall be eligible for
11 retirement pursuant to this section.]

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

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

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

32

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

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

1 The application **【to accomplish such retirement】** for a work-
2 related disability retirement under section 42 of P.L.1954, c.84
3 (C.43:15A-42) must be filed within five years of the original
4 **【traumatic event】** accident or occupational exposure, but the board
5 of trustees may consider an application filed after the five-year
6 period if it can be factually demonstrated to the satisfaction of the
7 board of trustees that the disability is due to the accident or
8 occupational exposure and the filing was not accomplished within
9 the five-year period due to a delayed manifestation of the disability
10 or to circumstances beyond the control of the member.

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

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

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

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

32

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

35 45. A member upon retirement for ordinary or work-related
36 disability shall receive a retirement allowance, which shall consist
37 of:

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

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

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1 c. Upon the receipt of proper proofs of the death of a member
2 who has retired on an ordinary or work-related disability retirement
3 allowance, there shall be paid to such member's beneficiary, an
4 amount equal to 1 1/2 times the compensation upon which
5 contributions by the member to the annuity savings fund were based
6 in the last year of creditable service; provided, however, that if such
7 death shall occur after the member shall have attained age 60, the
8 amount payable shall equal 3/16 of such compensation.

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

10
11 48. Section 47 of P.L.1954, c.84 (C.43:15A-47) is amended to
12 read as follows:

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

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

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

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

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

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

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

10 b. A pension in the amount which, when added to the member's
11 annuity, will provide a total retirement allowance of (1) 1/64 of
12 final compensation for each year of service credited as Class A
13 service [and] , 1/55 of final compensation for each year of service
14 credited as Class B service, [or] and for a person who becomes a
15 member of the retirement system on or after the effective date of
16 P.L.2010, c.1, 1/60 of final compensation for each year of service
17 credited as Class B service, prior to the effective date of this section
18 of P.L. , c. (pending before the Legislature as this bill), plus (2)
19 1/65 of final compensation for each year of service credited on or
20 after the effective date of P.L. , c. (pending before the
21 Legislature as this bill).

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

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

29

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

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

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

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

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

24 If, at the member's or retirant's death, an amount of death benefit
25 would be payable to the beneficiary in a single sum, any election
26 with regard to such amount which was available to the member or
27 retirant immediately prior to his death in accordance with the
28 provisions of the immediately preceding paragraph shall then be
29 available to such beneficiary for the benefit of such beneficiary.

30 (cf: P.L.1971, c.213, s.44)

31

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

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

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

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

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

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

47 (2) After the effective date of this section of P.L. , c. (pending
48 before the Legislature as this bill) any public employee veteran

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

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

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

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

29

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

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

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

39 b. A pension in the amount which, when added to the member's
40 annuity, will provide a total retirement allowance equal to 2% of his
41 final compensation multiplied by his number of years of service
42 credit as a law enforcement officer for which he has made
43 contributions up to 25, plus the amount determined as provided in
44 section 48 of P.L.1954, c.84 (C.43:15A-48) for years of service
45 credit other than service as a law enforcement officer, for which he
46 has made contributions, plus 1% of his final compensation
47 multiplied by his number of years of service credit as a law
48 enforcement officer for which he has made contributions over 25 or

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1 for which he has made no contributions to the retirement system for
2 the period while he was a law enforcement officer or, in the case of
3 a veteran, while he was in office, position or employment of this
4 State, or of any county, municipality, public agency or school
5 district; provided, however, that in the case of any member electing
6 to receive benefits under section 38(b) of chapter 84 of the laws of
7 1954, such benefits shall be payable at age 60.

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

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

12

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

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

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

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

43

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

46 7. Upon the receipt of proper proofs of the death of a member
47 who at the time of retirement was a law enforcement officer and
48 who has retired on an accidental disability retirement allowance or

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1 after the effective date of P.L. _____, c. _____ (pending before the
2 Legislature as this bill) on a work-related disability retirement
3 allowance, there shall be paid to such person, if living, as he shall
4 have nominated by written designation duly executed and filed
5 with the board of trustees, otherwise to the executor or
6 administrator of the member's estate, the sum of \$5,000.00 or the
7 amount payable pursuant to section 46c of the act to which this act
8 is a supplement, whichever is greater.

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

10

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

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

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

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

36

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

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

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1 required of the member for Social Security, contributory death
2 benefits or deductions for any other purpose. The contribution rate
3 shall be 5.5% of the member's legislative salary beginning July 1,
4 2007.

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

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

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

17

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

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

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

46 The contributions of all members of the Legislature related to
47 their legislative service shall be adjusted for all years prior to the
48 effective date of this supplementary act to determine either an

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1 overpayment or shortage in the separate account, requiring the
2 payment of contributions at the percentage of salary provided for in
3 this section. Overpayments shall be refunded and shortages shall be
4 established as arrearage obligations to be satisfied in the same
5 manner as any other arrearage obligation established pursuant to
6 this section.

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

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

10

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

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

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

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

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

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

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

38

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

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

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1 b. (1) A workers compensation judge shall contribute at a rate
2 equal to 5% of the judge's salary, which contribution shall be
3 deducted from the salary at the time or times it is paid, and which
4 shall be exclusive of any other contribution required of the member
5 for Social Security, contributory death benefits or deductions for
6 any other purpose. The contribution rate shall be 5.5% of the
7 judge's salary effective with the payroll period for which the
8 beginning date is closest to July 1, 2007.

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

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

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

20
21 60. Section 5 of P.L.2001, c.259 (C.43:15A-146) is amended to
22 read as follows:

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

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

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

41
42 61. Section 6 of P.L.2001, c.259 (C.43:15A-147) is amended to
43 read as follows:

44 6. Any workers compensation judge who has:

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

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1 b. served at least five years successively as a judge of
2 compensation and attained the age of 60 years or more while
3 serving in such office and has served at least 20 years of aggregate
4 public service, may retire and receive the retirement allowance
5 prescribed by this section. The retirement allowance shall consist
6 of an annuity that shall be the actuarial equivalent of the member's
7 accumulated deductions together with regular interest, which rate of
8 interest shall be 4 percent commencing with the effective date of
9 this section of P.L. , c. (pending before the Legislature as this
10 bill), and a pension that, when added to the member's annuity, shall
11 provide a retirement allowance during the remainder of the
12 member's life in an amount equal to one-half of the member's final
13 salary.

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

15

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

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

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

44

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

47 8. Any workers compensation judge who has served at least
48 five years successively as a judge of compensation and at least 10

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1 years of aggregate public service, and who resigns or is not
2 reappointed before reaching age 60, and not by removal for cause
3 on charges of misconduct or delinquency, may elect to receive:

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

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

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

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

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

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

46

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

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

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

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

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

17

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

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

35 b. Upon retirement for service a prosecutor shall receive a
36 service retirement allowance which shall consist of:

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

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

1 c. Any prosecutor as of the effective date of P.L.2001, c.366
2 (C.43:15A-155 et seq.) who has 20 or more years of creditable
3 service at the time of retirement shall be entitled to receive a
4 retirement allowance equal to 50% of final compensation plus, in
5 the case of a prosecutor required to retire pursuant to the provisions
6 of subsection a. of this section, ~~3%~~ 2% of final compensation
7 multiplied by the number of years of creditable service over 20 but
8 not over 25.

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

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

16

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

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

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

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

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

46 Upon the receipt of proper proofs of the death of such a retirant,
47 there shall be paid to the retirant's beneficiary an amount equal to

1 one-half of the final compensation received by the prosecutor.
2 (cf: P.L.2001, c.366, s.5)

3

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

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

13 The State Treasurer may adopt, pursuant to the "Administrative
14 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a plan
15 document by regulation which incorporates the plan document by
16 reference and may adopt other rules and regulations as necessary to
17 implement the provisions of sections 1 through 15 of P.L.2007, c.92
18 (C.43:15C-1 et seq.), except that notwithstanding the provisions of
19 P.L.1968, c.410 to the contrary, the State Treasurer may adopt,
20 immediately upon filing with the Office of Administrative Law,
21 such plan document and rules and regulations as the State Treasurer
22 deems necessary to implement the provisions of sections 1 through
23 15 of P.L.2007, c.92 (C.43:15C-1 et seq.), which shall be effective
24 for a period not to exceed 12 months and shall thereafter be adopted
25 or re-adopted by the State Treasurer in accordance with the
26 provisions of P.L.1968, c.410.

27 For the purposes of the Defined Contribution Retirement
28 Program:

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

45 "Employer" means the State or a political subdivision thereof, or
46 an agency, board, commission, authority or instrumentality of the
47 State or a subdivision, that pays the base salary of a participant for
48 services rendered by the participant.

1 "Normal retirement age" means age 65.

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

5

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

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

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

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

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

1 approved in a general or routine manner appropriate for and
2 followed by the political subdivision, or the agency, board,
3 commission, authority or instrumentality of a subdivision, or a
4 person who holds a professional license or certificate to perform
5 and is performing as a certified health officer, tax assessor, tax
6 collector, municipal planner, chief financial officer, registered
7 municipal clerk, construction code official, licensed uniform
8 subcode inspector, qualified purchasing agent, or certified public
9 works manager.

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

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

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

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

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

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

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

45 (4) the person is an officer or employee of a political
46 subdivision of this State or of a board of education, or of any
47 agency, authority or instrumentality thereof, who is ineligible for

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1 membership in the Public Employees' Retirement System pursuant
2 to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

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

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

22 e. Membership or participation in the Defined Contribution
23 Retirement Program shall terminate and the individual shall be
24 considered retired once he or she has (1) attained normal retirement
25 age as defined under section 1 of P.L.2007, c.92 (C.43:15C-1) and
26 (2) elected to receive a cash distribution upon separation from
27 service or an annuity option from the individual's retirement
28 account. Notwithstanding the foregoing provision, a member
29 receiving a cash distribution or an annuity option upon separation
30 from service from the individual's retirement account, the amount
31 of such computed by using only those funds provided through
32 employee contributions, as provided under subsection a. of section
33 3 of P.L.2007, c.92 (C.43:15C-3), plus or minus any investment
34 gains or losses, shall not be considered retired from the Defined
35 Contribution Retirement Program.

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

37

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

40 3. a. The employer shall reduce the compensation of each
41 participant in the Defined Contribution Retirement Program and pay
42 over to the plan provider for the benefit of the participant an
43 employee contribution for the retirement benefit contract or
44 contracts equal to 5.5% of the participant's base salary. At the
45 option and request of a participant, the employer shall reduce the
46 compensation of the participant for additional contributions as
47 permitted by the federal Internal Revenue Code. The intervals for

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1 reductions and payments shall be determined by the Division of
2 Pensions and Benefits.

3 All required participant contributions shall be made in
4 accordance with section 414(h) of the federal Internal Revenue
5 Code (26 U.S.C. s.414(h)). All optional contributions made by a
6 participant shall be made to the State Employees Deferred
7 Compensation Plan, established pursuant to P.L.1978, c.39
8 (C.52:18A-163 et seq.), or to a deferred compensation plan
9 established pursuant to P.L.1977, c.381 (C.43:15B-1 et seq.),
10 whichever the participant is eligible to participate in pursuant to the
11 action of the employer of the participant, in accordance with section
12 457(b) of the federal Internal Revenue Code (26 U.S.C. s.457(b)).

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

21 c. No employer contributions shall be vested in a participant
22 until after the participant commences the second year of
23 employment unless the participant, at the time of initial
24 employment, either (1) participates in a program substantially
25 similar to the retirement program, or (2) is a member of another
26 State-administered pension fund or retirement system.

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

28

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

31 1. As used in this act:

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

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

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

44 (ii) has police powers;

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

1 (iv) is subject to the physical and mental fitness requirements
2 applicable to the position of municipal police officer established by
3 an agency authorized to establish these requirements on a Statewide
4 basis, or comparable physical and mental fitness requirements as
5 determined by the board of trustees.

6 The term shall also include an administrative or supervisory
7 employee of a law enforcement unit or the State whose duties
8 include general or direct supervision of employees engaged in
9 investigation, apprehension or detention activities or training
10 responsibility for these employees and a requirement for
11 engagement in investigation, apprehension or detention activities if
12 necessary, and who is authorized to carry a firearm while in the
13 actual performance of his official duties and has police powers.

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

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

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

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

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

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

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

46 (9) "Regular interest" shall mean interest as determined by the
47 State Treasurer, after consultation with the Directors of the
48 Divisions of Investment and Pensions, the board of trustees and the

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

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

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

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

15 (13) "Retirement allowance" shall mean the pension plus the
16 annuity.

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

23 (15) "Average final compensation" shall mean final
24 compensation.

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

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

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

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

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

44 (21) "Child" shall mean a deceased member's or retirant's
45 unmarried child (a) under the age of 18, or (b) 18 years of age or
46 older and enrolled in a secondary school, or (c) under the age of 24
47 and enrolled in a degree program in an institution of higher
48 education for at least 12 credit hours in each semester, provided that

1 the member died in active service as a result of an accident met in
2 the actual performance of duty at some definite time and place, and
3 the death was not the result of the member's willful misconduct, or
4 (d) of any age who, at the time of the member's or retirant's death, is
5 disabled because of an intellectual disability or physical incapacity,
6 is unable to do any substantial, gainful work because of the
7 impairment and his impairment has lasted or can be expected to last
8 for a continuous period of not less than 12 months, as affirmed by
9 the medical board.

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

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

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

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

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

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

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

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

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

10 (b) In the case of a person who becomes a member of the
11 retirement system on or after the effective date of P.L.2010, c.1,
12 "compensation" means the amount of base salary equivalent to the
13 annual maximum wage contribution base for Social Security,
14 pursuant to the Federal Insurance Contributions Act, for services as
15 a member as defined in this act, which is in accordance with
16 established salary policies of the member's employer for all
17 employees in the same position but shall not include individual
18 salary adjustments which are granted primarily in anticipation of
19 the member's retirement or additional remuneration for performing
20 temporary duties beyond the regular workday.

21 (27) "Department" shall mean any police or fire department of a
22 municipality or a fire department of a fire district located in a
23 township or a county police or park police department or the
24 appropriate department of the State or instrumentality thereof.

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

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

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

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

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

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

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

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

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

9
10 71. Section 1 of P.L.1968, c.325 (C.43:16A-3.4) is amended to
11 read as follows:

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

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

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

1 official enrolled in the retirement system been the same as provided
2 by **[this amendatory act]** P.L.1981, c.30 (C.43:16A-3.4).
3 (cf: P.L.1981, c.30, s.1)
4

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

7 1. Any member of the Police and Firemen's Retirement System
8 of New Jersey who has been or shall be elected to the position of
9 sheriff or who has accepted or shall accept appointment to the office
10 or position of undersheriff may, by irrevocable written notification
11 to the Director of the Division of Pensions and the county
12 treasurer, elect to continue to be a member of the retirement system
13 while serving as sheriff or undersheriff and shall be deemed to
14 have waived any and all benefits to which he would otherwise be
15 entitled by eligibility for membership in the Public Employees'
16 Retirement System. The county treasurer shall make deductions
17 from the salary of the sheriff or undersheriff and contributions on
18 his behalf to the Police and Firemen's Retirement System as is
19 required by law for members of that system.
20 (cf: P.L.1976, c.134, s.1)
21

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

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

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

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

38 (3) any sheriff's officer, sergeant sheriff's officer, lieutenant
39 sheriff's officer, captain sheriff's officer, chief sheriff's officer, or
40 sheriff's investigator employed on the effective date of this
41 supplementary act in the offices of the county sheriffs who is
42 enrolled in PERS on that date;

43 (4) any correction officer, senior correction officer, correction
44 officer sergeant, correction officer lieutenant, correction officer
45 captain, investigator, senior investigator, principal investigator,
46 assistant chief investigator, chief investigator, or director of custody
47 operations I, II, III employed on the effective date of this

1 supplementary act in the Department of Corrections who is enrolled
2 in PERS on that date;

3 (5) any county correction officer, county correction sergeant,
4 county correction lieutenant, county correction captain, or county
5 deputy warden employed on the effective date of this
6 supplementary act in the several county jails who is enrolled in
7 PERS on that date;

8 (6) any principal inspector employed on the effective date of
9 this supplementary act in the Alcoholic Beverage Control
10 Enforcement Bureau, Department of Law and Public Safety who is
11 enrolled in PERS on that date;

12 (7) any police officer, police sergeant, or police lieutenant
13 employed on the effective date of this supplementary act in the
14 Department of Human Services who is enrolled in PERS on that
15 date; and

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

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

1 benefit. The total amount of service credit in PFRS, including the
2 transferred PERS service credit, may be used to meet the service
3 credit requirement for the benefit comparable to a PERS deferred or
4 early retirement benefit, but the benefit shall be calculated only on
5 the transferred PERS service credit.

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

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

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

21

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

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

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1 shall be transferred to PFRS and may be used to meet any service
2 credit requirement for benefits under PFRS. Any benefit of a
3 member who transfers membership from PERS to PFRS under this
4 act based upon service credit shall be the amount of benefit
5 determined as provided under PFRS based upon the total amount of
6 service credit multiplied by the ratio of the service credit under
7 PFRS from the date of transfer to the total amount of service credit,
8 plus a benefit comparable to a PERS deferred, early or regular
9 service retirement benefit, as appropriate, based upon the age of the
10 member at the time of retirement and the amount of PERS service
11 credit transferred to PFRS, determined as provided under the law
12 and regulations governing PERS for the benefit. The total amount
13 of service credit in PFRS, including the transferred PERS service
14 credit, may be used to meet the service credit requirement for the
15 benefit comparable to a PERS deferred or early retirement benefit,
16 but the benefit shall be calculated only on the transferred PERS
17 service credit.

18 Active and retired death benefits, accidental death benefits, and
19 ordinary and **[accidental]** work-related disability retirement
20 benefits for members transferring to PFRS under this act shall be
21 the benefits provided under PFRS.

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

32 b. Notwithstanding the provisions of subsection a. of this
33 section, a fireman who transfers membership from PERS to PFRS
34 may receive full credit toward benefits under PFRS for the
35 transferred PERS service credit if the member agrees to pay the full
36 cost of the accrued liability for the transferred PERS service credit
37 in the same manner and subject to the same terms and conditions
38 provided for the purchase of credit for military service under
39 section 3 of P.L.1991, c.153 (C.43:16A-11.11).

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

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

44

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

47 5. (1) Any member in service who has attained age 55 years
48 may retire on a service retirement allowance upon filing a written

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1 and duly executed application to the retirement system, setting forth
2 at what time, not less than one month subsequent to the filing
3 thereof, he desires to be retired. Any member in service who attains
4 age 65 years shall be retired on a service retirement allowance
5 forthwith on the first day of the next calendar month, except that a
6 member hired prior to January 1, 1987 may remain a member of the
7 system until the member attains age 68 years or 25 years of
8 creditable service, whichever comes first.

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

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

13 (b) A pension in the amount which, when added to the member's
14 annuity, will provide a total retirement allowance of one-sixtieth of
15 his average final compensation multiplied by the number of years of
16 his creditable service, or 2% of his average final compensation
17 multiplied by the number of years of his creditable service up to 30
18 plus 1% of his average final compensation multiplied by the number
19 of years of creditable service over 30, or 50% of his final
20 compensation if the member has established 20 or more years of
21 creditable service, whichever is greater.

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

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

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

37

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

40 6. (1) (a) Upon the written application by a member in service,
41 by one acting in his behalf or by his employer, any member, under
42 ~~55 years of age~~ normal retirement age, who has had ~~four~~ ten or
43 more years of creditable service may be retired on an ordinary
44 disability retirement allowance; provided, that the medical board,
45 after a medical examination of such member, shall certify that such
46 member is mentally or physically incapacitated for the performance
47 of his usual duty and of any other available duty in the department
48 which his employer is willing to assign to him and that such

1 incapacity is likely to be permanent and to such an extent that he
2 should be retired.

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

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

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

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

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

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

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

43 (4) Upon the receipt of proper proofs of the death of a member
44 who has retired on **[an ordinary]** a disability retirement allowance,
45 there shall be paid to such member's beneficiary, an amount equal
46 to 3 1/2 times the compensation upon which contributions by the
47 member to the annuity savings fund were based in the last year of
48 creditable service; provided, however, that if such death shall occur

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1 after the member shall have attained 55 years of age the amount
2 payable shall equal 1/2 of such compensation instead of 3 1/2 times
3 such compensation.

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

5

6 77. (New section) a. Once each year the retirement system
7 may, and upon his application shall, require any disability
8 beneficiary who is under normal retirement age to undergo a
9 medical examination by a physician or physicians designated by the
10 system for a period of five years following his retirement in order to
11 determine whether or not the disability which existed at the time he
12 was retired has vanished or has materially diminished. If the
13 disability beneficiary is under normal retirement age and engaged in
14 an occupation, then the amount of his pension shall be reduced to an
15 amount which when added to the amount then earned by him, shall
16 not exceed the amount of the salary now attributable to his former
17 position. If his earnings have changed since the date of his last
18 adjustment, then the amount of his pension may be further altered,
19 but the new pension shall not exceed the amount of pension
20 originally granted.

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

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

41 Such person shall be reenrolled in the retirement system and
42 shall be treated as an active member based upon his prior
43 enrollment.

44 Upon subsequent retirement of such member, he shall receive a
45 retirement allowance based on all his service as a member
46 computed in accordance with applicable provisions of P.L.1944,
47 c.255 (C.43:16A-1 et seq.), but the total retirement allowance upon
48 subsequent retirement shall not be a greater proportion of his final

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1 compensation than the proportion to which he would have been
2 entitled had he remained in service during the period of his prior
3 retirement. Any death benefit to which such member shall be
4 eligible shall be based on his latest retirement.

5

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

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

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

18 (2) A pension in the amount which, when added to the member's
19 annuity, will provide (a) for a member with 25 or more years of
20 creditable service credit on the effective date of this section of
21 P.L. , c. (pending before the Legislature as this bill), a total
22 retirement allowance of 65% of [his] final compensation, plus 1%
23 of [his] final compensation multiplied by the number of years of
24 creditable service over 25 but not over 30 or (b) for a member with
25 fewer than 25 years of creditable service on the effective date of
26 this section of P.L. , c. (pending before the Legislature as this
27 bill) and a person who becomes a member of the retirement system
28 on or after that effective date, a total retirement allowance of 60%
29 of final compensation, plus 1% of final compensation multiplied by
30 the number of years of creditable service over 25 but not over 30;
31 provided, however, that any member who has earned, prior to July
32 1, 1979, more than 30 years of creditable service, shall receive an
33 additional 1% of his final compensation for each year of his
34 creditable service over 30.

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

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

41 b. The "special retirement" allowance payable under subsection
42 a. of this section to any person who retired under the retirement
43 system prior to December 20, 1989 shall be increased by an amount
44 equal to 5% of the person's final compensation or by such lesser
45 amount as would, if added to the allowance payable at the time of
46 retirement, provide a total retirement allowance of 70% of final
47 compensation, except that in the case of such a retirant who retired
48 on or after July 1, 1979 and had earned prior to that date more than

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1 30 years of creditable service, the amount of the increase shall be
2 equal to 5% of the person's final compensation irrespective of the
3 total retirement allowance which such an increase would provide.
4 The provisions of this subsection shall not be construed either to
5 require a reduction in the retirement allowance payable to any
6 retirant or to provide for the payment of any adjustment in such an
7 allowance with respect to any period of time prior to the first day of
8 the month following that effective date.

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

10

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

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

22 (1) An annuity which shall be the actuarial equivalent of his
23 aggregate contributions at the time of his severance from the service
24 and

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

46 Any member who, having elected to receive a deferred
47 retirement allowance, again becomes an employee covered by the
48 retirement system while under the age of 55, shall thereupon be

1 reenrolled. If he had discontinued his service for more than two
2 consecutive years, [subsequent contributions shall be at his former
3 rate increased for the years of his inactive membership. He shall be
4 credited with all service as a member standing to his credit at the
5 time of his election to receive a deferred retirement allowance] he
6 shall be enrolled in the retirement system under a new membership
7 account and shall be subject to such benefits and requirements as
8 shall apply to new members of the retirement system as of the date
9 of such new enrollment. The member may elect to transfer all
10 service credit associated with the previously vested membership to
11 the new membership account and such service credit will be subject
12 to the benefit and requirements as shall apply to new members of
13 the retirement system as of the date of such new enrollment.
14 Should the member elect not to transfer the service credit associated
15 with the vested membership to the new membership account, no
16 benefits shall be payable from the previous application for deferred
17 retirement until such time as the member has terminated all Police
18 and Firemen's Retirement System eligible employment.
19 (cf: P.L.1999, c.428, s.6)

20
21 80. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to
22 read as follows:

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

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

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

28 (4) 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 June 30, 1991, 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 (5) (Deleted by amendment, P.L.1989, c.204).

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

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

44 (8) The deductions provided for herein shall be made
45 notwithstanding that the minimum salary provided for by law for
46 any member shall be reduced thereby. Every member shall be
47 deemed to consent and agree to the deductions made and provided
48 for herein, and payment of salary or compensation less said

1 deduction shall be a full and complete discharge and acquittance of
2 all claims and demands whatsoever for the service rendered by such
3 person during the period covered by such payment, except as to the
4 benefits provided under this act. The chief fiscal officer of each
5 employer shall certify to the retirement system in such manner as
6 the retirement system may prescribe, the amounts deducted; and
7 when deducted shall be paid into said annuity savings fund, and
8 shall be credited to the individual account of the member from
9 whose salary said deduction was made.

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

41 With respect to the State, upon the basis of the tables
42 recommended by the actuary which the board adopts and regular
43 interest, the actuary shall annually determine if there is an amount
44 of the accrued liability, computed under the projected unit credit
45 method, which is not already covered by the assets of the retirement
46 system, valued in accordance with the asset valuation method
47 established in this section. This shall be known as the "unfunded
48 accrued liability." If there was no unfunded accrued liability for the

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1 valuation period immediately preceding the current valuation
2 period, the actuary, using the total amount of this unfunded accrued
3 liability, shall compute the initial amount of contribution which, if
4 the contribution is **【increased at a specific rate and】** paid annually
5 in level dollars for a specific period of time, will amortize this
6 liability. The State Treasurer shall determine, upon the advice of
7 the Director of the Division of Pensions and Benefits, the board of
8 trustees and the actuary, **【the rate of increase for the contribution**
9 **and】** the time period for full funding of this liability, which shall
10 not exceed 30 years. This shall be known as the "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. The
21 State may pay all or any portion of its unfunded accrued liability
22 under the retirement system from any source of funds legally
23 available for the purpose, including, without limitation, the
24 proceeds of bonds authorized by law for this purpose.

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

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

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

1 working lives of the active members in accordance with the tables
2 of actuarial assumptions applicable to the valuation period, if the
3 sum is greater than zero.

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 beginning with the payments due in the State fiscal year ending
2 June 30, 2012 and shall be adjusted by the rate of return on the
3 actuarial value of assets.

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

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

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

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

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

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

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

47 (14) Commencing with valuation year 1991, with payment to be
48 made in Fiscal Year 1994, the Legislature shall annually

1 appropriate and the State Treasurer shall pay into the pension
2 accumulation fund of the retirement system an amount equal to
3 1.1% of the compensation of the members of the system for the
4 valuation year to fund the benefits provided by section 16 of
5 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

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

11 (16) The savings realized as a result of the amendments to this
12 section by P.L.2001, c.44 in the payment of normal contributions
13 computed by the actuary for the valuation periods ending June 30,
14 1998 for employers other than the State shall be used solely and
15 exclusively by a county or municipality for the purpose of reducing
16 the amount that is required to be raised by the local property tax
17 levy by the county for county purposes or by the municipality for
18 municipal purposes, as appropriate. The Director of the Division of
19 Local Government Services in the Department of Community
20 Affairs shall certify for each year that each county or municipality
21 has complied with the requirements set forth herein. If the director
22 finds that a county or municipality has not used the savings solely
23 and exclusively for the purpose of reducing the amount that is
24 required to be raised by the local property tax levy by the county for
25 county purposes or by the municipality for municipal purposes, as
26 appropriate, the director shall direct the county or municipal
27 governing body, as appropriate, to make corrections to its budget.
28 (cf: P.L.2010, c.1, s.32)

29
30 81. Section 30 of P.L.1967, c.250 (C.43:16A-15.2) is amended
31 to read as follows:

32 30. a. If any member of the retirement system receives periodic
33 benefits payable under the Workers' Compensation Law during the
34 course of his active service, in lieu of his normal compensation, his
35 regular salary deductions shall be paid to the retirement system by
36 his employer. Such payments shall be computed, in accordance
37 with section 15 of P.L.1944, c.255 (C.43:16A-15), at the rate of
38 contribution on the base salary subject to the retirement system, just
39 prior to the receipt of the workers' compensation benefits. The
40 moneys paid by the employer shall be credited to the member's
41 account in the annuity savings fund and shall be treated as
42 employee contributions for all purposes. The employer will
43 terminate the payment of these moneys when the periodic benefits
44 payable under the Workers' Compensation Law are terminated or
45 when the member retires.

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

1 b. An application for retirement benefits may be approved by
2 the board of trustees while the member, applying for such benefits,
3 is in receipt of periodic benefits under the Workers' Compensation
4 Law. If a retirant receiving an accidental disability retirement
5 allowance becomes a recipient of periodic benefits under the
6 workers' compensation law after the date of retirement, the pension
7 portion of the retirement allowance payable to the retirant shall be
8 reduced, during the period of the payment of the periodic benefits,
9 dollar-for-dollar in the amount of the periodic benefits received
10 after the date of retirement, subject to the provisions of section 19
11 of P.L.1971, c.175 (C.43:16A-12.4). Notwithstanding the
12 provisions of R.S.34:15-26 and R.S.34:15-40, the amount of the
13 dollar-for-dollar reduction from the receipt of workers'
14 compensation periodic benefits shall not be reduced by a payment
15 for legal services nor by receipt of a third party recovery. The
16 reduction provided for herein shall not affect the retirant's pension
17 adjustment benefits or survivor benefits that may be payable upon
18 the death of the retirant.

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

32 (cf: P.L.1995, c.369, s.3)

33

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

36 3. As used in this act:

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

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

45 c. "Annuity reserve" means the present value of all payments
46 to be made on account of any annuity or benefit in lieu of an
47 annuity, computed upon the basis of such mortality tables

1 recommended by the actuary as the board of trustees adopts and
2 regular interest.

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

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

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

15 g. "Creditable service" means service rendered for which credit
16 is allowed on the basis of contributions made by the member or the
17 State.

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

24 i. (1) In the case of a member with 25 or more years of creditable
25 service or who has attained normal retirement age on the effective
26 date of this section of P.L. , c. (pending before the Legislature as
27 this bill), "[Final] final compensation" means the average
28 compensation received by the member in the last 12 months of
29 creditable service preceding his retirement or death. Such term
30 includes the value of the member's maintenance allowance for this
31 same period.

32 (2) In the case of a member with fewer than 25 years of
33 creditable service and who has not attained normal retirement age
34 on the effective date of this section of P.L. , c. (pending before
35 the Legislature as this bill) and a person who becomes a member of
36 the retirement system on or after the effective date of P.L.2010, c.1,
37 "final compensation" means the average annual compensation for
38 service for which contributions are made during any three fiscal
39 years of membership providing the largest possible benefit to the
40 member or the member's beneficiary. **【Such term includes the**
41 **value of the member's maintenance allowance for this same period.】**

42 j. (1) In the case of a member with 25 or more years of creditable
43 service or who has attained normal retirement age on the effective
44 date of this section of P.L. , c. (pending before the Legislature as
45 this bill), "[Final] final salary" means the average salary received
46 by the member in the last 12 months of creditable service preceding
47 his retirement or death. Such term shall not include the value of the
48 member's maintenance allowance.

1 (2) In the case of a member with fewer than 25 years of
2 creditable service and who has not attained normal retirement age
3 on the effective date of this section of P.L. , c. (pending before
4 the Legislature as this bill) and a person who becomes a member of
5 the retirement system on or after the effective date of P.L.2010, c.1,
6 "final salary" means the average annual salary for service for which
7 contributions are made during any three fiscal years of membership
8 providing the largest possible benefit to the member or the
9 member's beneficiary. Such term shall not include the value of the
10 member's maintenance allowance.

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

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

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

19 n. "Pension" means payment for life derived from contributions
20 by the State.

21 o. "Pension reserve" means the present value of all payments to
22 be made on account of any pension or benefit in lieu of any pension
23 computed on the basis of such mortality tables recommended by the
24 actuary as shall be adopted by the board of trustees and regular
25 interest.

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

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

37 r. "Retirement allowance" means the pension plus the annuity.

38 s. "State Police Retirement System of New Jersey," herein also
39 referred to as the "retirement system" or "system," is the corporate
40 name of the arrangement for the payment of retirement allowances
41 and of the benefits under the provisions of this act including the
42 several funds placed under said system. By that name, all of its
43 business shall be transacted, its funds invested, warrants for moneys
44 drawn, and payments made and all of its cash and securities and
45 other property held. All assets held in the name of the former
46 "State Police Retirement and Benevolent Fund" shall be transferred
47 to the retirement system established by this act.

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

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

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

32 v. "Normal retirement age" means the age at which the member
33 is first eligible for a service retirement based on age under section 8
34 of P.L.1965, c.89 (C.53:5A-8).

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

36

37 83. Section 8 of P.L.1965, c.89 (C.53:5A-8) is amended to read
38 as follows:

39 8. a. The Legislature finds and declares that the public health,
40 safety and welfare require the ongoing health and fitness of all
41 members of the New Jersey State Police so that they may safely and
42 efficiently protect the public. The Legislature further finds and
43 declares that such continued health and fitness cannot be
44 determined except with reference to age, and therefore finds and
45 concludes that retirement of all members of the State Police at age
46 55, except as provided for in subsection c. of this section, shall
47 constitute a bona fide occupational qualification which is
48 reasonably necessary to the normal operation of the State Police,

1 which qualification the Legislature hereby promulgates and
2 establishes.

3 b. Any member of the retirement system may retire on a
4 service retirement allowance upon the completion of at least 20
5 years of creditable service as a State policeman, which includes the
6 creditable service of those members appointed to the Division of
7 State Police under section 3 of P.L.1983, c.403 (C.39:2-9.3) and the
8 creditable service of those members appointed to the Division of
9 State Police under section 1 of P.L.1997, c.19 (C.53:1-8.2). Upon
10 the filing of a written and duly executed application with the
11 retirement system, setting forth at what time, not less than one
12 month subsequent to the filing thereof, he desires to be retired, any
13 such member retiring for service shall receive a service retirement
14 allowance which shall consist of:

15 (1) An annuity which shall be the actuarial equivalent of his
16 aggregate contributions; and

17 (2) A pension in the amount which, when added to the member's
18 annuity, will provide a total retirement allowance of 50% of his
19 final compensation.

20 c. Except for the Superintendent of State Police, any member
21 of the retirement system, including a member appointed to the
22 State Police under section 3 of P.L.1983, c.403 (C.39:2-9.3) and a
23 member appointed to the State Police under section 1 of P.L.1997,
24 c.19 (C.53:1-8.2), who has attained the age of 55 years, shall be
25 retired forthwith on the first day of the next calendar month
26 following the effective date of this 1985 amendatory act. Any
27 member of the retirement system so retired shall receive a service
28 retirement allowance pursuant to this section or section 27 of
29 P.L.1965, c.89 (C.53:5A-27), as appropriate.

30 d. Any member of the retirement system who is required to
31 retire pursuant to subsection c. of this section and who has more
32 than 20 but fewer than 25 years of creditable service at the time of
33 retirement shall be entitled to continued health benefits coverage
34 during retirement as provided in the "New Jersey State Health
35 Benefits Program Act," P.L.1961, c.49 (C.52:14-17.25 et seq.).
36 Notwithstanding the provisions of section 8 of P.L.1961, c.49
37 (C.52:14-17.32), the State shall pay the premium or periodic charge
38 for the benefits provided under this subsection to a member retiring
39 under subsection c. of this section with fewer than 25 years of
40 service credited in the retirement system, and the member's
41 dependents covered under the program, but not including survivors.

42 e. Any member of the retirement system as of the effective date
43 of P.L.1985, c.175 who is required to retire pursuant to subsection
44 c. of this section shall be entitled to the retirement allowance
45 provided for by subsection b. of this section, notwithstanding that
46 the member shall have fewer than 20 years' creditable service.

47 f. Any member of the retirement system as of the effective date
48 of P.L.1985, c.175 who is required to retire pursuant to subsection

1 c. of this section and who has more than 20 but less than 25 years of
2 creditable service at the time of retirement shall be entitled to the
3 retirement allowance provided for by subsection b. of this section
4 plus ~~【3%】~~ 2% of his final compensation multiplied by the number
5 of years of creditable service over 20 but not over 25.

6 g. Upon the receipt of proper proofs of the death of a member
7 who has retired on a service retirement allowance, there shall be
8 paid to the member's beneficiary an amount equal to one-half of the
9 final compensation received by the member.

10 (cf: P.L.2001, c.316, s.1)

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

14 9. a. (1) Upon the written application by a member in service,
15 by one acting in his behalf or by the State, any member, under ~~【55~~
16 ~~years of】~~ normal retirement age, who has had ~~【four】~~ 10 or more
17 years of creditable service as a State policeman, or ~~【four】~~ 10 or
18 more years of creditable service as a person formerly employed by
19 the Division of Motor Vehicles or the Division of State Police prior
20 to appointment as provided in section 3 of P.L.1983, c.403 (C.39:2-
21 9.3), or ~~【four】~~ 10 or more years of creditable service as a person
22 formerly employed by the Alcoholic Beverage Control Enforcement
23 Bureau, the State Capitol Police Force, or the Bureau of Marine
24 Law Enforcement prior to appointment as provided in section 1 of
25 P.L.1997, c.19 (C.53:1-8.2), may be retired, not less than one month
26 next following the date of filing such application with the
27 retirement system, on an ordinary disability retirement allowance;
28 provided, that the medical board, after a medical examination of
29 such member, shall certify that such member is mentally or
30 physically incapacitated for the performance of his usual duty and
31 of any other available duty in the Division of State Police which the
32 Superintendent of State Police is willing to assign to him and that
33 such incapacity is likely to be permanent and of such an extent that
34 he should be retired.

35 (2) Upon the written application by a member in service under
36 normal retirement age, by one acting in his behalf or by his
37 employer, who has less than 10 years of creditable service may be
38 retired on a work-related disability retirement allowance, if he
39 meets the requirements of the medical examination under paragraph
40 (1) of this subsection and the incapacity from the performance of
41 duties is the direct result of an accident or occupational exposure
42 occurring during and as a result of his regular and assigned duties
43 and not the result of willful negligence. In order to qualify for a
44 work-related disability benefit, the member must have received a
45 workers' compensation award of permanent disability under
46 R.S.34:15-1 et seq. The board may, in its discretion, waive the
47 requirement for a medical examination under this subsection where

1 the Division of Workers' Compensation in the Department of Labor
2 and Workforce Development has determined that the member is 100
3 percent totally and permanently disabled.

4 b. Upon retirement for ordinary or work-related disability, a
5 member shall receive **[an ordinary]** a disability retirement
6 allowance which shall consist of:

7 (1) An annuity which shall be the actuarial equivalent of his
8 aggregate contributions; and

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

14 c. **[Notwithstanding the provisions of subsection b. of this**
15 **section, a member of the retirement system who has more than 20**
16 **but less than 25 years of creditable service and who is required to**
17 **retire pursuant to subsection a. of this section upon application by**
18 **the State made on or after October 1, 1988, shall receive an**
19 **ordinary disability retirement allowance which shall consist of:**

20 (1) An annuity which shall be the actuarial equivalent of the
21 member's aggregate contributions; and

22 (2) A pension in the amount which, when added to the member's
23 annuity, will provide a total retirement allowance of 50% of final
24 compensation plus 3% of final compensation multiplied by the
25 number of years of creditable service over 20 but not over 25.

26 Any increase in the disability retirement allowance of a member
27 who was required to retire on or after October 1, 1988 and prior to
28 the effective date of this amendatory and supplementary act,
29 P.L.1989, c.308, shall be retroactive to the date of retirement]
30 (Deleted by amendment, P.L. , c. (pending before the Legislature
31 as this bill)).

32 d. Upon the receipt of proper proofs of the death of a member
33 who has retired on an ordinary or work-related disability retirement
34 allowance, there shall be paid to the member's beneficiary an
35 amount equal to three and one-half times the final compensation
36 received by the member in the last year of creditable service;
37 provided, however, that if such death shall occur after the member
38 shall have attained 55 years of age, the amount payable shall equal
39 one-half of such compensation instead of three and one-half times
40 such compensation.

41 (cf: P.L.1997, c.19, s.10)

42

43 85. (New section) a. Once each year the retirement system may,
44 and upon his application shall, require any disability beneficiary
45 who is under normal retirement age to undergo a medical
46 examination by a physician or physicians designated by the system
47 for a period of five years following his retirement in order to
48 determine whether or not the disability which existed at the time he

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1 was retired has vanished or has materially diminished. If the
2 disability beneficiary is under normal retirement age and engaged in
3 an occupation, then the amount of his pension shall be reduced to an
4 amount which when added to the amount then earned by him, shall
5 not exceed the amount of the salary now attributable to his former
6 position. If his earnings have changed since the date of his last
7 adjustment, then the amount of his pension may be further altered;
8 but the new pension shall not exceed the amount of pension
9 originally granted.

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

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

30 Such person shall be reenrolled in the retirement system and
31 shall be treated as an active member based upon his prior
32 enrollment.

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

42

43 86. Section 27 of P.L.1965, c.89 (C.53:5A-27) is amended to
44 read as follows:

45 27. a. Should a member resign after having established 25 years
46 of creditable service as a full-time commissioned officer,
47 noncommissioned officer or trooper of the Division of State Police
48 or a member appointed to the State Police under section 3 of

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1 P.L.1983, c.403 (C.39:2-9.3) or a member appointed to the State
2 Police under section 1 of P.L.1997, c.19 (C.53:1-8.2), he may elect
3 "special" retirement; provided that such election is communicated
4 by such member to the retirement system by filing a written
5 application, duly attested, stating at what time subsequent to the
6 execution and filing thereof he desires to be retired. He shall
7 receive, in lieu of the payment provided in section 26, a retirement
8 allowance which shall consist of:

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

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

24 The board of trustees shall retire him at the time specified or at
25 such other time within one month after the date so specified, as the
26 board finds advisable.

27 b. Upon the receipt of proper proofs of the death of such a
28 retired member, there shall be paid to the member's beneficiary
29 an amount equal to one-half of the final compensation received by
30 the member.

31 (cf: P.L.1997, c.19, s.11)

32

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

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

37 a. Upon the basis of the tables recommended by the actuary
38 which the board adopts and regular interest, the actuary shall
39 compute annually, beginning as of June 30, 1992, the amount of the
40 contribution which shall be the normal cost as computed under the
41 projected unit credit method attributable to service rendered under
42 the retirement system for the year beginning on July 1 immediately
43 succeeding the date of the computation. This shall be known as the
44 "normal contribution."

45 b. Upon the basis of the tables recommended by the actuary
46 which the board adopts and regular interest, the actuary shall
47 annually determine if there is an amount of the accrued liability of
48 the retirement system, computed under the projected unit credit

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

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

46 "Excess valuation assets" means the valuation assets for a
47 valuation period less the actuarial accrued liability for the valuation
48 period, if the sum is greater than zero. If there are excess valuation

1 assets for the valuation period ending June 30, 1996, the normal
2 contributions for the valuation periods ending June 30, 1996 and
3 June 30, 1997 which have not yet been paid to the retirement
4 system shall be reduced to the extent possible by the excess
5 valuation assets, provided that the General Fund balances that
6 would have been paid to the retirement system except for this
7 provision shall first be allocated as State aid to public schools to the
8 extent that additional sums are required to comply with the May 14,
9 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.
10 If there are excess valuation assets for a valuation period ending
11 after June 30, 1996, the State Treasurer may reduce the normal
12 contribution payable for the next valuation period as follows:

13 (1) for valuation periods ending June 30, 1997 through June 30,
14 2001, to the extent possible by up to 100% of the excess valuation
15 assets;

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

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

20 (4) for valuation periods ending June 30, 2004 through June 30,
21 2007, to the extent possible by up to 50% of the excess valuation
22 assets.

23 c. The actuary shall certify annually the aggregate amount
24 payable to the Contingent Reserve Fund in the ensuing year, which
25 amount shall be equal to the sum of the amounts described in this
26 section. The State shall pay into the Contingent Reserve Fund
27 during the ensuing year the amount so certified. In the event the
28 amount certified to be paid by the State includes amounts due for
29 services rendered by members to specific instrumentalities or
30 authorities the total amounts so certified shall be paid to the
31 retirement system by the State; provided, however, the full cost
32 attributable to such services rendered to such instrumentalities and
33 authorities shall be computed separately by the actuary and the
34 State shall be reimbursed for such amounts by such
35 instrumentalities or authorities.

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

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

41

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

44 38. There shall be deducted from the payroll of each active
45 member of the system 7 1/2 % of the amount of his salary, which
46 shall be turned over to the State Treasurer and be credited by him to
47 the account of the State Police Retirement System. Commencing
48 with the payroll period for which the payroll date occurs on or

1 immediately following July 1, 2011, all members shall contribute an
2 additional 1% of salary to the system. This additional contribution,
3 however, shall not be used to reduce the employer normal
4 contribution required pursuant to section 34 of P.L.1965, c.89
5 (C.53:5A-34). The deductions provided for herein shall be made
6 notwithstanding that the minimum salary provided for by law for
7 any member shall be reduced thereby. Every member shall be
8 deemed to consent and agree to the deductions made and provided
9 for herein, and payment of salary or compensation less said
10 deductions shall be a full and complete discharge and acquittance of
11 all claims and demands whatsoever for the service rendered by such
12 person during the period covered by such payment, except as to the
13 benefits provided under this act.

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

15

16 89. Section 30 of 1971, c.181 (C.53:5A-38.1) is amended to read
17 as follows:

18 30. a. If any member of the retirement system receives periodic
19 benefits payable under the Workers' Compensation Law during the
20 course of his active service, in lieu of his normal compensation, his
21 regular salary deductions shall be paid to the retirement system by
22 his employer. Such payments shall be computed, in accordance
23 with section 38 of P.L.1965, c.89 (C.53:5A-38), at the rate of
24 contribution on the base salary subject to the retirement system, just
25 prior to the receipt of the workers' compensation benefits. The
26 moneys paid by the employer shall be credited to the member's
27 account in the annuity savings fund and shall be treated as
28 employee contributions for all purposes. The employer will
29 terminate the payment of these moneys when the periodic benefits
30 payable under the Workers' Compensation Law are terminated or
31 when the member retires.

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

34 b. An application for retirement benefits may be approved by
35 the board of trustees while the member, applying for such benefits,
36 is in receipt of periodic benefits under the Workers' Compensation
37 Law. If a retirant receiving **[an accidental]** a work-related
38 disability retirement allowance becomes a recipient of periodic
39 benefits under the workers' compensation law after the date of
40 retirement, the pension portion of the retirement allowance payable
41 to the retirant shall be reduced, during the period of the payment of
42 the periodic benefits, dollar-for-dollar in the amount of the periodic
43 benefits received after the date of retirement, subject to the
44 provisions of section 31 of P.L.1971, c.181 (C.53:5A-15.3). The
45 reduction provided for herein shall not affect the retirant's pension
46 adjustment benefits or survivor benefits that may be payable upon
47 the death of the retirant.

1 If a work-related disability retirant or an accidental disability
2 retirant approved prior to the effective date of P.L. , c. (pending
3 before the Legislature as this bill) receives a retirement allowance
4 without reduction and periodic benefits under the workers'
5 compensation law for any period of time after the date of
6 retirement, the retirant shall repay to the retirement system the
7 amount of the pension portion of the retirement allowance which
8 should have been subject to reduction under this subsection. The
9 repayment may be in the form of a lump sum payment or scheduled
10 as deductions from the retirant's retirement allowance and pension
11 adjustment benefits. If the retirant dies before full repayment of the
12 amount required, the remaining balance shall be deducted from any
13 death benefits payable on behalf of the retirant.

14 (cf: P.L.1995, c.369, s.4)

15

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

18 2. The monthly retirement allowance or pension originally
19 granted to any retirant and the pension or survivorship benefit
20 originally granted to any beneficiary shall be adjusted in accordance
21 with the provisions of this act provided, however, that:

22 a. the maximum retirement allowance, without option, shall be
23 considered the retirement allowance originally granted to any
24 retirant who, at retirement, elected an Option I allowance pursuant
25 to the provisions of the statutes stipulated in subsection b. of section
26 1 of this act (C.43:3B-1); and b. the minimum pension granted to
27 any beneficiary stipulated in subsection d. (4) of section 1 of this
28 act (C.43:3B-1), shall be considered the pension originally granted
29 to such beneficiary.

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

40 Commencing with the effective date of P.L. , c. (pending
41 before the Legislature as this bill) and thereafter, no further
42 adjustments to the monthly retirement allowance or pension
43 originally granted to any retirant and the pension or survivorship
44 benefit originally granted to any beneficiary shall be made in
45 accordance with the provisions of P.L.1958, c.143 (C.43:3B-1 et
46 seq.). This provision shall not reduce the monthly retirement
47 benefit that a retirant or a beneficiary is receiving on the effective
48 date of P.L. , c. (pending before the Legislature as this bill)

1 when the benefit includes an adjustment granted prior to that
2 effective date.

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

4

5 91. Section 1 of P.L.1968, c.23 (C.43:3C-1) is amended to read
6 as follows:

7 1. Notwithstanding any other law to the contrary, if a former
8 member of any pension fund or retirement system, contributory or
9 noncontributory, established under any law of this State, who **[has**
10 **been granted]** is in receipt of a pension or retirement allowance **[for**
11 **any cause other than vesting or deferred retirement]** other than a
12 disability retirement, becomes employed again in a position which
13 makes him eligible to be a member of **[another]** any pension fund
14 or retirement system established under any law of this State, such
15 person shall not be enrolled in such **[other]** pension fund or
16 retirement system **[if he is eligible to receive such pension or**
17 **retirement allowance]**.

18 (cf: P.L.1991, c.276, s.1)

19

20 92. (New section) No person shall be eligible for a retirement
21 allowance unless his retirement is bona fide. A retirement is bona
22 fide if a retiree terminates his public office, position or employment
23 for a period of not less than six months during which time he is in
24 receipt of a retirement allowance and is not reemployed in an office
25 or position that is covered by the retirement system from which he
26 retired, or any other pension fund or retirement system, contributory
27 or noncontributory, established under any law of this State.

28 If a retirement is not bona fide, in the event the member is
29 employed in a position that qualified for continued participation in
30 the same retirement system, the retirement shall be cancelled and
31 the member shall be reenrolled in the retirement system and shall
32 repay any retirement benefits received to which he was not entitled.
33 In the event the former member has become employed within the
34 six month period in an office or position covered by another
35 retirement system established under any law of this State, the
36 retirement allowance shall be suspended until such time as the
37 person has ceased all public employment in this State for a period
38 of six months. The Director of the Division of Pensions and
39 Benefits shall promulgate regulations implementing this section.

40

41 93. (New section) An employer of a retiree who becomes
42 reemployed in an office or position that is covered by the retirement
43 system from which he retired, or any other pension fund or
44 retirement system, contributory or noncontributory, established
45 under any law of this State, shall notify the Division of Pensions
46 and Benefits upon commencement of the retiree's employment and
47 shall report the amount of annual earnings to the Division of

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1 Pensions and Benefits, as prescribed by the director.

2

3 94. Section 1 of P.L.1997, c.113 (C.43:3C-9.1) is amended to
4 read as follows:

5 1. In accordance with the provisions of section 401 (a) (2) of the
6 federal Internal Revenue Code, and subject to such exceptions as
7 may be permitted for governmental plans under section 401 (a) (2)
8 of the federal Internal Revenue Code, at no time prior to the
9 satisfaction of all liabilities with respect to members and their
10 beneficiaries under the Teachers' Pension and Annuity Fund,
11 established pursuant to N.J.S.18A:66-1 et seq., the Judicial
12 Retirement System, established pursuant to P.L.1973, c.140
13 (C.43:6A-1 et seq.), the Prison Officers' Pension Fund, established
14 pursuant to P.L.1941, c.220 (C.43:7-7 et seq.), the Public
15 Employees' Retirement System, established pursuant to P.L.1954,
16 c.84 (C.43:15A-1 et seq.), the Consolidated Police and Firemen's
17 Pension Fund, established pursuant to R.S.43:16-1 et seq., the
18 Police and Firemen's Retirement System, established pursuant to
19 P.L.1944, c.255 (C.43:16A-1 et seq.), the State Police Retirement
20 System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.),
21 **[and]** the Alternate Benefit Program, established pursuant to
22 P.L.1969, c.242 (C.18A:66-167 et seq.), and the Defined
23 Contribution Retirement Program, established pursuant to P.L.2007,
24 c.92 (C.43:15C-1 et seq.), shall any part of the corpus or income of
25 the respective retirement systems, within the taxable year or
26 thereafter, be used for or diverted to purposes other than for the
27 exclusive benefit of the members or their beneficiaries.
28 (cf: P.L.1997, c.113, s.1)

29

30 95. Section 2 of P.L.1997, c.113 (C.43:3C-9.2) is amended to
31 read as follows:

32 2. Notwithstanding any law, rule or regulation to the contrary,
33 the contributions to and benefits payable under the Teachers'
34 Pension and Annuity Fund, the Judicial Retirement System, the
35 Prison Officers' Pension Fund, the Public Employees' Retirement
36 System, the Consolidated Police and Firemen's Pension Fund, the
37 Police and Firemen's Retirement System, the State Police
38 Retirement System **[and]** , the Alternate Benefit Program , and the
39 Defined Contribution Retirement Program shall not exceed the
40 limitations provided under section 415 of the federal Internal
41 Revenue Code. The Division of Pensions and Benefits in the
42 Department of the Treasury shall be responsible for implementation
43 and enforcement of these limitations.
44 (cf: P.L.1997, c.113, s.2)

45

46 96. Section 4 of P.L.1997, c.113 (C.43:3C-9.4) is amended to
47 read as follows:

1 4. a. Notwithstanding any law, rule or regulation to the contrary,
2 for members of the Alternate Benefit Program, the amount of
3 compensation which may be used for employer and member
4 contributions and benefits under the program after June 30, 1996
5 shall not exceed the compensation limitation of section 401 (a) (17)
6 of the federal Internal Revenue Code of 1986, (26 U.S.C. s.401 (a)
7 (17)), as amended pursuant to section 13212 of the Omnibus Budget
8 Reconciliation Act of 1993, Pub. L.103-66, 107 Stat. 312, or as
9 hereafter amended or supplemented, to the extent applicable to
10 governmental plans. The provisions of this section shall not be
11 applicable to members enrolled prior to July 1, 1996 if the employer
12 of the members certifies to the Director of the Division of Pensions
13 and Benefits, in the form and manner prescribed by the director,
14 prior to July 1, 1997, that the employer will pay the additional cost
15 for not applying the limit to the members.

16 b. Notwithstanding any law, rule or regulation to the contrary, for
17 members of the Defined Contribution Retirement Program, the amount
18 of compensation which may be used for employer and member
19 contributions shall not exceed the compensation limitation of section
20 401(a)(17) of the federal Internal Revenue Code of 1986 (26 U.S.C.
21 s.401(a)(17)), as amended from time to time.

22 (cf: P.L.1997, c.113, s.4)

23

24 97. Section 41 of P.L.2007, c.92 (C.43:3C-9.6) is amended to
25 read as follows:

26 41. a. Upon the termination of the Teachers' Pension and
27 Annuity Fund, the Public Employees' Retirement System, the
28 Judicial Retirement System, the Police and Firemen's Retirement
29 System, the State Police Retirement System, the Prison Officers'
30 Pension Fund, **[or]** the Consolidated Police and Firemen's Fund,
31 the Alternate Benefit Program, or the Defined Contribution
32 Retirement Program, or upon complete discontinuance of
33 contributions to any of the retirement systems, the rights of all
34 members of such retirement system to benefits accrued to the date
35 of such termination or discontinuance, to the extent then funded, are
36 non-forfeitable.

37 b. Notwithstanding any law, rule or regulation to the contrary,
38 the form and timing of all distributions from the Teachers' Pension
39 and Annuity Fund, the Public Employees' Retirement System, the
40 Judicial Retirement System, the Police and Firemen's Retirement
41 System, the State Police Retirement System, the Prison Officers'
42 Pension Fund, **[or]** the Consolidated Police and Firemen's Fund,
43 the Alternate Benefit Program, or the Defined Contribution
44 Retirement Program, to a member, or to the beneficiary of a
45 member if the member dies before the member's entire interest has
46 been distributed, shall conform to the required distribution
47 provisions of section 401(a)(9) of the federal Internal Revenue
48 Code and the regulations issued by the United States Department of

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1 the Treasury under that Code section, including the incidental death
2 benefit requirements of section 401(a)(9)(G) of the federal Internal
3 Revenue Code. In addition, in no event shall payments under any
4 of the retirement systems commence to be paid to a member later
5 than the member's required beginning date, without regard to
6 whether the member has filed application therefor. For this
7 purpose, a member's required beginning date is the April 1 of the
8 calendar year following the later of (1) the calendar year in which
9 the member attains age 70 1/2 or (2) the calendar year in which the
10 member retires. The actuarial adjustment described in section
11 401(a)(9)(C)(iii) of the federal Internal Revenue Code shall not
12 apply.

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

14

15 98. (New section) a. Notwithstanding any law, rule or regulation
16 to the contrary, the Teachers' Pension and Annuity Fund, established
17 pursuant to N.J.S.18A:66-1 et seq., the Judicial Retirement System,
18 established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison
19 Officers' Pension Fund, established pursuant to P.L.1941, c.220
20 (C.43:7-7 et seq.), the Public Employees' Retirement System,
21 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the
22 Consolidated Police and Firemen's Pension Fund, established pursuant
23 to R.S.43:16-1 et seq., the Police and Firemen's Retirement System,
24 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), and the
25 State Police Retirement System, established pursuant to P.L.1965, c.89
26 (C.53:5A-1 et seq.), are established as qualified governmental defined
27 benefit plans pursuant to sections 401(a) and 414(d) of the federal
28 Internal Revenue Code of 1986 (26 U.S.C. ss.401(a) and 414(d)), as
29 amended, or such other provision of the federal Internal Revenue
30 Code, as applicable, regulations of the U.S. Treasury Department, and
31 other guidance of the federal Internal Revenue Service.

32 b. Notwithstanding any law, rule or regulation to the contrary, the
33 Alternate Benefit Program, established pursuant to P.L.1969, c.242
34 (C.18A:66-167 et seq.), and the Defined Contribution Retirement
35 Program, established pursuant to P.L.2007, c.92 (C.43:15C-1 et seq.)
36 are established as qualified governmental defined contribution plans
37 pursuant to sections 401(a) and 414(d) of the federal Internal Revenue
38 Code of 1986 (26 U.S.C. ss.401(a) and 414(d)), as amended, or such
39 other provision of the federal Internal Revenue Code, as applicable,
40 regulations of the U.S. Treasury Department, and other guidance of the
41 federal Internal Revenue Service.

42 c. Notwithstanding the provisions of any law, rule or regulation
43 to the contrary, the Director of the Division of Pensions and
44 Benefits in the Department of the Treasury shall be authorized to
45 modify the provisions of the foregoing retirement plans, when a
46 modification is required to maintain the qualified status of the
47 retirement plans under the Internal Revenue Code of 1986,
48 applicable regulations of the U.S. Treasury Department or other

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1 guidance of the federal Internal Revenue Service. Notwithstanding
2 the provisions of the Administrative Procedure Act, P.L.1968, c.410
3 (C.52:14B-1 et seq.), the director may modify the provisions of the
4 foregoing retirement plans, when a modification is required to
5 maintain the qualified status of the retirement plans by
6 promulgating a rule or regulation which shall be effective upon
7 filing with the Office of Administrative Law.

8
9 99. (New section) a. A member shall be fully vested in his or her
10 accumulated contributions at all times.

11 b. A member shall be fully vested in his or her service
12 retirement benefit upon the attainment of normal retirement age
13 under the retirement system and the completion of any required
14 years of service. Normal retirement age means the age established
15 by regulation consistent with statute.

16 c. In conformity with section 401(a)(8) of the federal Internal
17 Revenue Code (26 U.S.C. s.401(c)(8)), any forfeitures of benefits
18 by members or former members of the plan shall not be applied to
19 increase the benefits any member would otherwise receive under
20 the plan.

21
22 100. (New section) Notwithstanding any law, rule or regulation
23 to the contrary, the Teachers' Pension and Annuity Fund, the
24 Judicial Retirement System, the Prison Officers' Pension Fund, the
25 Public Employees' Retirement System, the Consolidated Police and
26 Firemen's Pension Fund, the Police and Firemen's Retirement
27 System, the State Police Retirement System, the Alternate Benefit
28 Program, and the Defined Contribution Retirement Program shall be
29 administered in accordance with the rollover requirements of
30 section 401(a)(31) of the federal Internal Revenue Code (26 U.S.C.
31 s.401(a)(31)).

32
33 101. (New section) Effective December 12, 1994,
34 notwithstanding any other provision of the retirement system law,
35 contributions, benefits and service credit with respect to qualified
36 military service are governed by section 414(u) of the federal
37 Internal Revenue Code (26 U.S.C. s.414(u)) and the Uniformed
38 Services Employment and Reemployment Rights Act of 1994 (38
39 U.S.C. s.4301 et seq.).

40
41 102. (New section) Effective as of July 1, 1989, a retirement
42 board, or a member of such board, shall not engage in a transaction
43 prohibited by section 503(b) of the federal Internal Revenue Code
44 (26 U.S.C. s.503(b)).

45
46 103. (New section) Each retirement system may participate
47 under Section 401(a)(24) of the federal Internal Revenue Code in a
48 qualified group trust that meets the requirements of Section 401(a)

1 of the federal Internal Revenue Code (26 U.S.C. s.401(a)(24)) in
2 accordance with Revenue Ruling 81-100, as amended by Revenue
3 Ruling 2004-67 and Revenue Ruling 2011-1.

4
5 104. (New section) a. Post-employment benefits other than
6 pensions under the State Health Benefits Program, P.L.1961, c.49
7 (C.52:14-17.25 et seq.), for retired employees, and their dependents, of
8 employers other than the State that are participating in the State Health
9 Benefits Program pursuant to section 3 of P.L.1964, c.125 (C.52:14-
10 17.34), as non-State participating employers, shall be funded and paid
11 by means of contributions to a separate trust fund. For the purposes of
12 this section, the term "post-employment benefits other than pensions"
13 means post-employment benefits including, but not limited to, health,
14 dental and vision care, which give rise to a liability under Statement
15 No. 43 of the Governmental Accounting Standards Board, Reporting
16 for Postemployment Benefit Plans Other Than Pension Plans, and
17 Statement No. 45 of the Governmental Accounting Standards Board,
18 Accounting and Financial Reporting by Employers for
19 Postemployment Benefits Other Than Pensions, together, GASB
20 43/45, as amended from time to time, or any successor publication.
21 For purposes of this section, and notwithstanding anything to the
22 contrary, the term "non-State participating employers" is limited only
23 to entities that are a political subdivision of the State, as defined in
24 federal Treas. Reg. s. 1.103-1(b), or entities the income of which is
25 excluded from gross income under section 115 of the Internal Revenue
26 Code of 1986 (26 U.S.C. s.115), as amended. For purposes of this
27 section, the term "dependent" or "dependents" means a dependent as
28 defined under section 152 of the Internal Revenue Code of 1986 (26
29 U.S.C. s.152), as amended, without regard to subsections (b)(1),
30 (b)(2), or (d)(1)(B) thereof, of a retired employee.

31 b. There is hereby established the State of New Jersey Other Post-
32 Employment Benefits (OPEB) Fund, which is intended to qualify as an
33 instrumentality of the State or a political subdivision of the State under
34 section 115 of the Internal Revenue Code of 1986 (26 U.S.C. s.115),
35 as amended. The assets of the OPEB Fund shall be used only to fund
36 and pay post-employment benefits other than pensions, and the
37 reasonable cost of administering such benefits, with respect to eligible
38 retired employees, and their dependents, of non-State participating
39 employers, and deposits and contributions to the OPEB Fund shall be
40 irrevocable except as specifically provided in subsection i. of this
41 section. The OPEB Fund shall be a trust, trust account or custodial
42 account, the assets of which shall be deemed an arrangement
43 equivalent to a trust for all legal purposes, and shall be established by
44 means of appropriate documentation so as to be exempt from taxation
45 under the provisions of applicable federal and State tax law, which
46 shall contain such terms and conditions as are required to comply with
47 all State and federal law including but not limited to the following:

48 (1) The OPEB Fund shall provide no guaranty that payments or

1 reimbursements to employees, former employees, retirees, spouses or
2 beneficiaries will be tax-free.

3 (2) In the event that the OPEB Fund has obtained a ruling from the
4 Internal Revenue Service concerning only the federal tax treatment of
5 the OPEB Fund's income, that ruling may not be cited or relied upon
6 by any non-State participating employer as precedent concerning any
7 matter relating to the non-State participating employer's health plans,
8 including post-retirement health plans. In particular, that ruling shall
9 have no effect on whether contributions to the non-State participating
10 employer's health plans or payments from the non-State participating
11 employer's health plans, including reimbursements of medical
12 expenses, are excludable from the gross income of employees, former
13 employees or retirees, under the Internal Revenue Code of 1986, as
14 amended.

15 (3) The federal income tax consequences to employees, former
16 employees and retirees shall depend on the terms and operation of the
17 non-State participating employer's health plans.

18 c. The assets of the OPEB Fund shall be segregated from all other
19 funds of the State and the non-State participating employers,
20 including without limitation the fund described in section 48 of
21 P.L.2007, c.103 (C.52:14-17.32a1), and shall be invested and
22 administered solely in the interest of retired employees, and their
23 dependents, of non-State participating employers entitled to post-
24 employment benefits other than pensions provided by the State Health
25 Benefits Program. However, the OPEB Fund may be invested in a
26 group trust established pursuant to section 401(a)(24) of the Internal
27 Revenue Code of 1986 (26 U.S.C. s.401(a)(24)), as amended. Neither
28 the State, the State Legislature, the State Health Benefits Commission,
29 the Treasurer of the State of New Jersey, the Division of Pensions and
30 Benefits in the Department of the Treasury, nor any public officer,
31 employee or agency, nor service provider to the OPEB Fund, shall use
32 or authorize the use of assets contributed to the OPEB Fund, or the
33 investment earnings thereon, for any purpose other than the provision
34 of post-employment benefits other than pensions in accordance with
35 the terms of the State Health Benefits Program applicable to retired
36 employees, and their dependents, of non-State participating employers,
37 and the defraying of the reasonable costs of administering the OPEB
38 Fund and the benefits provided by means of the OPEB Fund. The
39 assets constituting the OPEB Fund shall under no circumstances be
40 subject to assignment or alienation in favor of the creditors of the State
41 or any non-State participating employer, or of the individuals or
42 entities that administer the State Health Benefits Program or the OPEB
43 Fund. Private parties' interests shall neither materially participate in
44 the OPEB Fund nor benefit more than incidentally from the operation
45 or earnings of the OPEB Fund.

46 d. The Director of the Division of Pensions and Benefits shall serve
47 as the administrator of the OPEB Fund. The Director of the Division
48 of Investment as trustee shall have the authority to adopt a trust

1 agreement, to receive and hold all moneys in the OPEB Fund, and to
2 disburse the same in accordance with instructions from the fund
3 administrator. The Director of the Division of Investment shall have
4 the authority to invest and reinvest the moneys in the OPEB Fund and
5 to acquire for or on behalf of the OPEB Fund such investments in
6 accordance with the standards governing the investment of other funds
7 managed by the Director of the Division of Investment under the rules
8 and regulations of the State Investment Council. The State, the
9 Division of Pensions and Benefits, the State Treasurer, the Division of
10 Investment, and the State Investment Council, and their respective
11 officers and employees, shall not be liable for any loss incurred by the
12 OPEB Fund.

13 e. The fund administrator or the trustee may select and contract
14 with custodians, record keepers, actuaries and other consultants, and
15 other service providers with respect to the administration of the OPEB
16 Fund, and may delegate to such persons or entities, or to any person
17 within the Department of the Treasury, any of their duties and
18 responsibilities. The Director of the Division of Investment may select
19 and contract with investment managers, investment advisors and other
20 service providers with respect to the investment of the OPEB Fund,
21 and may delegate to such persons or entities, or to any person within
22 the Division of Investment, any of its duties and responsibilities.

23 f. The fund administrator shall, with the assistance of a qualified
24 actuary, determine a funding policy for the OPEB Fund and may
25 promulgate rules and procedures with respect to the administration and
26 funding of the OPEB Fund. The fund administrator, with the
27 assistance of a qualified actuary, shall annually measure and determine
28 an amount for the annual "other post-employment benefits" cost of
29 providing benefits for the retirees and their dependents of each non-
30 State participating employer in the State Health Benefits Program
31 based on the "annual required cost" (ARC) for providing such benefits
32 determined in accordance with applicable standards under GASB
33 43/45. The fund administrator shall report the OPEB cost for each
34 non-State participating employer to such employer on an annual basis.

35 g. The fund administrator, with the assistance of a qualified
36 actuary, shall annually determine, and the fund administrator shall
37 approve, the aggregate contribution to the OPEB Fund to fund post-
38 employment benefits other than pensions under the terms of the State
39 Health Benefit Program, which shall be the amount necessary to pay
40 the anticipated premiums or periodic charges for the benefits for the
41 following annual valuation period, with respect to all non-State
42 employers participating in the OPEB Fund. The fund administrator
43 shall determine and approve the rate or rates to be charged to non-State
44 participating employers as contributions by such employers to the
45 OPEB Fund, based on such allocable amounts of the above-described
46 aggregate contribution and such other factors as the fund administrator
47 shall determine with respect to the setting of such rates.

48 h. Deposits to the OPEB Fund shall be made by each non-State

1 participating employer in the amounts specified by the fund
2 administrator. Deposits to the OPEB Fund by each non-State
3 participating employer shall be segregated in a separate account for
4 recordkeeping purposes from the deposits from all other non-State
5 participating employers in the OPEB Fund. Such deposits may be
6 commingled for purposes of investment, but the fund administrator
7 shall provide record keeping to establish the deposits allocable to each
8 non-State participating employer and shall periodically report the
9 value of the separate accounts to the applicable non-State participating
10 employers. Investment earnings attributable to the OPEB Fund shall
11 be determined on an aggregate basis for all non-State participating
12 employers. A non-State participating employer shall not make a
13 deposit to the OPEB Fund if the total amount invested with respect to
14 that employer would exceed such employer's actuarially determined
15 liability for post-employment benefits other than pensions due to its
16 employees, as determined under the applicable standards of GASB
17 43/45.

18 i. In the event that, following the satisfaction in full of all
19 liabilities for post-employment benefits other than pensions to
20 retired employees, and their dependents, of non-State participating
21 employers, there remain undistributed assets of the OPEB Fund,
22 such assets shall be distributed in the manner determined by the
23 fund administrator, provided that in no event shall such assets be
24 distributed to, or used for the purpose of paying benefits for, the
25 active or retired employees of an entity that is not a State, a political
26 subdivision of the State or an entity the income of which is
27 excluded from gross income under section 115 of the Internal
28 Revenue Code of 1986 (26 U.S.C. s.115), as amended.

29
30 105. (New section) With respect to the portion of the alternate
31 benefit program, P.L.1969, c.242 (C.18A:66-167 et seq.), that is
32 subject to section 403(b) of the federal Internal Revenue Code (26
33 U.S.C. s.403(b)), the State may terminate the alternate benefit program
34 as provided in this section.

35 a. The State adopted the alternate benefit program with the
36 intention and expectation that contributions would be continued to the
37 program indefinitely. The State, however, has no obligation or
38 liability whatsoever to maintain the alternate benefit program for any
39 length of time and may discontinue contributions under the alternate
40 benefit program at any time without any liability hereunder for any
41 discontinuance.

42 b. The State reserves the authority to amend or terminate the
43 alternate benefit program at any time and for any reason.

44 c. The State may provide that, in connection with a termination of
45 the alternate benefit program and subject to any restrictions contained
46 in the investment options offered under the alternate benefit program,
47 all accounts will be distributed, provided that the State and any related
48 employer on the date of termination do not make contributions to an

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1 alternative plan or program subject to the rules under section 403(b) of
2 the federal Internal Revenue Code (26 U.S.C. s. 403(b)), that is not
3 part of the alternate benefit program during the period beginning on
4 the date of termination and ending 12 months after the distribution of
5 all assets from the alternate benefit program, except as permitted by
6 the applicable regulations of the United States Department of the
7 Treasury.

8
9 106. Section 2 of P.L.1963, c.123 (C.52:18A-108) is amended to
10 read as follows:

11 2. As used in this act:

12 a. "Fiscal year" means any year commencing on July 1 and
13 ending on June 30 next following.

14 b. "Participant" means (1) for the purposes of the Supplemental
15 Annuity Collective Trust under section 4 of P.L.1965, c.90 (C.52:18A-
16 113.1), any member of a State administered retirement system, who
17 has elected to make voluntary additional contributions to the
18 Supplemental Annuity Collective Trust, or for whom an employer
19 has agreed to purchase an annuity from the Supplemental Annuity
20 Collective Trust as hereinafter provided; or (2) for the purposes of
21 the Additional Contributions Tax-Sheltered Program under section 1
22 of P.L.1995, c.92 (C.52:18A-113.2), means any employee of the
23 Department of Education, the Commission on Higher Education, the
24 governing body of any public institution of education, or any public
25 school, as defined in N.J.S.18A:1-1, regularly scheduled to work 20
26 or more hours per week who has elected to make voluntary
27 additional contributions to the Supplemental Annuity Collective
28 Trust, or for whom an employer has agreed to purchase an annuity
29 from the Supplemental Annuity Collective Trust as hereinafter
30 provided. An employee regularly works less than 20 hours per
31 week if, for the 12-month period beginning on the date the
32 employee's employment commenced, the employee's employer
33 reasonably expects the employee to work fewer than 1,000 hours of
34 service, as defined under section 410(a)(3)(C) of the Internal
35 Revenue Code of 1986 (26 U.S.C. s.410(a)(3)(C)), as amended, and,
36 for each plan year ending after the close of that 12-month period,
37 the employee has worked fewer than 1,000 hours of service.

38 c. "State administered retirement system" means any of the
39 following retirement plans: Public Employees' Retirement System
40 of New Jersey established pursuant to chapter 84, P.L.1954;
41 Teachers' Pension and Annuity Fund established pursuant to chapter
42 37, P.L.1955; Police and Firemen's Retirement System of New
43 Jersey established pursuant to chapter 255, P.L.1944; Consolidated
44 Police and Firemen's Pension Fund established pursuant to chapter
45 358, P.L.1952; Prison Officers' Pension Fund established pursuant
46 to chapter 220, P.L.1941; and State Police Retirement and
47 Benevolent Fund established pursuant to chapter 188, P.L.1925.

48 (cf: P.L.1965, c.90, s.1)

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1 107. Section 6 of P.L.1963, c.123 (C.52:18A-112) is amended to
2 read as follows:

3 6. A member of a State administered retirement system or an
4 employee of a board of education, as defined in N.J.S.18A:1-1,
5 regularly scheduled to work 20 or more hours per week may
6 become a participant by filing an application for enrollment in
7 either the Variable Division or the Fixed Division, or both, in
8 accordance with rules and regulations established by the council.
9 An employee regularly works less than 20 hours per week if, for the
10 12-month period beginning on the date the employee's employment
11 commenced, the employee's employer reasonably expects the
12 employee to work fewer than 1,000 hours of service, as defined under
13 section 410(a)(3)(C) of the Internal Revenue Code of 1986 (26 U.S.C.
14 s.410(a)(3)(C)), and, for each plan year ending after the close of that
15 12-month period, the employee has worked fewer than 1,000 hours of
16 service.

17 (cf: P.L.1963, c.123, s.6)

18

19 108. Section 1 of P.L.1995, c.92 (C.52:18A-113.2) is amended
20 to read as follows:

21 1. a. The Department of Education, the Commission on Higher
22 Education, and the governing body of any public institution of
23 **[higher]** education may enter into a written agreement with any of
24 its employees to reduce the employee's annual salary for the
25 purpose of investing in a tax-deferred annuity for the employee
26 pursuant to section 403(b) of the federal Internal Revenue Code of
27 **[1954]** 1986 (26 U.S.C. s.403(b)), as amended. Investments shall
28 be (1) with an insurer or mutual fund company authorized to
29 provide investment contracts under the alternate benefit program;
30 (2) in investment contracts authorized under the program for
31 supplemental retirement benefits which meet the requirements of
32 section 403(b) of the federal Internal Revenue Code (26 U.S.C.
33 s.403(b)), as amended; and (3) on the same terms and conditions
34 provided for participants in the alternate benefit program.

35 b. An agreement (1) shall specify the amount and the effective
36 date of the reduction; (2) shall be subject to filing with and approval
37 by the State Treasurer or filing with and approval by the governing
38 body of the institution of public higher education, as appropriate;
39 and (3) shall be legally binding and irrevocable with respect to the
40 amounts earned while the agreement is in effect. The total amount
41 of the reduction in an employee's salary pursuant hereto, for any
42 calendar year, shall not exceed the lesser of (a) the applicable dollar
43 amount or (b) the participant's Includible Compensation for the
44 calendar year. Includible Compensation is an employee's actual wages
45 in box 1 of Form W-2 for a year for services to the employer, but
46 subject to a maximum of \$200,000, or such higher maximum as may
47 apply under section 401(a)(17) of the federal Internal Revenue Code
48 (26 U.S.C. s.401(a)(17), and increased up to the dollar maximum by

1 any compensation reduction election under section 125, 132(f), 401(k),
2 403(b), or 457(b) of the federal Internal Revenue Code (26 U.S.C.
3 s.125, 132(f), 401(k), 403(b), or 457(b)). The amount of Includible
4 Compensation is determined without regard to any community
5 property laws. The applicable dollar amount is the amount established
6 under section 402(g)(1)(B) of the federal Internal Revenue Code (26
7 U.S.C. s.402(g)(1)(B)), which is \$16,500 for 2011, and is adjusted for
8 cost-of-living after 2011 to the extent provided under section 415(d) of
9 the federal Internal Revenue Code (26 U.S.C. s.415(d)). The total
10 amount of the reduction in an employee's salary pursuant hereto, for
11 any calendar year, when added to the contributions made in the year
12 on behalf of the employee in accordance with section 7 of P.L.1963,
13 c.123 (C.52:18A-113), exceed the limitations set forth in
14 【Pub.L.93-406 (Employment Retirement Income Security Act of
15 1974) and】 section 415 (c) of the federal Internal Revenue Code (26
16 U.S.C.s.415 (c)). For the purposes of this section, if the participant is
17 or has been a participant in one or more other plans under section
18 403(b) of the federal Internal Revenue Code (26 U.S.C. s.403(b)), and
19 any other plan that permits elective deferrals under section 402(g) of
20 the federal Internal Revenue Code (26 U.S.C. s.402(g)), then this plan
21 and all such other plans shall be considered as one plan for purposes of
22 applying the foregoing limitations.

23 c. An agreement may be terminated at any time upon written
24 notice by either the employee or the employer. Termination shall
25 take effect at the beginning of the payroll period whose first day is
26 nearest to the 30th day following the day on which notification of
27 termination was (1) received by the employer, in the event
28 termination is initiated by the employee, or (2) sent to the
29 employee, in the event termination is initiated by the employer.

30 d. Amounts payable pursuant to this section by an employer on
31 behalf of an employee for a payroll period shall be transmitted and
32 credited not later than the fifth business day after the date on which
33 the employee is paid for that pay period.

34 e. The plan described in subsection a. of this section shall be
35 known as the New Jersey Additional Contributions Tax-Sheltered
36 Program.

37 (cf: P.L.1999, c.247, s.4)

38

39 109. Section 2 of P.L.1995, c.92 (C.52:18A-113.3) is amended
40 to read as follows:

41 2. Upon approval and filing, the State Treasurer or the
42 applicable governing body of a public institution of **【higher】**
43 education shall reduce an employee's salary pursuant to the
44 agreement and shall pay an amount equal to the amount agreed
45 upon for the salary reduction as an employer contribution to the
46 issuer of the employee's annuity. Participation in a reduction of
47 salary pursuant to this act shall not cause the employee to lose any
48 benefits under a State-administered retirement system to which the

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1 employee would otherwise be entitled had the employee not agreed
2 to a reduction in salary for the purpose of purchasing a tax-deferred
3 annuity. Employee contributions and any survivor's benefit shall be
4 paid on the basis of the employee's salary without regard to the
5 reduction authorized by this act.

6 (cf: P.L.1995, c.92, s.2)

7

8 110. Section 3 of P.L.1995, c.92 (C.52:18A-113.4) is amended
9 to read as follows:

10 3. Payments for tax-deferred annuities shall be made by the
11 State Treasurer or the applicable governing body of a public
12 institution of **[higher]** education to the issuers of the annuities out
13 of moneys available for the salaries of employees who have entered
14 into agreements pursuant to this act.

15 (cf: P.L.1995, c.92, s.3)

16

17 111. Section 1 of P.L.1996, c.77 (C.52:18A-113.6) is amended
18 to read as follows:

19 1. Employees of the Department of Education, the Commission
20 on Higher Education, or the governing body of any public
21 institution of **[higher]** education who are participants in the
22 Supplemental Annuity Collective Trust pursuant to section 403(b)
23 of the federal Internal Revenue Code of **[1954]** 1986 (26 U.S.C.
24 s.403(b)), as amended, **[may :**

25 a.] shall transfer all **[or a portion of any]** funds that they may
26 have invested as participants in the Supplemental Annuity
27 Collective Trust to a tax-deferred annuity with an insurer or mutual
28 fund company authorized to provide investment contracts under the
29 alternate benefit program pursuant to the provisions of P.L.1995,
30 c.92 (C.52:18A-113.2 et seq.) **];** or

31 b. transfer all or a portion of any funds that they may have
32 invested in a tax-deferred annuity with any authorized provider to
33 the Supplemental Annuity Collective Trust **].**

34 (cf: P.L.1996, c.77, s.1)

35

36 112. Section 9 of P.L.1963, c.123 (C.52:18A-115) is amended to
37 read as follows:

38 9. The assets of the Variable Division shall be invested and
39 reinvested principally in common stocks and securities which are
40 convertible into common stocks. Such common stocks and
41 securities shall be **[restricted to those listed]** traded on a securities
42 exchange in the United States or over-the-counter market.

43 (cf: P.L.1963, c.123, s.9)

44

45 113. (New section) With respect to the portion of the
46 Supplemental Annuity Collective Trust that is subject to section
47 403(b) of the federal Internal Revenue Code (26 U.S.C. s.403(b)), the

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1 State may terminate the Supplemental Annuity Collective Trust as
2 provided in this section.

3 a. The State enacted P.L.1963, c.123 (C.52:18A-107 et seq.) with
4 the intention and expectation that contributions would be continued
5 to the Supplemental Annuity Collective Trust program indefinitely.
6 The State, however, has no obligation or liability whatsoever to
7 maintain the program for any length of time and may discontinue
8 contributions under the program at any time without any liability
9 hereunder for any discontinuance.

10 b. The State reserves the authority to amend or terminate the
11 Supplemental Annuity Collective Trust program at any time and for
12 any reason.

13 c. The State may provide that, in connection with a termination
14 of the program, all accounts will be distributed, provided that the
15 State and any related employer on the date of termination do not
16 make contributions to an alternative plan or program subject to the
17 rules under section 403(b) of the Internal Revenue Code of 1986
18 (26 U.S.C. s.403(b)), as amended, that is not part of the program
19 during the period beginning on the date of termination and ending
20 12 months after the distribution of all assets from the Supplemental
21 Annuity Collective Trust program, except as permitted by the
22 applicable regulations of the United States Department of the
23 Treasury.

24

25 114. The following sections are repealed:

26 Section 10 of P.L.2010, c.3 (C.18A:66-39.1);

27 N.J.S.18A:66-42;

28 N.J.S.18A:66-53.2;

29 Section 11 of P.L.2010, c.3 (C.43:15A-42.1);

30 Section 12 of P.L.2010, c.3 (C.43:15A-42.2);

31 Section 46 of P.L.1954, c.84 (C.43:15A-46);

32 Section 1 of P.L.1985, c.414 (C.43:15A-47.2);

33 Section 27 of P.L.1966, c.217 (C.43:15A-57.2);

34 Section 1 of P.L.1985, c.283 (C.43:15A-57.3);

35 Section 1 of P.L.1999, c.96 (C.43:16A-5.1);

36 Section 1 of P.L.1989, c.103 (C.43:16A-6.1);

37 Section 7 of P.L.1944, c.255 (C.43:16A-7); and

38 Section 10 of P.L.1965, c.89 (C.53:5A-10).

39

40 115. The following section is repealed:

41 Section 4 of P.L.1965, c.90 (C.52:18A-113.1).

42

43 116. This act shall take effect immediately, except that sections
44 2, 11, 12, 14-17 inclusive, 19, 20, 23, 24, 37, 43-49 inclusive, 51,
45 53, 58, 65, 66, 70-72 inclusive, 75, 76, 78, 79, 82-84 inclusive, 86,
46 106, 107 and 111 shall take effect on the 120th day after the date of
47 enactment except that the provisions establishing the rate of regular
48 interest in sections 11, 15, 17, 43, 44, 47, 49 and 58 shall take effect

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1 July 1, 2011, and sections 5, 6, 7, 8, 10, 13, 18, 25-31 inclusive, 33-
2 36 inclusive, 40, 42, 50, 52, 55-57 inclusive, 59-63 inclusive, 88,
3 104 and 115 shall take effect on July 1, 2011.

4

5

6

STATEMENT

7

8 This bill amends the various statutes governing the Teachers'
9 Pension and Annuity Fund (TPAF), the Public Employees'
10 Retirement System (PERS), the Judicial Retirement System (JRS),
11 the Police and Firemen's Retirement System (PFRS), the State
12 Police Retirement System (SPRS), the Alternate Benefits Program
13 (ABP), and the Defined Contribution Retirement Program (DCRP).
14 The bill makes a series of reforms to the State's retirement systems
15 to provide for the future stability of those systems by adjusting
16 pension benefits to a more sustainable level. For example, to
17 strengthen the financial stability of the retirement systems, the bill
18 increases employee contribution rates in TPAF, PERS, JRS and
19 SPRS to a uniform 8.5% of salary, which matches the PFRS
20 employee contribution rate, and provides that the additional
21 employee contributions are not be used to offset employer
22 contributions. The bill also makes changes to the retirement
23 systems to address the abuse and so-called gaming of a system
24 whereby an individual is able to accrue a pension benefit
25 substantially greater than the standard pension benefit.

26 Current law provides that members of TPAF and PERS
27 contribute 5.5% of salary toward pension benefits and are eligible
28 for a deferred, early or service retirement benefit calculated using
29 $1/55$ multiplied by years of service, then multiplied by average
30 compensation. The bill increases the TPAF and PERS employee
31 contribution rate, including for members in the legislative part, the
32 workers compensation judges part and the prosecutors part of the
33 PERS, to 8.5% of compensation and specifies that the additional 3%
34 for TPAF members and regular PERS members, as well as the
35 increases of the special parts of PERS, will not be used to reduce
36 the statutorily required employer normal contribution. P.L.2001,
37 c.133 provided a 9% increase in TPAF and PERS benefits by
38 substituting $1/55$ for $1/60$ in the benefit calculation. This bill rolls
39 back that increase and further provides that for service credit
40 accrued after the 120th day after its effective date, $1/65$ will be used
41 in benefit calculations for early, deferred and service retirements, It
42 provides for a proportional reduction in the calculation of future
43 service for veteran benefits using $1/60$ instead of $1/55$. The bill
44 changes average compensation to the average of five years instead
45 of three years, except that members with more than 25 years of
46 service or who have attained age 60 on the 120th day after its
47 effective date retain the 3-year average.

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1 A TPAF or PERS member with 25 or more years of service now
2 may retire with an early retirement benefit at age 55 or older with
3 no reduction in benefit, or if a person become a member after
4 November 1, 2008 there is a reduction in benefit if the person is not
5 yet age 62. The bill provides that for members with fewer than 25
6 years of creditable service, on or after the 120th day after the
7 effective date of the bill, the number of years of service credit
8 required for early retirement changes to 30 from 25 with a reduction
9 of ¼% for each month the member lacks of being age 65. Members
10 with 25 or more years of creditable service on the 120th day after
11 the effective date of the bill continue to be eligible for early
12 retirement at age 55 with no reduction. Service retirement is
13 currently available to TPAF and PERS members with fewer than 25
14 years of service at age 60, or age 62 if a member since November 1,
15 2008. Under the bill, service retirement will be available (1) at age
16 60 to members with 25 or more years of service or age 60 on the
17 120th day after the bill's effective date, (2) at age 62 to members
18 enrolled since November 1, 2008 with 25 or more years of service
19 or age 62 on that day, or (3) at age 65 to members with fewer than
20 25 years and under age 65 on that day. Age 65 becomes the new
21 normal retirement age to reflect increased life expectancy and an
22 individual's longer productive work life.

23 The bill makes some similar changes to the JRS. The employee
24 contribution rate is currently 3% of compensation. The bill
25 increases that rate to 8.5% for the total salary of new JRS members
26 and for any future increases in salary for current members, with the
27 additional 5.5% not being used to reduce the statutorily required
28 employer normal contribution. The increase in the contribution rate
29 for members of the JRS is implemented in a manner to conform to a
30 prohibition in the State Constitution against the reduction in the
31 compensation of a judge during the judge's term of appointment.

32 With regard to the two State-administered defined contribution
33 systems, ABP and DCRP, the bill provides that normal retirement
34 age is 65, that cash surrender upon separation from service will be
35 applicable prior to age 65, and that an ABP or DCRP member
36 receiving a cash distribution or annuity option using employee
37 contribution funds upon separation from service will not be
38 considered retired from those defined contribution systems. The
39 bill also modifies provisions related to the selection of ABP
40 providers.

41 Members of PFRS and SPRS with 25 years of service credit
42 currently may retire on a benefit of 65% of highest year salary with
43 an additional 1% for each year beyond 25 but not more than 30 for a
44 maximum benefit of 70%. For PFRS and SPRS members with
45 fewer than 25 years of creditable service on the 120th day after its
46 effective date, the bill redefines final compensation as the average
47 compensation received for three highest years and decreases the
48 special retirement allowance from 65% to 60% of salary with the

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1 additional 1% for each year of service credit over 25 up to 30 years,
2 for a maximum benefit of 65%. Under current law, the three year
3 average is applicable only to those employees who became
4 members after May 21, 2010.

5 Applications for accidental disability pensions have been
6 growing at a pace that suggests an attempt to abuse these benefits.
7 The bill standardizes disability retirement benefits among all of the
8 defined benefit retirement systems, TPAF, PERS, PFRS and SPRS,
9 and provides the same level of disability benefit for those with 10 or
10 more years in a retirement system, including an earnings test. The
11 bill establishes a work-related disability benefit for a member
12 regardless of years of service if the member is totally and
13 permanently disabled as a direct result of an accident or
14 occupational exposure and receives an award of permanent
15 disability under the worker's compensation laws.

16 The bill also clarifies the law with respect to retirees returning to
17 public employment. It strengthens criteria for determining a bona
18 fide retirement and provides that a retirement is bona fide if the
19 retiree terminates all public employment for a period of not less
20 than six months while receiving a retirement allowance. If a
21 retirement is not bona fide, the retirement will be cancelled or
22 suspended and the retiree will be reenrolled or enrolled in the
23 retirement system which covers the position in which the retiree is
24 employed. If a retirement is bona fide, a public employer may hire a
25 retiree without a reenrollment requirement. The bill requires public
26 employers to notify the Division of Pensions and Benefits when
27 they hire a retiree.

28 With regard to the benefits of all retirees, current and future, and
29 their beneficiaries, the bill provides that there will be no future cost-
30 of-living adjustment (COLA) to pension benefits. Eliminating the
31 annual COLA will help ensure the sustainability of the retirement
32 systems. While automatic future increases are eliminated, current
33 monthly benefits are not reduced by this change.

34 For TPAF, JRS, PERS, PFRS and SPRS, the bill changes the
35 amortization methodology from a percentage of pay schedules to a
36 level dollar amount each year and will result in the earlier
37 retirement of the unfunded liability of the pension systems.
38 Currently, member contributions to those retirement system are
39 credited and annuitized at an interest rate that exceeds current
40 market rates. The bill also provides that member contributions to
41 these systems will be credited with 4% interest.

42 Sections 94 through 103 of the bill contain a number of changes to
43 the law that are necessary to maintain the qualified plan status of the
44 retirements systems under the federal Internal Revenue Code.
45 Sections 104 and 105 contain provisions for compliance with
46 Statements Nos. 43 and 45 of the Governmental Accounting Standards
47 Board, Accounting and Financial Reporting by Employers for
48 Postemployment Benefits Other Than Pensions (GASB 43/45) and to

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- 1 bring the defined contribution plans into compliance with U.S.
- 2 Department of Treasury regulations affecting administration of plans
- 3 administered under section 403(b) of the Internal Revenue Code.
- 4 Modifications pertaining to the Supplemental Annuity Collective Trust
- 5 are found in sections 106 through 113.