

[Third Reprint]
SENATE, No. 5

STATE OF NEW JERSEY
218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

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District 37 (Bergen)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Co-Sponsored by:

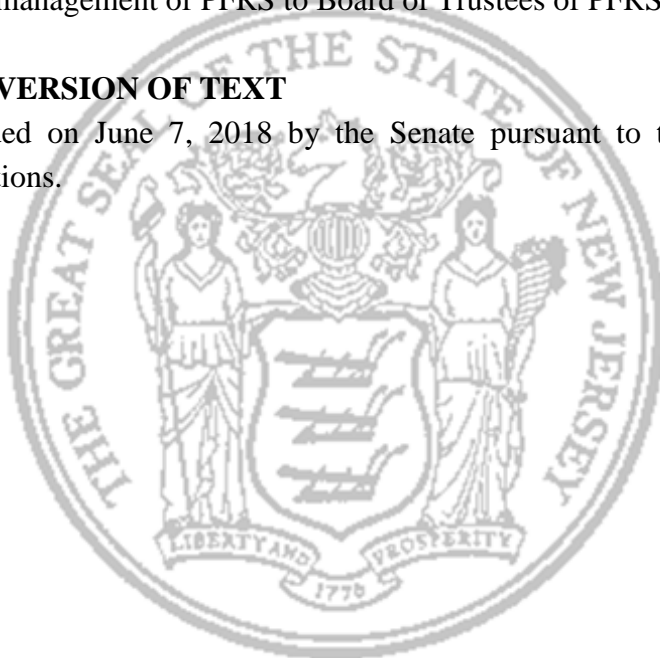
Senators A.R.Bucco, Oroho and Assemblywoman Murphy

SYNOPSIS

Transfers management of PFRS to Board of Trustees of PFRS.

CURRENT VERSION OF TEXT

As amended on June 7, 2018 by the Senate pursuant to the Governor's recommendations.



(Sponsorship Updated As Of: 3/27/2018)

1 AN ACT concerning the management of the Police and Firemen's
2 Retirement System, amending various parts of the statutory law,
3 and repealing section 1 of P.L.1947, c.217.
4

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

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

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

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

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

32 Commencing with the effective date of P.L.2011, c.78 and
33 thereafter, no further adjustments to the monthly retirement
34 allowance or pension originally granted to any retirant and the
35 pension or survivorship benefit granted to any beneficiary shall be
36 made in accordance with the provisions of P.L.1958, c.143
37 (C.43:3B-1 et seq.), unless the adjustment is reactivated as
38 permitted by law. This provision shall not reduce the monthly
39 retirement benefit that a retirant or a beneficiary is receiving on the
40 effective date of P.L.2011, c.78 when the benefit includes an
41 adjustment granted prior to that effective date. The Board of
42 Trustees of the Police and Firemen's Retirement System may adjust

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted February 1, 2018.

²Senate floor amendments adopted March 26, 2018.

³Senate amendments adopted in accordance with Governor's recommendations June 7, 2018.

1 the monthly retirement allowance or pension of its retired members
2 in accordance with subsection b. of section 13 of P.L.1944, c.255
3 (C.43:16A-13).

4 (cf: P.L.2011, c.78, s.25)

5

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

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

13 b. Vested members of the Teachers' Pension and Annuity Fund,
14 the Judicial Retirement System, the Prison Officers' Pension Fund,
15 the Public Employees' Retirement System, the Consolidated Police
16 and Firemen's Pension Fund, the Police and Firemen's Retirement
17 System, and the State Police Retirement System, upon the
18 attainment of five years of service credit in the retirement system or
19 fund or on the date of enactment of this bill, whichever is later,
20 shall have a non-forfeitable right to receive benefits as provided
21 under the laws governing the retirement system or fund upon the
22 attainment of five years of service credit in the retirement system or
23 fund or on the effective date of this act, whichever is later. This
24 subsection shall not be applicable to a person who becomes a
25 member of these systems or funds on or after the effective date of
26 P.L.2010, c.1, except that such person shall not include a person
27 who at the time of enrollment in the retirement system or fund on or
28 after that effective date transfers service credit, as permitted, from
29 another State-administered retirement system or fund of which the
30 person was a member immediately prior to the effective date and
31 continuously thereafter, but shall include a former member of the
32 retirement system or fund who has been granted a retirement
33 allowance and is reenrolled in the retirement system or fund on or
34 after that effective date after becoming employed again in a position
35 that makes the person eligible to be a member of the retirement
36 system.

37 c. (1) The State and all other applicable employers shall make
38 their annual normal contribution to each system or fund as
39 determined by the applicable board of trustees in consultation with
40 the system's or fund's actuary. The State and all other applicable
41 employers shall also make their annual unfunded accrued liability
42 contribution to each system or fund as determined by the applicable
43 board in consultation with the system's or fund's actuary, pursuant
44 to standard actuarial practices authorized by law, unless: (1) there
45 is no existing unfunded accrued liability contribution due to the
46 system or fund at the close of the valuation period applicable to the
47 upcoming fiscal year; or (2) there are excess valuation assets in

1 excess of the actuarial accrued liability of the system or fund at the
2 close of the valuation period applicable to the upcoming fiscal year.
3 The annual normal contribution plus the annual unfunded accrued
4 liability contribution shall together be the annual required
5 contribution, provided, however, that for the State, section 38 of
6 P.L.2010, c.1 (C.43:3C-14) shall apply with regard to the State's
7 annual required contribution. The amount of the State's annually
8 required contributions shall be included in all annual appropriations
9 acts as a dedicated line item.

10 (2) Each member of the Teachers' Pension and Annuity Fund,
11 the Judicial Retirement System, the Prison Officers' Pension Fund,
12 the Public Employees' Retirement System, the Consolidated Police
13 and Firemen's Pension Fund, the Police and Firemen's Retirement
14 System, and the State Police Retirement System shall have a
15 contractual right to the annual required contribution amount being
16 made by the member's employer or by any other public entity. The
17 contractual right to the annual required contribution means that the
18 employer or other public entity shall make the annual required
19 contribution on a timely basis to help ensure that the retirement
20 system is securely funded and that the retirement benefits to which
21 the members are entitled by statute and in consideration for their
22 public service and in compensation for their work will be paid upon
23 retirement. The failure of the State or any other public employer to
24 make the annually required contribution shall be deemed to be an
25 impairment of the contractual right of each employee. The Superior
26 Court, Law Division shall have jurisdiction over any action brought
27 by a member of any system or fund or any board of trustees to
28 enforce the contractual right set forth in this subsection. The State
29 and other public employers shall submit to the jurisdiction of the
30 Superior Court, Law Division and shall not assert sovereign
31 immunity in such an action. If a member or board prevails in
32 litigation to enforce the contractual right set forth in this subsection,
33 the court may award that party their reasonable attorney's fees.

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

36 e. Except as expressly provided herein and only to the extent
37 so expressly provided, nothing in this act shall be deemed to (1)
38 limit the right of the State to alter, modify or amend such retirement
39 systems and funds, or (2) create in any member a right in the corpus
40 or management of a retirement system or pension fund. The rights
41 reserved to the State in this subsection shall not diminish the
42 contractual rights of employees established by subsections a., b.,
43 and c. of this section.

44 f. '[Noting] Nothing¹ in the provisions of P.L. , c. (pending
45 before the Legislature as this bill) shall be interpreted to diminish
46 the non-forfeitable right to benefits provided to any member of the
47 Police and Firemen's Retirement System under State law or

1 affirmed by a ruling or holding of a court in the Judiciary Branch of
2 State government.

3 (cf: P.L.2011, c.78, s.26)

4

5 3. Section 33 of P.L.2011, c.78 (C.43:3C-17) is amended to
6 read as follows:

7 33. Whenever a committee of the Public Employees' Retirement
8 System, the Teachers' Pension and Annuity Fund, [the Police and
9 Firemen's Retirement System,] or the State Police Retirement
10 System fails to render a decision on a matter before the committee
11 because it has not received a vote of the majority of the committee
12 members after 60 days have passed following the initial
13 consideration of the matter, the committee shall utilize a super
14 conciliator, randomly selected from a list developed by the New
15 Jersey Public Employment Relations Commission. The super
16 conciliator shall assist the committee based upon procedures and
17 subject to qualifications established by the commission pursuant to
18 regulation.

19 The super conciliator shall promptly schedule investigatory
20 proceedings. The purpose of the proceedings shall be to:

21 Investigate and acquire all relevant information regarding the
22 committee's failure to render a decision;

23 Discuss with the members of the committee their differences,
24 and utilize means and mechanisms, including but not limited to
25 requiring 24-hour per day negotiations, until a voluntary settlement
26 is reached, and provide recommendations to resolve the members'
27 differences; and

28 Institute any other non-binding procedures deemed appropriate
29 by the super conciliator.

30 If the actions taken by the super conciliator fail to resolve the
31 dispute, the super conciliator shall issue a final report, which shall
32 be provided to the committee promptly and made available to the
33 public within 10 days thereafter.

34 The super conciliator, while functioning in a mediatory capacity,
35 shall not be required to disclose any files, records, reports,
36 documents, or other papers classified as confidential which are
37 received or prepared by him or to testify with regard to mediation
38 conducted by him under this section. Nothing contained herein
39 shall exempt an individual from disclosing information relating to
40 the commission of a crime.

41 (cf: P.L.2011, c.78, s.33)

42

43 4. Section 60 of P.L.2011, c.78 (C.43:3C-18) is amended to
44 read as follows:

45 60. a. Notwithstanding any law, rule or regulation to the
46 contrary, the Teachers' Pension and Annuity Fund, established
47 pursuant to N.J.S.18A:66-1 et seq., the Judicial Retirement System,
48 established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the

1 Prison Officers' Pension Fund, established pursuant to P.L.1941,
2 c.220 (C.43:7-7 et seq.), the Public Employees' Retirement System,
3 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the
4 Consolidated Police and Firemen's Pension Fund, established
5 pursuant to R.S.43:16-1 et seq., the Police and Firemen's
6 Retirement System, established pursuant to P.L.1944, c.255
7 (C.43:16A-1 et seq.), and the State Police Retirement System,
8 established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.), are
9 established as qualified governmental defined benefit plans
10 pursuant to sections 401(a) and 414(d) of the federal Internal
11 Revenue Code of 1986 (26 U.S.C. ss.401(a) and 414(d)), as
12 amended, or such other provision of the federal Internal Revenue
13 Code, as applicable, regulations of the U.S. Treasury Department,
14 and other guidance of the federal Internal Revenue Service.

15 b. Notwithstanding any law, rule or regulation to the contrary,
16 the Alternate Benefit Program, established pursuant to P.L.1969,
17 c.242 (C.18A:66-167 et seq.), and the Defined Contribution
18 Retirement Program, established pursuant to P.L.2007, c.92
19 (C.43:15C-1 et seq.) are established as qualified governmental
20 defined contribution plans pursuant to sections 401(a) and 414(d) of
21 the federal Internal Revenue Code of 1986 (26 U.S.C. ss.401(a) and
22 414(d)), as amended, or such other provision of the federal Internal
23 Revenue Code, as applicable, regulations of the U.S. Treasury
24 Department, and other guidance of the federal Internal Revenue
25 Service.

26 c. Notwithstanding the provisions of any law, rule or regulation
27 to the contrary, the Director of the Division of Pensions and
28 Benefits in the Department of the Treasury, and in the case of the
29 Police and Firemen's Retirement System, the board of trustees of
30 that system, shall be authorized to modify the provisions of the
31 foregoing retirement plans, when a modification is required to
32 maintain the qualified status of the retirement plans under the
33 Internal Revenue Code of 1986, applicable regulations of the U.S.
34 Treasury Department or other guidance of the federal Internal
35 Revenue Service. Notwithstanding the provisions of the
36 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
37 seq.), the director, and in the case of the Police and Firemen's
38 Retirement System, the board, may modify the provisions of the
39 foregoing retirement plans, when a modification is required to
40 maintain the qualified status of the retirement plans by
41 promulgating a rule or regulation which shall be effective upon
42 filing with the Office of Administrative Law.

43 (cf: P.L.2011, c.78, s.60)

44

45 5. Section 1 of P.L.2015, c.180 (C.43:3C-25) is amended to
46 read as follows:

47 1. The Division of Pensions and Benefits in the Department of
48 the Treasury shall provide for the prompt notification in writing of

1 any member or retiree of the Teachers' Pension and Annuity Fund,
2 established pursuant to N.J.S.18A:66-1 et seq., the Judicial
3 Retirement System, established pursuant to P.L.1973, c.140
4 (C.43:6A-1 et seq.), the Public Employees' Retirement System,
5 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), [the
6 Police and Firemen's Retirement System, established pursuant to
7 P.L.1944, c.255 (C.43:16A-1 et seq.),] the State Police Retirement
8 System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.),
9 the Alternate Benefit Program, established pursuant to P.L.1969,
10 c.242 (C.18A:66-167 et seq.), and the Defined Contribution
11 Retirement Program, established pursuant to P.L.2007, c.92
12 (C.43:15C-1 et seq.), when the member or retiree submits a change
13 to the designation of beneficiary for contributory and non-
14 contributory group life insurance available to the member or retiree
15 through the system, that there is on file a judgment, court order,
16 decree, or other legal document for that member or retiree
17 specifically designating the beneficiary of such life insurance. The
18 Board of Trustees of the Police and Firemen's Retirement System
19 ³or its designee³ shall provide for the prompt notification in writing
20 of any member or retiree of the Police and Firemen's Retirement
21 System, established pursuant to P.L.1944, c.255 (C.43:16A-1 et
22 seq.), when the member or retiree submits a change to the
23 designation of beneficiary for contributory and non-contributory
24 group life insurance available to the member or retiree through the
25 system, that there is on file a judgment, court order, decree, or other
26 legal document for that member or retiree specifically designating
27 the beneficiary of such life insurance. The notification requirement
28 shall apply only when there is a valid judgment, court order, decree,
29 or other legal document that has been filed with the division or, in
30 the case of the Police and Firemen's Retirement System, the board
31 of trustees or its designee pursuant to the division's or board's
32 determination to accept and honor such a judgment, court order,
33 decree, or document and that has been reviewed, approved, or
34 classified as qualified by the division or the board or the board's
35 designee.
36 (cf: P.L.2015, c.180, s.1)

37
38 6. Section 19 of P.L.1992, c.125 (C.43:4B-1) is amended to
39 read as follows:

40 19. There is hereby established the Retirement Systems Actuary
41 Selection Committee which shall consist of the State Treasurer, and
42 the directors of the Divisions of Pensions and Benefits and
43 Investment, and Office of Management and Budget, or their
44 designated representatives, and one member designated by each of
45 the boards of trustees of the Public Employees' Retirement System
46 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.) **[.]** and
47 the Teachers' Pension and Annuity Fund established pursuant to

1 N.J.S.18A:66-1 et seq.], and the Police and Firemen's Retirement
2 System established pursuant to P.L.1944, c.255 (C.43:16A-1 et
3 seq.).] The committee shall select the actuary or actuaries for the
4 State retirement systems in accordance with the provisions of
5 P.L.1954, c.48 (C.52:34-6 et seq.), provided, however, that the
6 boards shall have the power to veto the selection of the actuary for
7 valid reason.

8 (cf: P.L.2011, c.78, s.24)

9

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

12 1. As used in this act:

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

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

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

25 (ii) has police powers;

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

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

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

43 (b) "Fireman" shall mean a permanent, full-time employee of a
44 firefighting unit whose primary duties include the control and
45 extinguishment of fires and who is subject to the training and
46 physical and mental fitness requirements applicable to the position
47 of municipal firefighter established by an agency authorized to
48 establish these requirements on a Statewide basis, or comparable

1 training and physical and mental fitness requirements as determined
2 by the board of trustees. The term shall also include an
3 administrative or supervisory employee of a firefighting unit whose
4 duties include general or direct supervision of employees engaged
5 in fire control and extinguishment activities or training
6 responsibility for these employees and a requirement for
7 engagement in fire control and extinguishment activities if
8 necessary. As used in this paragraph, "firefighting unit" shall mean
9 a municipal fire department, a fire district, or an agency of a county
10 or the State which is responsible for control and extinguishment of
11 fires.

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

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

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

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

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

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

27 (9) "Regular interest" shall mean interest as determined by the
28 **[State Treasurer, after consultation with the Directors of the**
29 **Divisions of Investment and Pensions, the]** ³**[board of trustees]**
30 State Treasurer³ [and], after consultation with the actuary. It shall
31 bear a reasonable relationship to the percentage rate of earnings on
32 investments based on the market value of assets but shall not exceed
33 the assumed percentage rate of increase applied to salaries plus 3%,
34 provided however that the board of trustees shall not set the average
35 percentage rate of increase applied to salaries below 6%. ³This rate
36 shall be distinct from any internally targeted rates used for
37 developing investment policy by the board of trustees pursuant to
38 section 13 of P.L.1944, c.255 (C.43:16A-13).³

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

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

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

- 1 (13) "Retirement allowance" shall mean the pension plus the
2 annuity.
- 3 (14) "Earnable compensation" shall mean the full rate of the
4 salary that would be payable to an employee if he worked the full
5 normal working time for his position. In cases where salary
6 includes maintenance, the retirement system shall fix the value of
7 that part of the salary not paid in money which shall be considered
8 under this act.
- 9 (15) "Average final compensation" shall mean final
10 compensation.
- 11 (16) "Retirement" shall mean the termination of the member's
12 active service with a retirement allowance granted and paid under
13 the provisions of this act.
- 14 (17) "Annuity reserve" shall mean the present value of all
15 payments to be made on account of any annuity or benefit in lieu of
16 any annuity computed upon the basis of such mortality tables
17 recommended by the actuary as shall be adopted by the board of
18 trustees, and regular interest.
- 19 (18) "Pension reserve" shall mean the present value of all
20 payments to be made on account of any pension or benefit in lieu of
21 any pension computed upon the basis of such mortality tables
22 recommended by the actuary as shall be adopted by the board of
23 trustees, and regular interest.
- 24 (19) "Actuarial equivalent" shall mean a benefit of equal value
25 when computed upon the basis of such mortality tables
26 recommended by the actuary as shall be adopted by the board of
27 trustees, and regular interest.
- 28 (20) "Beneficiary" shall mean any person receiving a retirement
29 allowance or other benefit as provided by this act.
- 30 (21) "Child" shall mean a deceased member's or retirant's
31 unmarried child (a) under the age of 18, or (b) 18 years of age or
32 older and enrolled in a secondary school, or (c) under the age of 24
33 and enrolled in a degree program in an institution of higher
34 education for at least 12 credit hours in each semester, provided that
35 the member died in active service as a result of an accident met in
36 the actual performance of duty at some definite time and place, and
37 the death was not the result of the member's willful misconduct, or
38 (d) of any age who, at the time of the member's or retirant's death, is
39 disabled because of an intellectual disability or physical incapacity,
40 is unable to do any substantial, gainful work because of the
41 impairment and his impairment has lasted or can be expected to last
42 for a continuous period of not less than 12 months, as affirmed by
43 the medical board.
- 44 (22) "Parent" shall mean the parent of a member who was
45 receiving at least one-half of his support from the member in the
46 12-month period immediately preceding the member's death or the
47 accident which was the direct cause of the member's death. The

1 dependency of such a parent will be considered terminated by
2 marriage of the parent subsequent to the death of the member.

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

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

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

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

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

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

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

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

44 (b) In the case of a person who becomes a member of the
45 retirement system on or after the effective date of P.L.2010, c.1,
46 "compensation" means the amount of base salary equivalent to the
47 annual maximum wage contribution base for Social Security,
48 pursuant to the Federal Insurance Contributions Act, for services as

1 a member as defined in this act, which is in accordance with
2 established salary policies of the member's employer for all
3 employees in the same position but shall not include individual
4 salary adjustments which are granted primarily in anticipation of
5 the member's retirement or additional remuneration for performing
6 temporary duties beyond the regular workday.

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

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

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

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

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

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

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

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

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

33

34 8. Section 2 of P.L.1944, c.255 (C.43:16A-2) is amended to
35 read as follows:

36 2. A retirement system is hereby established in the [Division of
37 Pensions of the] Department of the Treasury for the purpose of
38 providing retirement allowances and other benefits for policemen
39 and firemen under the provisions of this act. It shall have the
40 powers and privileges of a corporation and shall be known as "The
41 Police and Firemen's Retirement System of New Jersey" and by
42 such name all of its business shall be transacted, all of its funds
43 invested, and all of its cash and securities and property held in trust
44 for the purpose for which received.

45 (cf: P.L.1967, c.250, s.2)

46

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

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

14 (cf: P.L.1976, c.134, s.1)

15

16 10. Section 3 of P.L.1983, c.439 (C.43:16A-3.7) is amended to
17 read as follows:

18 3. Any officer eligible to become a member pursuant to the
19 amendatory provisions of this act who is enrolled in the Public
20 Employees' Retirement System (P.L.1954, c.84, C. 43:15A-1 et
21 seq.) or any county pension fund established under Title 43 of the
22 Revised Statutes shall be permitted to transfer membership from the
23 aforesaid system or fund to the Police and Firemen's Retirement
24 System of New Jersey in accordance with the provisions of
25 P.L.1973, c.156 (C. 43:16A-62 et seq.) and upon a lump sum
26 payment into the Police and Firemen's Retirement System annuity
27 savings fund of the amount of the difference between the
28 contribution which was paid as a member of the Public Employees'
29 Retirement System or county pension fund and the contribution
30 that would have been required if he had been a member of the
31 Police and Firemen's Retirement System since the date of last
32 enrolling in the Public Employees' Retirement System or a county
33 pension fund. In addition, the employee shall be liable for any
34 payment to the retirement system that the employer would have
35 been required to make on behalf of the member for the purchase of
36 such credit; this payment may be made in regular monthly
37 installments or in a lump sum, as the employee may elect, and
38 pursuant to rules and regulations as may be promulgated by the
39 **【Division of Pensions】** board of trustees.

40 Whenever in P.L.1973, c.156 a period of time is set which is to
41 be calculated from the effective date of said act, such time shall be
42 calculated from the effective date of this amendatory and
43 supplementary act for the purposes hereof.

44 (cf: P.L.1983, c.439, s.3)

45

46 11. Section 6 of P.L.2000, c.127 (C.43:16A-11.7a) is amended
47 to read as follows:

1 6. The Adjutant General of the Department of Military and
2 Veterans' Affairs shall be responsible for determining whether any
3 person seeking to be considered a "veteran" under section 1 of
4 P.L.1983, c.391 (C.43:16A-11.7), for the purpose of purchasing
5 military service credit, meets the criteria set forth therein and
6 adjudicating an appeal from any person disputing this
7 determination. The determination of the Adjutant General shall be
8 binding upon the **【Division of Pensions and Benefits】** board of
9 trustees.

10 (cf: P.L.2000, c.127, s.6)

11
12 12. Section 1 of P.L.1985, c.450 (C.43:16A-11.9) is amended to
13 read as follows:

14 1. Any member of the Police and Firemen's Retirement System
15 of New Jersey who has at least 20 years of creditable service in the
16 retirement system and who leaves a position covered by the
17 retirement system, with the approval of the employer, to take a full-
18 time position with a. a federal agency, b. an agency of another state
19 or local government thereof, c. a national, regional, statewide,
20 areawide or metropolitan organization representing member state or
21 local governments, d. an association of state or local public
22 officials, or e. a nonprofit organization which has as one of its
23 principal functions the offering of professional advisory, research,
24 educational or development services, or related services, to
25 governments or universities concerned with public management,
26 may, upon filing an application with the board of trustees of the
27 retirement system, purchase credit in the retirement system for all
28 or a portion of the time of service with the public agency or private
29 organization, but not exceeding three years, as provided in this act.

30 The member may purchase credit for the service by paying into
31 the annuity savings fund the amount determined by applying the
32 factor, supplied by the actuary, applicable to his age at the time of
33 the purchase, to his creditable salary in the last 12 months of
34 creditable service in the position covered by the retirement system
35 immediately preceding the service with the public agency or private
36 organization. The purchase may be made in regular monthly
37 installments or in a lump sum as the member may elect and
38 pursuant to rules and regulations as may be promulgated by the
39 **【Division of Pensions】** board of trustees. The member shall bear
40 the entire cost for the additional retirement benefit attributable to
41 the purchased credit. If, upon retirement, the member's payment for
42 purchase of the credit is insufficient to provide for the additional
43 retirement benefit attributable to the service, the difference may be
44 assessed to the member, or a pro rata credit may be granted based
45 on service purchased prior to the date of retirement, at the election
46 of the member.

47 If the member retires prior to completing the purchase, he will
48 receive pro rata credit for service purchased prior to the date of

1 retirement, unless he makes an additional lump sum payment at that
2 time as will be necessary to provide full credit.

3 The purchase may be made within four years of the date of the
4 member's last contribution to the retirement system in the covered
5 position immediately preceding the service with the public agency
6 or private organization.

7 (cf: P.L.1985, c.450, s.1)

8

9 13. Section 1 of P.L.1999, c.338 (C.43:16A-11.13) is amended
10 to read as follows:

11 1. Notwithstanding the provisions of section 4 of P.L.1944,
12 c.255 (C.43:16A-4), any member who is separated involuntarily
13 from the police service covered by the retirement system, and not
14 by removal for cause or charges of misconduct or delinquency, and
15 who subsequently becomes a police service employee covered by
16 the retirement system may, upon filing an application with the
17 board of trustees of the retirement system, purchase credit in the
18 retirement system for all or a portion of the time of the hiatus in
19 creditable service, but not exceeding three years, as provided in this
20 section.

21 The member may purchase credit for the service by paying into
22 the annuity savings fund the amount determined by applying the
23 factor, supplied by the actuary, applicable to his age at the time of
24 the purchase, to his creditable salary in the last 12 months of
25 creditable service in the position covered by the retirement system
26 immediately preceding the involuntary separation from service. The
27 purchase may be made in regular monthly installments or in a lump
28 sum as the member may elect and pursuant to rules and regulations
29 as may be promulgated by the **[Division of Pensions and Benefits]**
30 board of trustees. The member shall bear the entire cost for the
31 additional retirement benefit attributable to the purchased credit. If,
32 upon retirement, the member's payment for purchase of the credit is
33 insufficient to provide for the additional retirement benefit
34 attributable to the service, the difference may be assessed to the
35 member, or a pro rata credit may be granted based on service
36 purchased prior to the date of retirement, at the election of the
37 member.

38 If the member retires prior to completing the purchase, he will
39 receive pro rata credit for service purchased prior to the date of
40 retirement, unless he makes an additional lump sum payment at that
41 time as will be necessary to provide full credit.

42 (cf: P.L.1999, c.338, s.1)

43

44 14. Section 1 of P.L.2001, c.228 (C.43:16A-11.14) is amended
45 to read as follows:

46 1. Notwithstanding the provisions of section 4 of P.L.1944,
47 c.255 (C.43:16A-4), any member who is separated involuntarily
48 from firefighting service covered by the retirement system, and not

1 by removal for cause or charges of misconduct or delinquency, and
2 who subsequently becomes a fireman in a position covered by the
3 retirement system may, upon filing an application with the board of
4 trustees of the retirement system, purchase credit in the retirement
5 system for all or a portion of the time of the hiatus in creditable
6 service, but not exceeding three years, as provided in this section.

7 The member may purchase credit for the service by paying into
8 the annuity savings fund the amount determined by applying the
9 factor, supplied by the actuary, applicable to the member's age at
10 the time of the purchase, to the member's creditable salary in the
11 last 12 months of creditable service in the position covered by the
12 retirement system immediately preceding the involuntary separation
13 from service. The purchase may be made in regular monthly
14 installments or in a lump sum as the member may elect and
15 pursuant to rules and regulations as may be promulgated by the
16 **【Division of Pensions and Benefits】** board of trustees. The member
17 shall bear the entire cost for the additional retirement benefit
18 attributable to the purchased credit. If, upon retirement, the
19 member's payment for purchase of the credit is insufficient to
20 provide for the additional retirement benefit attributable to the
21 service, the difference may be assessed to the member, or a pro rata
22 credit may be granted based on service purchased prior to the date
23 of retirement, at the election of the member.

24 If the member retires prior to completing the purchase, the
25 member shall receive pro rata credit for service purchased prior to
26 the date of retirement, unless the member makes an additional lump
27 sum payment at that time as shall be necessary to provide full
28 credit.

29 (cf: P.L.2001, c.228, s.1)

30

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

33 13. a. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-
34 95 et seq.), the general responsibility for the proper operation of the
35 retirement system is hereby vested in a board of trustees **【**, and, as
36 specified, the committees established pursuant to subsection b. of
37 this section**】** ³, and, as specified, the committees established
38 pursuant to subsection e. of this subsection³. The board may ³with
39 the approval of at least eight members of the board³, in its
40 discretion and at such time and in such manner as the board
41 determines, enhance any benefit set forth in P.L.1944, c.255
42 (C.43:16A-1 et seq.) as the board determines to be reasonable and
43 appropriate or modify any such benefit as an alternative to an
44 increase in the member contribution rate, which increase the board
45 determines to be reasonable, necessary, and appropriate, or
46 reinstate, when appropriate, such reduced benefit to the statutory
47 level without an additional contribution by the member ³, so long as

1 an actuarial certification provided by the actuary demonstrates that
2 such change will not result in an increased employer contribution in
3 the current year and that such change will not impact the long term
4 viability of the fund³. The board shall act exclusively on behalf of
5 the contributing employers, active members of the retirement
6 system, and retired members as the fiduciary of the system. The
7 primary obligation of the board shall be to direct policies and
8 investments to achieve and maintain the full funding and
9 continuation of the retirement system for the exclusive benefit of its
10 members.

11 (2) The board shall consist of **【11】 12** trustees as follows:

12 (a) **【Five members to be appointed by the Governor, with the**
13 **advice and consent of the Senate, who shall serve for a term of**
14 **office of four years and until their successors are appointed and**
15 **who shall be private citizens of the State of New Jersey who are**
16 **neither an officer thereof nor an active or retired member of any**
17 **police or fire department thereof. Of the four members initially**
18 **appointed by the Governor pursuant to P.L.1992, c.125 (C.43:4B-1**
19 **et al.), one shall be appointed for a term of one year, one for a term**
20 **of two years, one for a term of three years, and one for a term of**
21 **four years. The member appointed by the Governor pursuant to the**
22 **provisions of this amendatory act, P.L.1995, c.238, shall serve for a**
23 **term of four years and until a successor is appointed.】** (Deleted by
24 amendment, P.L. , c.) (pending before the Legislature as this
25 bill)

26 (b) **【The State Treasurer or the deputy State Treasurer, when**
27 **designated for that purpose by the State Treasurer.】** (Deleted by
28 amendment, P.L. , c.) (pending before the Legislature as this
29 bill)

30 (c) Three active policemen and three active firemen as follows:

31 (i) Two policemen and two firemen who shall be active
32 members of the system and who shall be appointed as follows:

33 one policeman shall be appointed by the President of the New
34 Jersey State Policemen's Benevolent Association;

35 one policeman shall be appointed by the President of the New
36 Jersey State Fraternal Order of Police;

37 one fireman shall be appointed by the President of the New
38 Jersey State Firemen's Mutual Benevolent Association; and

39 one fireman shall be appointed by the President of the
40 Professional Firefighters Association of New Jersey.

41 (ii) One policeman and one fireman who shall serve staggered
42 terms and shall be active members of the system and who shall be
43 elected by the active members of the system **【for a term of four**
44 years**】** according to such rules and regulations as the board of
45 trustees shall adopt to govern such election. The elected policeman
46 shall serve for an initial term of two years and the elected fireman
47 shall serve for an initial term of four years. Following their first

1 term, all trustees elected pursuant to this subparagraph shall serve
2 four-year terms. An election to select trustees, who are active
3 members of the system, shall be held no later than the first day of
4 the fifth month next following the date of enactment of
5 P.L. , c. (pending before the Legislature as this bill).

6 (d) One retiree from the system who shall be elected by retirees
7 from the system for a term of four years according to such rules and
8 regulations as the board of trustees shall adopt to govern the
9 election. An election to select a trustee, who is a retiree from the
10 system, shall be held no later than the first day of the fifth month
11 next following the date of enactment of P.L. , c. (pending before
12 the Legislature as this bill).

13 (e) Four trustees, to be appointed by the Governor, who shall
14 serve staggered terms and who either hold, or have held, an elective
15 public office as a mayor, member of a municipal council, or
16 member of a board of chosen freeholders or is employed, or has
17 been employed, by a municipal or county government as an
18 administrator, manager, or chief financial officer, to represent the
19 interests of local government employers. The Governor shall
20 appoint trustees pursuant to this subparagraph from among a list of
21 names submitted by the New Jersey League of Municipalities and
22 the New Jersey Association of Counties. Two trustees appointed by
23 the Governor pursuant to this subparagraph shall serve for an initial
24 term of two years and two trustees shall serve for an initial term of
25 four years. Following their first term, all trustees appointed
26 pursuant to this subparagraph shall serve four-year terms. The
27 Governor shall appoint trustees representing the interest of local
28 government employers pursuant to this subparagraph no later than
29 the first day of the seventh month next following the date of
30 enactment of P.L. , c. (pending before the Legislature as this
31 bill).

32 (f) One trustee, to be appointed by the Governor, who holds or
33 has held a management or supervisory position in the Executive
34 Branch of State government at the level of division director or
35 above to represent the interests of State government. The trustee
36 appointed by the Governor pursuant to this subparagraph shall serve
37 for an initial term of two years. Following the trustee's first term,
38 the trustee appointed pursuant to this subparagraph shall serve four-
39 year terms. The Governor shall appoint a trustee representing the
40 interest of State government pursuant to this subparagraph no later
41 than the first day of the seventh month next following the date of
42 enactment of P.L. , c. (pending before the Legislature as this
43 bill).

44 (3) Each trustee shall, after his appointment or election, take an
45 oath of office that, so far as it devolves upon him he will diligently
46 and honestly fulfill his duties as a board member, and that he will
47 not knowingly violate or willingly permit to be violated any of the
48 provisions of the law applicable to the retirement system. Such oath

1 shall be subscribed by the member making it, and certified by the
2 officer before whom it is taken, and immediately filed in the office
3 of the Secretary of State. The board may remove a trustee, upon a
4 majority vote of the trustees, for violating the trustee's oath of
5 office. Any trustee who is absent, without an official excuse
6 approved by a majority vote of the trustees, for more than three of
7 the board's meetings in any calendar year shall be removed from
8 the board and the trustee's position shall be filled in the same
9 manner as the position was previously filled. The board shall adopt
10 standards to define unexcused absences.

11 A member shall be permitted to participate in meetings of the
12 board by teleconference.

13 (4) (a) If a vacancy occurs in the office of a trustee, the vacancy
14 shall be filled in the same manner as the office was previously
15 filled. A vacancy shall not last more than 60 days, unless the board
16 is awaiting the certification of an election conducted pursuant to
17 paragraph (2) of this subsection. If a vacancy lasts for more than 60
18 days, then the board shall appoint, upon a majority vote of the
19 trustees then serving, a person qualified pursuant to subparagraph
20 (e) or (f) of paragraph (2) of this subsection to fill the vacancy until
21 a new trustee is appointed or elected in the manner set forth in
22 paragraph (2) of this subsection.

23 (b) A trustee serving pursuant to subparagraph (c) of paragraph
24 (2) of this subsection who retires from active service as policeman
25 or fireman may remain a trustee until an election is held to replace
26 the trustee. An election to replace a trustee serving pursuant to part
27 (ii) of subparagraph (c) of paragraph (2) of this subsection who
28 retires from active service shall be held no later than 30 days
29 following the effective date of the trustee's retirement and the
30 trustee shall relinquish the position on the board upon certification
31 of the results of the election.

32 (c) Trustees appointed pursuant to part (i) of subparagraph (c) of
33 paragraph (2) of this subsection shall serve at the pleasure of the
34 official who appointed the trustee, but may be removed pursuant to
35 paragraph (3) of this subsection.

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

39 (6) Each trustee shall be entitled to one vote in the board. **【Six】**
40 **Seven** trustees **【must】 shall** be present at any meeting of said board
41 for the transaction of its business.

42 (7) Subject to the limitations of this act, the board of trustees
43 shall annually establish rules and regulations for the administration
44 of the funds created by this act and for the transaction of the board's
45 **【and committees'】** business. **【Such** rules and regulations shall be
46 consistent with those adopted by the other pension funds within the
47 Division of Pensions and Benefits in order to permit the most
48 economical and uniform administration of all such retirement

1 systems. The committees shall adopt such regulations as provided
2 in subsection b. of this section.】

3 (8) ³(a)³ The board of trustees shall elect from its membership
4 a 【chairman】 chair and vice chair. The chair, or vice chair in the
5 chair’s absence, shall serve as the primary contact with board staff,
6 coordinate and approve meeting agendas, and shall have the power
7 to authorize any special staff action necessary to execute any of the
8 board’s duties. ¹The chair and vice chair shall not have the
9 authority to discipline or discharge an employee of the board unless
10 authorized to take such action by a majority of the trustees at a
11 public meeting.¹ The 【Director of the Division of Pensions and
12 Benefits】 board shall appoint a 【qualified employee of the division
13 to be】 secretary of the board. The administration of the program
14 shall be performed by 【the】 personnel 【of the Division of Pensions
15 and Benefits】 selected by the board in accordance with this section.
16 The board, reconstituted pursuant to P.L., c., (pending before
17 the Legislature as this bill), shall hold an initial meeting on the first
18 business day of the seventh month following the date of enactment
19 of P.L., c., (pending before the Legislature as this bill). At the
20 initial meeting of the board on the first business day of the seventh
21 month next following the date of enactment of P.L. , c. (pending
22 before the Legislature as this bill), the board shall contract with the
23 Division of Pensions and Benefits for the division to perform the
24 administrative tasks that the division performed prior to the
25 enactment of P.L. , c. (pending before the Legislature as this
26 bill) and such other tasks as the board may require. The division
27 shall receive compensation from the board for the performance of
28 the administrative tasks that the division performed prior to the
29 enactment of P.L. , c. (pending before the Legislature as this
30 bill) in an amount equal to the cost the division incurred for the
31 performance of those administrative tasks prior to the enactment of
32 that act. At the expiration of the term of the contract negotiated by
33 the board with the division pursuant to this paragraph, the board
34 may contract with the division or with a private entity, pursuant to
35 the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), to perform
36 administrative tasks that the board determines to be necessary or
37 convenient for its operation.

38 ³(b) A majority of the authorized membership of the board shall
39 constitute a quorum for the transaction of business.³

40 (9) The board of trustees shall keep a record of all of its
41 proceedings which shall be open to public inspection. The
42 retirement system shall publish annually a report showing the fiscal
43 transactions of the retirement system for the preceding year, the
44 amount of the accumulated cash and securities of the system, and
45 the last balance sheet showing the financial condition of the system
46 by means of an actuarial valuation of the assets and liabilities of the
47 retirement system.

1 (10) The board of trustees may, in its discretion, select and
2 employ, or contract with, legal counsel ¹with demonstrated
3 expertise in the law governing retirement systems for public or
4 private sector employees¹ to advise and represent the board. If the
5 board does not select and employ, or contract with, legal counsel,
6 the Attorney General of the State of New Jersey shall be the legal
7 adviser of the retirement system, except [that] if the Attorney
8 General determines that a conflict of interest would affect the
9 ability of the Attorney General to represent the board or the
10 committees on a matter affecting the retirement system [, the board
11 may select and employ legal counsel to advise and represent the
12 board or the committees on that matter].

13 (11) The **[State Treasurer]** board of trustees shall designate a
14 medical board [after consultation with the Director of the Division
15 of Pensions and Benefits, subject to veto by the board of trustees for
16 valid reason]. It shall be composed of a minimum of three
17 physicians who are not eligible to participate in the retirement
18 system. The medical board shall pass upon all medical examinations
19 required under the provisions of this act, shall investigate all
20 essential statements and certificates by or on behalf of a member in
21 connection with an application for disability retirement, and shall
22 report in writing to the retirement system its conclusions and
23 recommendations upon all matters referred to it.

24 (12) The actuary of the system shall be selected by the
25 **[Retirement Systems Actuary Selection Committee established by**
26 **P.L.1992, c.125. He]** board of trustees. The actuary shall be the
27 technical adviser of the board of trustees [and the committees] on
28 matters regarding the operation of the funds created by the
29 provisions of this act, and shall perform such other duties as are
30 required in connection therewith. ¹The actuary ³[may be an
31 employee of the board or] shall be³ an independent contractor
32 retained by the board. The actuary shall have demonstrated
33 experience in providing actuarial services to defined benefit
34 retirement systems for public employees ³and be a fellow with the
35 Society of Actuaries and an active member of the American
36 Academy of Actuaries^{3,1}

37 (13) The board of trustees, in consultation with the actuary, shall
38 establish actuarial funding policies for the system. At least once in
39 each three-year period the actuary shall make an actuarial
40 investigation into the mortality, service and compensation
41 experience of the members and beneficiaries of the retirement
42 system and, with the advice of the actuary, the board of trustees
43 shall adopt for the retirement system such mortality, service and
44 other tables as shall be deemed necessary and shall certify the rates
45 of contribution payable under the provisions of this act. The board
46 of trustees shall retain an independent actuary ², as selected by the

1 State Treasurer,² ¹with demonstrated experience in providing
2 actuarial services to retirement systems for public or private sector
3 employees¹ to review prior investigations into the mortality,
4 service, and compensation experience of the members and
5 beneficiaries of the retirement system and to review the three prior
6 actuarial valuations to certify that the actuary of the retirement
7 system conducted the investigations and valuations in accordance
8 with generally accepted actuarial standards.

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

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

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

15 (17) Each policeman or fireman member of the board of trustees
16 or the committees shall be entitled to time off from his duty, with
17 pay, during the periods of his attendance upon regular or special
18 meetings of the board of trustees or the committees, and such time
19 off shall include reasonable travel time required in connection
20 therewith.

21 (18) The board of trustees shall have a minimum of one meeting
22 each calendar month.

23 (19) The board of trustees shall have authority to ³[invest and
24 reinvest the moneys in, and to acquire for or on behalf of the funds
25 of, the board. The board shall formulate and establish, and may
26 from time to time amend, modify, or repeal, such policies,
27 objectives or guidelines as it may deem necessary and proper to
28 govern the decisions, actions, methods, practices, or procedures for
29 investment, reinvestment, purchase, sale, or exchange transactions
30 of the board] formulate and establish, amend, modify or repeal such
31 policies as it may deem necessary or proper, which shall govern the
32 methods, practices or procedures for investment, reinvestment,
33 purchase, sale or exchange transactions to be followed by the
34 Division of Investment. The board may also review and approve
35 agreements which may be necessary or convenient for the
36 management of the investments of the retirement system. The board
37 shall also have the authority to inspect and audit the respective
38 accounts and funds administered by the Division of Investment, or a
39 successor entity, and take appropriate action as necessary to
40 effectuate the long term viability of the system. Notwithstanding
41 this provision, Common Pension Fund L and the assets held by
42 Common Pension Fund L as of the effective date of this Act and
43 thereafter, including the interest of the Police and Firemen's
44 Retirement System of New Jersey therein, shall remain within the
45 Division of Investment. The Director of the Division of Investment
46 and the State Investment Council shall retain all functions, powers,
47 and duties relating to Common Pension Fund L assigned to the
48 Division of Investment, the Director of the Division of Investment,

1 and the State Investment Council by P.L. 2017, c. 98 (C.5:9-22.5 et
2 seq.)³. (20) (a) The board of trustees shall select and employ an
3 executive director, who shall be responsible for ³recommending and
4 implementing³ the strategic direction of the board from an
5 ³[investment and]³ operational perspective. The executive director
6 shall provide strategic direction, planning, and leadership to the
7 board; organize, develop, and supervise a management team to
8 provide optimal ³[investment]³ results; maintain oversight of
9 ³[investment and]³ administrative operations conducted by the
10 board; develop an annual budget and a salary and compensation
11 guide for any managerial positions that are not subject to Title 11A,
12 Civil Service, of the New Jersey Statutes, arrange board agendas
13 with the approval of the board's chair; appoint administrative staff;
14 ³[conduct the executive and administrative functions of the
15 Investment Committee;]³ execute contracts on behalf of the board;
16 and perform any other responsibilities designated to the executive
17 director by the board.

18 The person employed by the board to hold the position of
19 executive director shall have, at a minimum upon commencement
20 of employment, a bachelor's degree from an accredited institution
21 of higher education, and at least five years of management
22 experience in accounting, finance, public administration,
23 government pension and retirement planning, investment banking,
24 financial consulting, money management, or a similar field. The
25 person shall meet all other requirements for employment as shall be
26 set forth in a standard adopted by the board. No member, retiree, or
27 other beneficiary of the system shall be eligible to hold the position
28 of executive director.

29 ³The executive director shall serve without term but may be
30 removed from office, upon notice and opportunity to be heard at a
31 public hearing, subject to an affirmative vote of the majority of all
32 authorized members of the board of trustees. Any vacancy
33 occurring shall be filled in the same manner as the original
34 appointment. The executive director shall devote his entire time and
35 attention to the duties of the office and shall not be engaged in any
36 other occupation or profession. The executive director shall act as a
37 fiduciary to the retirement system and shall be under a duty to
38 perform the obligations set forth herein according to the interest of
39 the beneficiaries of the system.³

40 (b) The board of trustees shall have the authority to retain other
41 administrative and professional staff as required to implement the
42 duties and responsibilities required to ensure the smooth transition
43 of responsibilities and authority from the division to the board
44 pursuant to P.L. , c. (pending before the Legislature as this bill).

45 ¹The board shall not employ a trustee and may employ a former
46 trustee only if the former trustee has not held the position of trustee
47 for more than two years.¹

1 (c) The board of trustees shall be authorized to access operating
2 funds from the system necessary for the management of the fund
3 and to employ staff immediately upon their election and
4 appointment, provided that the qualified status of the retirement
5 system under federal law is maintained.

6 (21) (a) The board of trustees shall select and employ a chief
7 investment officer, who shall oversee the ³[management of funds
8 and investments with the State or private companies, coordinate the
9 transfer of assets from the State Treasurer, State Investment
10 Council, and Division of Investment to the board, and decide the
11 manner in which funds shall be invested] development of the
12 methods, practices and procedures for investment, in coordination
13 with the Investment Committee. Notwithstanding this provision,
14 Common Pension Fund L and the assets held by Common Pension
15 Fund L as of the effective date of this Act and thereafter, including
16 the interest of the Police and Firemen's Retirement System of New
17 Jersey therein shall remain within the Division of Investment. The
18 Division of Investment and the Director of the Division of
19 Investment and the State Investment Council shall retain all
20 functions, powers, and duties relating to Common Pension Fund L
21 assigned to the Division of Investment, the Director of the Division
22 of Investment, and the State Investment Council by P.L. 2017, c. 98
23 (C.5:9-22.5 et seq.)³. The chief investment officer ³, in
24 coordination with the Investment Committee,³ shall establish and
25 maintain a policy to monitor and evaluate the effectiveness of
26 ³[securities transactions executed] investments made³ on behalf of
27 the board. The chief investment officer shall report to the executive
28 director.

29 The person employed by the board to hold the position of chief
30 investment officer shall have, at a minimum upon commencement
31 of employment, a bachelor's degree from an accredited institution
32 of higher education, and at least five years of management
33 experience ^{3,3} in ³addition to³ accounting, finance, public
34 administration, government pension and retirement planning,
35 investment banking, financial consulting, money management, or a
36 similar field. ³The person shall also have experience in the direct
37 management, analysis, supervision or investment of assets.³ The
38 person shall meet all other requirements for employment as shall be
39 set forth in a standard adopted by the board. No member, retiree, or
40 other beneficiary of the system shall be eligible to hold the position
41 of chief investment officer. ³The chief investment officer shall be
42 precluded from outside employment or other occupation.³

43 (b) The board of trustees may make and execute agreements
44 pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.),
45 which may be necessary or convenient for the management of the
46 investments of the retirement system. ³The board shall also have
47 the authority to inspect and audit the respective accounts and funds

1 administered by the Division of Investment, or a successor entity,
2 and take appropriate action as necessary to effectuate the long term
3 viability of the system.³

4 (22) The board of trustees shall select and employ an
5 ombudsman, who shall provide individual death and disability
6 consultation and information to plan members and their dependents;
7 answer questions from, and provide information to, members
8 related to the process of applying for retirement and retirement
9 benefits; coordinate with other State and local agencies on behalf of
10 members; maintain federal, State, and local death and disability
11 benefit resources; recommend policy changes to the board; conduct
12 educational presentations for employers on death and disability
13 benefit options for members; and publish information about the
14 organization of the board for members, employers, and the public.

15 (23) All members of the board of trustees and of the Investment
16 Committee shall participate in annual investment training as
17 directed by the board's executive director. ¹In addition to the ethics
18 training required by paragraph (2) of subsection c. of this section,
19 the board shall adopt a policy requiring annually not less than 16
20 hours of continuing education in matters relating to the
21 administration of defined benefit retirement systems for public
22 employees and the fiduciary duty the board and its employees have
23 to the beneficiaries of the retirement system.¹

24 b. **[**There are established two committees, to be composed of
25 10 members each as follows, one for the State employees part of the
26 retirement system and one for the part of the retirement system with
27 employees of employers other than the State.

28 Each committee shall have five members who shall be appointed
29 by the Governor as representatives of public employers whose
30 employees are enrolled in the retirement system, two members who
31 shall be appointed by the head of the union representing the greatest
32 number of police officer members of the retirement system having
33 union membership, one member who shall be appointed by the head
34 of the union representing the second greatest number of police
35 officer members of the retirement system having union
36 membership, one member who shall be appointed by the head of the
37 union representing the greatest number of firefighter members of
38 the retirement system having union membership, and one member
39 who shall be appointed by the head of the union representing the
40 second greatest number of firefighter members of the retirement
41 system having union membership. The members of the committees
42 shall not be appointed until that part of the system attains the target
43 funded ratio.

44 The members of each committee shall serve for a term of three
45 years and until a successor is appointed and qualified. For each
46 committee, of the initial appointments by the Governor, two
47 members shall serve for two years and until a successor is appointed
48 and qualified, and two shall serve for one year and until a successor

1 is appointed and qualified. For each committee, of the initial
2 appointments by the head of the union representing the greatest
3 number of police officer members of the retirement system, the
4 members shall serve for two years and until a successor is appointed
5 and qualified. For each committee, of the initial appointment by the
6 head of the union representing the greatest number of firefighter
7 members of the retirement system, the member shall serve for one
8 year and until a successor is appointed and qualified.

9 For each committee, the members of the committee shall select a
10 chairperson from among the members, who shall serve for a term of
11 one year, with no member serving more than one term until all the
12 members of the committee have served a term in a manner
13 alternating among the employer representatives and employee
14 representatives, unless the committee determines otherwise with
15 regard to this process.

16 The provisions of paragraphs (3) through (6), inclusive, and (17)
17 of subsection a. of this section, and subsection (4) of section 14 of
18 P.L.1944, c.255 (C.43:16A-14), shall apply to the committee and its
19 members, as appropriate. The committee shall keep a record of all
20 of its proceedings which shall be open to public inspection.

21 Upon the convening of any meeting of a committee, the members
22 shall consider a motion to assume the authority provided in this
23 subsection and shall proceed only if a majority of the members of
24 the committee vote in the affirmative on that motion.

25 Each committee may contract with such actuaries or consultants,
26 or both, in accordance with the provisions of P.L.1954, c.48
27 (C.52:34-6 et seq.), as the committee may deem necessary to
28 perform its duties, when that part of the system has attained the
29 target funded ratio.

30 When a part of the system, has attained the target funded ratio as
31 defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the committee
32 for that part **】** The board of trustees shall have the discretionary
33 authority **【**for that part**】** to :

34 (1) modify the: member contribution rate; cap on creditable
35 compensation; formula for calculation of final compensation; age at
36 which a member may be eligible for and the benefits for service or
37 special retirement; and standards for approval, medical review
38 policies, and benefits provided for disability retirement; and

39 (2) ³subject to the provisions of P.L. , c. (pending before the
40 Legislature as this bill),³ activate the application of the "Pension
41 Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees
42 **【**for the period that the part is at or above the target funded ratio**】**
43 and modify the basis for the calculation of the adjustment and set
44 the duration and extent of the activation. The board of trustees,
45 after consultation with the actuary, may apply an adjustment to the
46 monthly retirement allowance or pension originally granted to any
47 member.

1 **【**A committee shall give priority consideration to subparagraph
2 (2) of this paragraph. A committee**】** The board of trustees shall
3 have the discretionary authority to modify the conditions and
4 standards for the purchase of service credit for death benefits. The
5 board of trustees shall not have the authority to change the years of
6 creditable service required for vesting.

7 At least eight votes of the authorized membership of the board
8 shall be required to approve any enhancement or reduction of a
9 member benefit, ²**【**other than for**】** including² the activation of the
10 application of the "Pension Adjustment Act," P.L.1958, c.143
11 (C.43:3B-1 et seq.), for retirees, or to approve any increase or
12 decrease in the employer contribution that is more than what is
13 recommended by the actuary for the system for the purpose of the
14 annual funding requirements of the system. ³An actuarial
15 certification must be provided by the actuary prior to any
16 enhancement or reduction of a member benefit, including the
17 activation of the application of the "Pension Adjustment Act,"
18 P.L.1958, c.143 (C.43:3B et. seq.), showing that such change will
19 not result in an increased employer contribution in the current year
20 and that such change will not impact the long term viability of the
21 fund.³

22 **【**Each committee**】** The board of trustees may consider a matter
23 described **【**above**】** in this subsection and render a decision
24 notwithstanding that the provisions of the statutory law may set
25 forth a specific requirement on that matter.

26 **【**Each committee**】** The board of trustees may consider a matter
27 described **【**above**】** in this subsection and render a decision
28 notwithstanding that the provisions of the statutory law do not set
29 forth a specific requirement on the considered aspect of that matter
30 or address that matter at all.

31 **【**The members of each committee shall have the same duty and
32 responsibility to the retirement system as do the members of the
33 board of trustees. No decision of a committee shall be implemented
34 if the direct or indirect result of the decision will be that the funded
35 ratio of that part falls below the target funded ratio in any valuation
36 period during the 30 years following the implementation of the
37 decision. The actuary of the system shall make a determination of
38 the result in that regard and submit that determination in a written
39 report to the committee and the board prior to the implementation
40 of the decision.**】**

41 **【**If any matter before a committee receives at least six votes in
42 the affirmative, the board of trustees shall approve and implement
43 the committee's decision.
44

45 If any matter regarding benefits before a committee receives five
46 votes in the affirmative and five votes in the negative or the
committee otherwise reaches an impasse on a decision, the

1 provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be
2 followed.】

3 A final action of the **【committee】** board of trustees under this
4 subsection shall be made by the adoption of a regulation that shall
5 identify the modifications to the system by reference to statutory
6 section. The regulations shall also specify the effective date of the
7 modification and the system members, including beneficiaries and
8 retirees, to whom the modification applies. Regulations of the
9 **【committee】** board of trustees are considered to be part of the plan
10 document for the system. A regulation adopted by the **【committee】**
11 board of trustees may be modified by regulation in order to comply
12 with the requirements of this section.

13 c. (1) No member of the board**【,】** or a committee of the board,
14 employee of the board, or employee of the Division of Pensions and
15 Benefits in the Department of the Treasury shall accept from any
16 person, whether directly or indirectly and whether by himself or
17 through his spouse or any member of his family, or through any
18 partner or associate, any gift, favor, service, employment or offer of
19 employment, or any other thing of value, including contributions to
20 the campaign of a member or employee as a candidate for elective
21 public office, which he knows or has reason to believe is offered to
22 him with intent to influence him in the performance of his public
23 duties and responsibilities. As used in this subsection, "person"
24 means an (1) individual or business entity, or officer or employee of
25 such an entity, who is seeking, or who holds, or who held within the
26 prior three years, a contract with the board; (2) an active or retired
27 member, or beneficiary, of the retirement system; or (3) an entity,
28 or officer or employee of such an entity, in which the assets of the
29 retirement system have been invested. A board or committee
30 member or employee violating this prohibition shall be guilty of a
31 crime of the third degree.

32 (2) ¹The board shall adopt an ethics policy either identical to the
33 provisions of the "New Jersey Conflicts of Interest Law," P.L.1971,
34 c.182 (C.52:13D-12 et seq.) or more restrictive, but not less
35 restrictive.¹ All trustees, officers, and employees of the board shall
36 participate in annual ethics training on the ¹board's policy, the¹
37 New Jersey Conflicts of Interest Law ^{1,1} and any other applicable
38 law, rule, or standard of conduct relating to the area of ethics as
39 directed by the board's executive director.

40 d. The board of trustees shall have the authority to establish a
41 process for the review, approval, and appeal of applications for
42 retirement.

43 e. The board of trustees shall establish three committees as
44 follows:

45 (1) (a) An Audit Committee of no less than three members to
46 assist in the oversight of the financial reporting and audit processes
47 of the board of trustees. At least two of the members shall be

1 members of the board of trustees. At least one of the Audit
2 Committee members shall have accounting ¹, governmental
3 auditing, ¹ or related financial expertise. If the board of trustees
4 does not have sufficient members qualified or available to serve on
5 the Audit Committee, or wishes to broaden the expertise on the
6 Audit Committee, the board of trustees may request that the State
7 Treasurer recommend one or more qualified individuals to sit on the
8 committee.

9 (b) The Audit Committee shall assist the board of trustees in
10 retaining an independent auditor to conduct an audit of the
11 retirement system's financial statements by making a
12 recommendation to the board of trustees after engaging in an
13 auditor selection process. The auditor selection process shall be
14 based upon public, competitive bidding principles and shall take
15 place no less than once every five years.

16 (c) In carrying out its duties, the Audit Committee shall
17 proactively assist the board of trustees in overseeing the integrity
18 and quality of the retirement system's finances and investments.
19 The Audit Committee shall:

20 (i) review and evaluate audit fees;

21 (ii) when the committee believes that the auditor's performance is
22 not adequate in quality or independence, recommend such steps as
23 may be necessary to elicit appropriate performance, including
24 replacement of the auditor;

25 (iii) at least once every three years, obtain and review a report of
26 the independent auditor describing for the preceding year: the
27 independent auditor's internal quality control procedures; any
28 material issues raised by the most recent internal quality control
29 peer review, or by reviews conducted by governmental or
30 professional authorities; and steps taken by the auditor to address
31 such issues;

32 (iv) regularly review with the independent auditor any audit
33 problems, any risks of material statements due to fraud, and
34 difficulties involving restrictions or attempts to restrict the auditor's
35 activities and restrictions on access to information;

36 (v) review the audited financial statements and interim
37 statements and discuss them with the board of trustees. These
38 discussions shall include a review of particularly sensitive
39 accounting estimates, reserves and accruals, judgmental areas, audit
40 adjustments, whether recorded or not, and any other matters the
41 Audit Committee or independent auditor shall deem appropriate;

42 (vi) review internal control functions such as the planned scope
43 of internal audit reviews, adequacy of staffing, actions to be taken
44 as a result of internal audit findings, the effectiveness of electronic
45 data processing procedures, and controls and related security
46 programs; ¹[and]¹

47 (vii) recommend policies with respect to risk assessment and risk
48 management ¹; and

1 (viii) establish a permanent position of internal auditor, who
2 shall be supervised by the executive director, but who may be
3 discharged only by an affirmative vote of the majority of the
4 board¹.

5 (2) An Actuary Committee of no less than three members to
6 assist in the selection and oversight of the actuary appointed by the
7 board of trustees. The Actuary Committee shall review the
8 performance of the actuary appointed by the board of trustees. If
9 the performance of the actuary is not adequate in quality, the
10 committee shall recommend such steps as may be necessary to elicit
11 appropriate performance, including replacement of the actuary.

12 (3) An Investment Committee of no less than three members to
13 assist in the oversight of the ³**[investments]** investment policies³
14 selected by the board of trustees ³**[and the management of the**
15 investments of the retirement system]³. The Investment Committee
16 shall consist of two members of the board of trustees, and one
17 member who shall be the chief investment officer of the board, and
18 shall oversee investments and make recommendations on
19 investments to the board of trustees. ³A majority of the Investment
20 Committee members, one of which may be the Chief Investment
21 Officer, shall be qualified by training, experience or long-term
22 interest in the direct management, analysis, supervision or
23 investment of assets and this training, experience or long-term
24 interest shall have been supplemented by academic training in the
25 fields of economics, business, law, finance or actuarial science or
26 by actual employment in those fields. If the board of trustees does
27 not have sufficient members qualified or available to serve on the
28 Investment Committee, or determines to broaden the expertise of
29 the Investment Committee, the board of trustees may request that
30 the State Treasurer recommend one or more qualified individuals to
31 sit on the committee.³

32 f. At the end of six years following the enactment date of
33 P.L. , c. (pending before the Legislature as this bill), the board
34 of trustees shall conduct a review of the performance and funding
35 levels of the retirement system, as compared to available market
36 data including but, not limited to, the performance of the State
37 Investment Council and Division of Investment with regard to the
38 investment of other State-administered retirement systems or funds
39 and ³**[the Bloomberg Barclays Indices]** other appropriate
40 benchmarks³, and may, based on a majority vote of the authorized
41 membership of the board, petition the Legislature to consider
42 legislation that reverts control of the system ³**[to the Department of**
43 the Treasury, or such other agency as the State deems appropriate]
44 from the Board of Trustees to the State Investment Council and the
45 Division of Investment³.

46 (cf: P.L.2011, c.78, s.4)

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

3 14. (1) The board of trustees shall be and are hereby constituted
4 trustees of the various funds and accounts established by this act~~;~~
5 provided, however, that all~~]~~ . All functions, powers and duties
6 relating to the ³formulation, establishment, amendment,
7 modification or repeal of any policy, procedure, method or practice
8 on the³ investment or reinvestment of moneys ³[of, and] shall be
9 performed by the board. The³ purchase, sale or exchange of any
10 investments or securities, of or for any fund or account established
11 under this act shall be exercised and performed by the [director of
12 the Division of Investment in accordance with the provisions of
13 chapter 270, of the laws of 1950] ³Division of Investment upon the
14 direction of the³ board. The ~~[secretary] actuary~~ of the board of
15 trustees shall determine from time to time the cash requirements of
16 the various funds and accounts established by this act and the
17 amount available for investment, all of which shall be certified to
18 the ~~[Director of the Division of Investment.~~

19 An elected member of the board of trustees to be designated by a
20 majority vote thereof shall serve on the State Investment Council as
21 a representative of said board of trustees, for a term of three years
22 and until a successor is designated and qualified~~]~~ chair and
23 executive director of the board of trustees. ³Notwithstanding this
24 provision, Common Pension Fund L and the assets held by
25 Common Pension Fund L as of the effective date of this Act and
26 thereafter, including the interest of the Police and Firemen's
27 Retirement System of New Jersey therein shall remain within the
28 Division of Investment in the Department of the Treasury. The
29 Division of Investment, the Director of the Division of Investment
30 and the State Investment Council shall retain all functions, powers,
31 and duties relating to Common Pension Fund L assigned to the
32 Division of Investment, the Director of the Division of Investment,
33 and the State Investment Council, by P.L. 2017, c. 98 (C.5:9-22.5 et
34 seq.).³

35 (2) The ~~[Treasurer of the State of New Jersey] ³[executive~~
36 director of the board] Treasurer of the State of New Jersey³ shall
37 be the custodian of the ~~[several funds] fund~~ created by this act,
38 shall select all depositories and custodians and shall negotiate and
39 execute custody agreements in connection with the assets or
40 investments of any of said ~~[funds] fund~~. All payments from said
41 ~~[funds] fund~~ shall be made by him only upon vouchers signed by
42 the chairman and countersigned by the secretary of the board of
43 trustees. No voucher shall be drawn, except upon the authority of
44 the board duly entered in the records of its proceedings.

45 (3) (Deleted by amendment.)

1 (4) Except as otherwise herein provided, no trustee and no
2 employee of the board of trustees shall have any direct interest in
3 the gains or profits of any investments of the retirement system;
4 nor shall any trustee or employee of the board directly or
5 indirectly, for himself or as an agent in any manner use the moneys
6 of the retirement system, except to make such current and necessary
7 payments as are authorized by the board of trustees; nor shall any
8 trustee or employee of the board of trustees become an endorser or
9 surety, or in any manner an obligor for moneys loaned to or
10 borrowed from the retirement system.

11 (cf: P.L.2011, c.78, s.31)

12

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

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

17 (2) (a) The uniform percentage contribution rate for members
18 shall be 8.5% of compensation. Members of the retirement system
19 shall contribute 10% of compensation to the system on and after the
20 effective date of P.L.2011, c.78.

21 (b) The board of trustees is authorized to make an adjustment to
22 the uniform contribution rate of the members set forth in this
23 subsection as the board deems reasonable, necessary, and
24 appropriate after consultation with, and the recommendation of, the
25 actuary. Any adjustment to a contribution rate shall be made at
26 such time and in such manner as the board shall determine.

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】** board of trustees may prescribe, the
7 amounts deducted; and when deducted shall be paid into said
8 annuity savings fund, and shall be credited to the individual account
9 of the member from 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 paid annually in
19 level dollars for a specific period of time, will amortize this
20 liability. The **【State Treasurer shall determine, upon the advice of**
21 **the Director of the Division of Pensions and Benefits, the】** board of
22 trustees **【and】** shall determine, upon the advice of the actuary, the
23 time period for full funding of this liability, which shall not exceed
24 40 years on initial application of this section as amended by this act,
25 P.L.1994, c.62. This shall be known as the "accrued liability
26 contribution." Any increase or decrease in the unfunded accrued
27 liability as a result of actuarial losses or gains for the 10 valuation
28 years following valuation year 1991 shall serve to increase or
29 decrease, respectively, the unfunded accrued liability contribution.
30 Thereafter, any increase or decrease in the unfunded accrued
31 liability as a result of actuarial losses or gains for subsequent
32 valuation years shall serve to increase or decrease, respectively, the
33 amortization period for the unfunded accrued liability, unless an
34 increase in the amortization period will cause it to exceed 30 years.
35 If an increase in the amortization period as a result of actuarial
36 losses for a valuation year would exceed 30 years, the accrued
37 liability contribution shall be computed for the valuation year in the
38 same manner provided for the computation of the initial accrued
39 liability contribution under this section. Beginning with the July 1,
40 2018 actuarial valuation, the accrued liability contribution shall be
41 computed so that if the contribution is paid annually in level
42 dollars, it will amortize this unfunded accrued liability over a closed
43 30-year period. Beginning with the July 1, 2028 actuarial
44 valuation, when the remaining amortization period reaches 20 years,
45 any increase or decrease in the unfunded accrued liability as a result
46 of actuarial losses or gains for subsequent valuation years shall
47 serve to increase or decrease, respectively, the amortization period
48 for the unfunded accrued liability, unless an increase in the

1 amortization period will cause it to exceed 20 years. If an increase
2 in the amortization period as a result of actuarial losses for a
3 valuation year would exceed 20 years, the accrued liability
4 contribution shall be computed for the valuation year in the same
5 manner provided for the computation of the initial accrued liability
6 contribution under this section.

7 With respect to the State, upon the basis of the tables
8 recommended by the actuary which the board adopts and regular
9 interest, the actuary shall annually determine if there is an amount
10 of the accrued liability, computed under the projected unit credit
11 method, which is not already covered by the assets of the retirement
12 system, valued in accordance with the asset valuation method
13 established in this section. This shall be known as the "unfunded
14 accrued liability." If there was no unfunded accrued liability for the
15 valuation period immediately preceding the current valuation
16 period, the actuary, using the total amount of this unfunded accrued
17 liability, shall compute the initial amount of contribution which, if
18 the contribution is paid annually in level dollars for a specific
19 period of time, will amortize this liability. The [State Treasurer
20 shall determine, upon the advice of the Director of the Division of
21 Pensions and Benefits, the] board of trustees [and] shall determine,
22 upon the advice of the actuary, the time period for full funding of
23 this liability, which shall not exceed 30 years. This shall be known
24 as the "accrued liability contribution." Thereafter, any increase or
25 decrease in the unfunded accrued liability as a result of actuarial
26 losses or gains for subsequent valuation years shall serve to increase
27 or decrease, respectively, the amortization period for the unfunded
28 accrued liability, unless an increase in the amortization period will
29 cause it to exceed 30 years. If an increase in the amortization period
30 as a result of actuarial losses for a valuation year would exceed 30
31 years, the accrued liability contribution shall be computed for the
32 valuation year in the same manner provided for the computation of
33 the initial accrued liability contribution under this section.
34 Beginning with the July 1, 2018 actuarial valuation, the accrued
35 liability contribution shall be computed so that if the contribution is
36 paid annually in level dollars, it will amortize this unfunded accrued
37 liability over a closed 30-year period. Beginning with the July 1,
38 2028 actuarial valuation, when the remaining amortization period
39 reaches 20 years, any increase or decrease in the unfunded accrued
40 liability as a result of actuarial losses or gains for subsequent
41 valuation years shall serve to increase or decrease, respectively, the
42 amortization period for the unfunded accrued liability, unless an
43 increase in the amortization period will cause it to exceed 20 years.
44 If an increase in the amortization period as a result of actuarial
45 losses for a valuation year would exceed 20 years, the accrued
46 liability contribution shall be computed for the valuation year in the
47 same manner provided for the computation of the initial accrued
48 liability contribution under this section.

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

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

42 "Excess valuation assets" means, with respect to the valuation
43 assets allocated to the State, the valuation assets allocated to the
44 State for a valuation period less the actuarial accrued liability of the
45 State for the valuation period, and beginning with the valuation
46 period ending June 30, 1998, less the present value of the expected
47 additional normal cost contributions attributable to the amendatory
48 provisions of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1

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

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

46 If there are excess valuation assets allocated to the other
47 employers for the valuation period ending June 30, 1998, the
48 accrued liability contributions payable by the other employers for

1 the valuation period ending June 30, 1997 shall be reduced to the
2 extent possible by the excess valuation assets allocated to the other
3 employers.

4 If there are excess valuation assets allocated to the State or to the
5 other employers for a valuation period ending after June 30, 1998,
6 the State Treasurer may reduce the normal contribution payable by
7 the State or by other employers for the next valuation period as
8 follows:

9 (1) for valuation periods ending June 30, 1996 through June 30,
10 2000, to the extent possible by up to 100% of the excess valuation
11 assets allocated to the State or to the other employers, respectively;

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

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

18 (4) for valuation periods ending June 30, 2003 through June 30,
19 2007, to the extent possible by up to 50% of the excess valuation
20 assets allocated to the State or to the other employers, respectively.

21 Notwithstanding the discretion provided to the State Treasurer in
22 the previous paragraph to reduce the amount of the normal
23 contribution payable by employers other than the State, the State
24 Treasurer shall reduce the amount of the normal contribution
25 payable by employers other than the State by \$150,000,000 in the
26 aggregate for the valuation period ending June 30, 1998, and then
27 the State Treasurer may reduce further pursuant to the provisions of
28 the previous paragraph the normal contribution payable by such
29 employers for that valuation period.

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

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

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

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

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

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

44 (10) The treasurer or corresponding officer of the employer shall
45 pay to the **[State Treasurer]** board of trustees no later than April 1
46 of the State's fiscal year in which payment is due the amount so
47 certified as payable by the employer, and shall pay monthly to the
48 **[State Treasurer]** board of trustees the amount of the deductions

1 from the salary of the members in the employ of the employer, and
2 the **【State Treasurer】** board of trustees shall credit such amount to
3 the appropriate fund or funds, of the retirement system. On April 1
4 next following the effective date of P.L. , c. (pending before the
5 Legislature as this bill), and in each year thereafter, the contribution
6 required to be made by the employer shall be made to the board of
7 trustees on the following schedule: at least 25 percent by March 1,
8 at least 50 percent by June 1, at least 75 percent by September 1,
9 and at least 100 percent by December 1. The amount of the
10 contribution shall be net of the amount of any increase in the
11 interest on the tax and revenue anticipation notes attributable solely
12 to the need to borrow an increased amount in order to make the
13 quarterly payments.

14 If payment of the **【full】** required amount of the employer's
15 obligation is not made within 30 days of the due **【date】** dates
16 established by this act, interest at the rate of 10% per annum shall
17 commence to run against the unpaid balance thereof on the first day
18 after such 30th day. Upon certification by the board of trustees to
19 the Director of the Division of Local Government Services in the
20 Department of Community Affairs of an employer contribution
21 payment being 30 days past due, the director shall withhold any
22 State aid payments that are disbursed by the Division of Local
23 Government Services from the employer in an amount equal to the
24 amount of the employer contribution due to the board. If the
25 employer is eligible for transitional aid, the Division of Local
26 Government Services shall consult with the board to develop a
27 payment plan to ensure that the required payment and interest owed
28 is paid in a timely manner. The director shall release the State aid
29 payments held pursuant to this subsection to the employer upon
30 certification by the board of trustees of its receipt of the delinquent
31 employer contribution. Nothing in P.L. , c. (pending before the
32 Legislature as this bill) shall relieve State or local government
33 employers of any present or future obligations of their normal cost
34 or unfunded liabilities required to be paid into the retirement
35 system.

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

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

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

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

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

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

17 (15) If the valuation assets are insufficient to fund the normal
18 and accrued liability costs attributable to the amendatory provisions
19 of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1 et al.) as
20 provided hereinabove, the normal and unfunded accrued liability
21 contributions required to fund these costs for the State and other
22 employers shall be paid by the State.

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

40 (cf: P.L.2011, c.78, s.15)]²

41

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

44 15 (1) The contributions required for the support of the
45 retirement system shall be made by members and their employers.

46 (2) (a) The uniform percentage contribution rate for members
47 shall be 8.5% of compensation. Members of the retirement system

1 shall contribute 10% of compensation to the system on and after the
2 effective date of P.L.2011, c.78.

3 (b) The board of trustees is authorized to make an adjustment to
4 the uniform contribution rate of the members set forth in this
5 subsection as the board deems reasonable, necessary, and
6 appropriate³ with the approval of at least eight members of the
7 board³ after consultation with, and the recommendation of, the
8 actuary. Any adjustment to a contribution rate shall be made at
9 such time and in such manner as the board shall determine upon
10 ³[actuarial]³ certification ³by the actuary³ that such change will not
11 result in ³an³ increased employer ³[contributions] contribution in
12 the current year and that such change will not impact the long term
13 viability of the fund³.

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

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

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

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

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

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

45 (9) With respect to employers other than the State, upon the
46 basis of the tables recommended by the actuary which the board
47 adopts and regular interest, the actuary shall compute the amount of

1 the accrued liability as of June 30, 1991 under the projected unit
2 credit method, which is not already covered by the assets of the
3 retirement system, valued in accordance with the asset valuation
4 method established in this section. Using the total amount of this
5 unfunded accrued liability, the actuary shall compute the initial
6 amount of contribution which, if the contribution is paid annually in
7 level dollars for a specific period of time, will amortize this
8 liability. The [State Treasurer shall determine, upon the advice of
9 the Director of the Division of Pensions and Benefits, the] board of
10 trustees [and] shall determine, upon the advice of the actuary, the
11 time period for full funding of this liability, which shall not exceed
12 40 years on initial application of this section as amended by this act,
13 P.L.1994, c.62. This shall be known as the "accrued liability
14 contribution." Any increase or decrease in the unfunded accrued
15 liability as a result of actuarial losses or gains for the 10 valuation
16 years following valuation year 1991 shall serve to increase or
17 decrease, respectively, the unfunded accrued liability contribution.
18 Thereafter, any increase or decrease in the unfunded accrued
19 liability as a result of actuarial losses or gains for subsequent
20 valuation years shall serve to increase or decrease, respectively, the
21 amortization period for the unfunded accrued liability, unless an
22 increase in the amortization period will cause it to exceed 30 years.
23 If an increase in the amortization period as a result of actuarial
24 losses for a valuation year would exceed 30 years, the accrued
25 liability contribution shall be computed for the valuation year in the
26 same manner provided for the computation of the initial accrued
27 liability contribution under this section. Beginning with the July 1,
28 2018 actuarial valuation, the accrued liability contribution shall be
29 computed so that if the contribution is paid annually in level
30 dollars, it will amortize this unfunded accrued liability over a closed
31 30-year period. Beginning with the July 1, 2028 actuarial
32 valuation, when the remaining amortization period reaches 20 years,
33 any increase or decrease in the unfunded accrued liability as a result
34 of actuarial losses or gains for subsequent valuation years shall
35 serve to increase or decrease, respectively, the amortization period
36 for the unfunded accrued liability, unless an increase in the
37 amortization period will cause it to exceed 20 years. If an increase
38 in the amortization period as a result of actuarial losses for a
39 valuation year would exceed 20 years, the accrued liability
40 contribution shall be computed for the valuation year in the same
41 manner provided for the computation of the initial accrued liability
42 contribution under this section.

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

1 established in this section. This shall be known as the "unfunded
2 accrued liability." If there was no unfunded accrued liability for the
3 valuation period immediately preceding the current valuation
4 period, the actuary, using the total amount of this unfunded accrued
5 liability, shall compute the initial amount of contribution which, if
6 the contribution is paid annually in level dollars for a specific
7 period of time, will amortize this liability. The [State Treasurer
8 shall determine, upon the advice of the Director of the Division of
9 Pensions and Benefits, the] board of trustees [and] shall determine,
10 upon the advice of the actuary, the time period for full funding of
11 this liability, which shall not exceed 30 years. This shall be known
12 as the "accrued liability contribution." Thereafter, any increase or
13 decrease in the unfunded accrued liability as a result of actuarial
14 losses or gains for subsequent valuation years shall serve to increase
15 or decrease, respectively, the amortization period for the unfunded
16 accrued liability, unless an increase in the amortization period will
17 cause it to exceed 30 years. If an increase in the amortization period
18 as a result of actuarial losses for a valuation year would exceed 30
19 years, the accrued liability contribution shall be computed for the
20 valuation year in the same manner provided for the computation of
21 the initial accrued liability contribution under this section.
22 Beginning with the July 1, 2018 actuarial valuation, the accrued
23 liability contribution shall be computed so that if the contribution is
24 paid annually in level dollars, it will amortize this unfunded accrued
25 liability over a closed 30-year period. Beginning with the July 1,
26 2028 actuarial valuation, when the remaining amortization period
27 reaches 20 years, any increase or decrease in the unfunded accrued
28 liability as a result of actuarial losses or gains for subsequent
29 valuation years shall serve to increase or decrease, respectively, the
30 amortization period for the unfunded accrued liability, unless an
31 increase in the amortization period will cause it to exceed 20 years.
32 If an increase in the amortization period as a result of actuarial
33 losses for a valuation year would exceed 20 years, the accrued
34 liability contribution shall be computed for the valuation year in the
35 same manner provided for the computation of the initial accrued
36 liability contribution under this section.

37 The State may pay all or any portion of its unfunded accrued
38 liability under the retirement system from any source of funds
39 legally available for the purpose, including, without limitation, the
40 proceeds of bonds authorized by law for this purpose.

41 The value of the assets, excluding the special asset value set
42 forth in section 38 of P.L.2010, c.1 (C.43:3C-14), to be used in the
43 computation of the contributions provided for under this section for
44 valuation periods shall be the value of the assets for the preceding
45 valuation period increased by the regular interest rate, plus the net
46 cash flow for the valuation period (the difference between the
47 benefits and expenses paid by the system and the contributions to
48 the system) increased by one half of the regular interest rate, plus

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

32 "Excess valuation assets" means, with respect to the valuation
33 assets allocated to the State, the valuation assets allocated to the
34 State for a valuation period less the actuarial accrued liability of the
35 State for the valuation period, and beginning with the valuation
36 period ending June 30, 1998, less the present value of the expected
37 additional normal cost contributions attributable to the amendatory
38 provisions of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1
39 et al.) payable on behalf of the active members employed by the
40 State as of the valuation period over the expected working lives of
41 the active members in accordance with the tables of actuarial
42 assumptions applicable to the valuation period, and less the present
43 value of the expected additional normal cost contributions
44 attributable to the provisions of P.L.2003, c.108 as amending
45 section 16 of P.L.1964, c.241 (C.43:16A-11.1) payable on behalf of
46 the active members employed by the State as of the valuation period
47 over the expected working lives of the active members in
48 accordance with the tables of actuarial assumptions applicable to

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

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

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

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

- 1 (1) for valuation periods ending June 30, 1996 through June 30,
2 2000, to the extent possible by up to 100% of the excess valuation
3 assets allocated to the State or to the other employers, respectively;
4 (2) for the valuation period ending June 30, 2001, to the extent
5 possible by up to 84% of the excess valuation assets allocated to the
6 State or to the other employers, respectively;
7 (3) for the valuation period ending June 30, 2002, to the extent
8 possible by up to 68% of the excess valuation assets allocated to the
9 State or to the other employers, respectively; and
10 (4) for valuation periods ending June 30, 2003 through June 30,
11 2007, to the extent possible by up to 50% of the excess valuation
12 assets allocated to the State or to the other employers, respectively.

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

22 The normal and accrued liability contributions shall be certified
23 annually by the retirement system and shall be included in the
24 budget of the employer and levied and collected in the same manner
25 as any other taxes are levied and collected for the payment of the
26 salaries of members.

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

41 The State Treasurer shall reduce the normal and accrued liability
42 contributions payable by employers other than the State to 50
43 percent of the amount certified annually by the retirement system
44 for payments due in the State fiscal year ending June 30, 2009. An
45 employer that elects to pay the reduced normal and accrued liability
46 contribution shall adopt a resolution, separate and apart from other
47 budget resolutions, stating that the employer needs to pay the
48 reduced contribution and providing an explanation of that need

1 which shall include (1) a description of its inability to meet the levy
2 cap without jeopardizing public safety, health, and welfare or
3 without jeopardizing the fiscal stability of the employer, or (2) a
4 description of another condition that offsets the long term fiscal
5 impact of the payment of the reduced contribution. An employer
6 also shall document those actions it has taken to reduce its
7 operating costs, or provide a description of relevant anticipated
8 circumstances that could have an impact on revenues or
9 expenditures. This resolution shall be submitted to and approved by
10 the Local Finance Board after making a finding that these fiscal
11 conditions are valid and affirming the findings contained in the
12 employer resolution.

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

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

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

36 (10) The treasurer or corresponding officer of the employer shall
37 pay to the **【State Treasurer】** board of trustees no later than April 1
38 of the State's fiscal year in which payment is due the amount so
39 certified as payable by the employer, and shall pay monthly to the
40 **【State Treasurer】** board of trustees the amount of the deductions
41 from the salary of the members in the employ of the employer, and
42 the **【State Treasurer】** board of trustees shall credit such amount to
43 the appropriate fund or funds, of the retirement system. ³【On April
44 1 next following the effective date of P.L. , c. (pending before
45 the Legislature as this bill), and in each year thereafter, the
46 contribution required to be made by the employer shall be made to
47 the board of trustees on the following schedule: at least 25 percent
48 by March 1, at least 50 percent by June 1, at least 75 percent by

1 September 1, and at least 100 percent by December 1. The amount
2 of the contribution shall be net of the amount of any increase in the
3 interest on the tax and revenue anticipation notes attributable solely
4 to the need to borrow an increased amount in order to make the
5 quarterly payments.】³

6 If payment of the **【full】** required amount of the employer's
7 obligation is not made within 30 days of the due **【date】** dates
8 established by this act, interest at the rate of 10% per annum shall
9 commence to run against the unpaid balance thereof on the first day
10 after such 30th day. ³【Upon certification by the board of trustees to
11 the Director of the Division of Local Government Services in the
12 Department of Community Affairs of an employer contribution
13 payment being 30 days past due, the director shall withhold any
14 State aid payments that are disbursed by the Division of Local
15 Government Services from the employer in an amount equal to the
16 amount of the employer contribution due to the board. If the
17 employer is eligible for transitional aid, the Division of Local
18 Government Services shall consult with the board to develop a
19 payment plan to ensure that the required payment and interest owed
20 is paid in a timely manner. The director shall release the State aid
21 payments held pursuant to this subsection to the employer upon
22 certification by the board of trustees of its receipt of the delinquent
23 employer contribution.】³ Nothing in P.L. , c. (pending before the
24 Legislature as this bill) shall relieve State or local government
25 employers of any present or future obligations of their normal cost
26 or unfunded liabilities required to be paid into the retirement
27 system.

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

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

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

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

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

9 (15) If the valuation assets are insufficient to fund the normal
10 and accrued liability costs attributable to the amendatory provisions
11 of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1 et al.) as
12 provided hereinabove, the normal and unfunded accrued liability
13 contributions required to fund these costs for the State and other
14 employers shall be paid by the State.

15 (16) The savings realized as a result of the amendments to this
16 section by P.L.2001, c.44 in the payment of normal contributions
17 computed by the actuary for the valuation periods ending June 30,
18 1998 for employers other than the State shall be used solely and
19 exclusively by a county or municipality for the purpose of reducing
20 the amount that is required to be raised by the local property tax
21 levy by the county for county purposes or by the municipality for
22 municipal purposes, as appropriate. The Director of the Division of
23 Local Government Services in the Department of Community
24 Affairs shall certify for each year that each county or municipality
25 has complied with the requirements set forth herein. If the director
26 finds that a county or municipality has not used the savings solely
27 and exclusively for the purpose of reducing the amount that is
28 required to be raised by the local property tax levy by the county for
29 county purposes or by the municipality for municipal purposes, as
30 appropriate, the director shall direct the county or municipal
31 governing body, as appropriate, to make corrections to its budget.²
32 (cf: P.L.2017, c.98, s.27)

33
34 18. Section 18 of P.L.1964, c.241 (C.43:16A-16.1) is amended
35 to read as follows:

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

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

7 The rate of interest for a loan requested by a member prior to the
8 effective date of P.L.2007, c.92 (C.43:15C-1 et al.) shall be 4% per
9 annum on any unpaid balance thereof. For a loan requested after
10 the effective date of that act, the rate of interest per annum shall be
11 a commercially reasonable rate as required by the Internal Revenue
12 Code to be determined by the State Treasurer on that effective date,
13 and by the board of trustees on January 1 of each calendar year
14 thereafter. An administrative fee in an amount set by the **[State**
15 **Treasurer]** board of trustees for each calendar year may be charged
16 for any loan requested after the effective date of P.L.2007, c.92
17 (C.43:15C-1 et al.).

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

22 (cf: P.L.2007, c.92, s.38)

23

24 19. Section 2 of P.L.1981, c.370 (C.43:16A-16.2) is amended to
25 read as follows:

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

39 (cf: P.L.2007, c.92, s.39)

40

41 20. Section 3 of P.L.1992, c.78 (C.43:16A-16.10) is amended to
42 read as follows:

43 3. The **[Director of the Division of Investment]** board of
44 trustees shall at all times have authority to invest and reinvest the
45 monies in, and to acquire for or on behalf of, the Police and
46 Firemen's Retirement System of New Jersey mortgage loans on
47 residential property.

48 (cf: P.L.1992, c.78, s.3)

1 21. Section 4 of P.L.1992, c.78 (C.43:16A-16.11) is amended to
2 read as follows:

3 4. a. In addition to any loan for which he may be eligible
4 pursuant to the provisions of section 18 of P.L.1964, c.241
5 (C.43:16A-16.1) and notwithstanding the provisions of that or any
6 other law to the contrary, any member of the Police and Firemen's
7 Retirement System who, at the time of application, is employed by
8 the State or a county, municipality or other political subdivision of
9 the State and who has at least one year of creditable service is, for
10 the purpose of securing for his own occupation as his principal
11 residence a residential property located within this State, eligible to
12 receive a mortgage loan pursuant to the provisions of this act. The
13 mortgage loan shall be used only for the purpose of enabling a
14 borrower to acquire or construct a residential property or refinance
15 an existing residential property loan.

16 No member shall be eligible hereunder for more than one
17 outstanding mortgage loan at any time, and no member shall be
18 eligible to receive a second mortgage loan on a residential property
19 already mortgaged by him. Preference shall be given in making
20 loans to members who are applying to acquire or construct their
21 first principal place of residence.

22 b. Any mortgage loan made pursuant to the provisions of this
23 act, together with any interest and expenses to the retirement system
24 associated with the making of that loan, shall be repaid in equal
25 installments.

26 c. The amount of interest charged with respect to a mortgage
27 loan made pursuant to the provisions of this act shall be fixed for
28 the entire term of the loan. The New Jersey Housing and Mortgage
29 Finance Agency, established under section 4 of P.L.1983, c.530
30 (C.55:14K-4), shall initially establish the rate within 120 days of
31 the effective date of this act and semiannually reset the rate
32 thereafter. The rate shall be determined by the New Jersey Housing
33 and Mortgage Finance Agency by adding 1% to the index. For the
34 purposes of this subsection, the index shall be the weekly average
35 yield at the time the rate is reset on ten-year United States Treasury
36 securities adjusted to a constant maturity as made available by the
37 Federal Reserve Board. If the issuance of ten-year United States
38 Treasury securities is discontinued, the subsequent index shall be
39 determined by the **【State Treasurer】** board of trustees with the
40 advice of the New Jersey Housing and Mortgage Finance Agency.
41 The term of any mortgage loan so made shall not exceed 30 years.

42 d. No mortgage loan made pursuant to the provisions of this act
43 shall be sold, transferred or assigned to any person, nor shall the
44 payments with respect to any mortgage loan so made be assumed by
45 any person other than the member to whom that loan was made,
46 except that in the event of the death of a member, the mortgage may
47 be assignable to a surviving spouse if the spouse is the sole heir to
48 the property.

1 e. The instrument evidencing a mortgage loan under the
2 provisions of this act may be in such form, and may contain such
3 provisions, not inconsistent with law, as the director may choose to
4 insert for the protection of the retirement system's lien and the
5 preservation of its interest in the real property mortgaged to it.

6 (cf: P.L.2001, c.293, s.1)

7
8 22. Section 5 of P.L.1992, c.78 (C.43:16A-16.12) is amended to
9 read as follows:

10 5. The **【State Treasurer】** board of trustees shall delegate the
11 administration of this mortgage loan program to the New Jersey
12 Housing and Mortgage Finance Agency established under section 4
13 of P.L.1983, c.530 (C.55:14K-4). The agency shall: a. originate
14 loans; b. appraise the value of any real property eligible to be
15 mortgaged under this act; c. guarantee and insure title to the real
16 property; and d. perform any other service necessary to accomplish
17 the purposes of this act in a manner consistent with the protection of
18 the rights of beneficiaries of the retirement system. The cost of the
19 performance of these services in connection with the making of a
20 mortgage loan shall be charged to the borrower and included in the
21 amount of that mortgage loan.

22 (cf: P.L.1992, c.78, s.5)

23
24 23. Section 6 of P.L.1992, c.78 (C.43:16A-16.13) is amended to
25 read as follows:

26 6. The **【State Treasurer】** board of trustees, with the advice of
27 **【the State Investment Council, the Board of Trustees of the Police
28 and Firemen's Retirement System, and】** the New Jersey Housing
29 and Mortgage Finance Agency, shall set mortgage loan standards
30 and guidelines for loans made pursuant to this act, including
31 mortgage loan maturity terms, participation fees, mortgage loan
32 insurance requirements, lender compensation rates, servicing fees,
33 loan-to-value ratios, minimum and maximum mortgage loan
34 amounts and eligibility standards consistent with section 4 of this
35 act.

36 (cf: P.L.1992, c.78, s.6)

37
38 24. Section 9 of P.L.1992, c.78 (C.43:16A-16.16) is amended to
39 read as follows:

40 9. The **【State Treasurer】** board of trustees shall, with the
41 advice of **【the State Investment Council, the Director of the
42 Division of Pensions and】** the Executive Director of the New Jersey
43 Housing and Mortgage Finance Agency and in accordance with the
44 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
45 seq.), promulgate any rules and regulations necessary to accomplish
46 the purposes of this act.

47 (cf: P.L.1992, c.78, s.9)

1 25. Section 19 of P.L.1964, c.241 (C.43:16A-17.1) is amended
2 to read as follows:

3 19. If possible, whenever any beneficiary shall, in writing,
4 request the **【Division of Pensions】** board of trustees to make
5 deductions from his retirement allowance or pension for the purpose
6 of paying premiums for the pensioners' group health insurance plan
7 or the State Health Benefits program, the **【division】** board may
8 make such deductions and transmit the sums so deducted to the
9 companies carrying the policies. Any such written authorization
10 may be withdrawn by any beneficiary upon filing notice of such
11 withdrawal with the division.
12 (cf: P.L.1971, c.175, s.14)

13

14 26. Section 2 of P.L.1973, c.92 (C.43:16A-48.2) is amended to
15 read as follows:

16 2. a. An eligible officer who is a member of a pension fund
17 established by a county or a county park commission or of the
18 Public Employees' Retirement System shall be permitted to transfer
19 his membership in said fund to the Police and Firemen's Retirement
20 System of New Jersey by waiving all rights and benefits which
21 would otherwise be provided by the county or county park
22 commission pension fund or by the Public Employees' Retirement
23 System. Any such officer will likewise be permitted to continue his
24 membership in the county or county park commission pension fund
25 or in the Public Employees' Retirement System by waiving all
26 rights and benefits which would otherwise be provided by the
27 Police and Firemen's Retirement System. Such waivers shall be
28 accomplished by filing forms satisfactory to the **【New Jersey State**
29 **Division of Pensions】** board of trustees, which is responsible for the
30 administration of the Police and Firemen's Retirement System,
31 within 90 days of the effective date of this act. In the absence of the
32 filing of a timely waiver by any eligible officer his pension status
33 shall remain unchanged and his membership shall not be transferred
34 to the Police and Firemen's Retirement System.

35 b. Each new officer who begins employment following the
36 effective date of this act and who is otherwise eligible, shall be
37 required to enroll in the Police and Firemen's Retirement System of
38 New Jersey as a condition of employment, provided he is otherwise
39 eligible for membership by meeting the appointment, age, and
40 health prescriptions required of all members. As of the effective
41 date of this act, the eligibility of membership for such new officers
42 in the county or county park commission pension fund or in the
43 Public Employees' Retirement System shall be terminated and the
44 membership requirements of such other funds will be deemed
45 satisfied by the enrollment of such employees in the Police and
46 Firemen's Retirement System.

47 c. All officers who, prior to the effective date of this act, were
48 not required to become and who are not members of county or

1 county park commission pension funds or the Public Employees'
2 Retirement System, and who anticipate the receipt of a pension
3 from the county under the provisions of chapter 4 of Title 43 of the
4 Revised Statutes or the "General Noncontributory Pension Act"
5 P.L.1955, c. 263 (C. 43:8B-1 et seq.), shall continue their eligibility
6 for such pension to be paid by the county and shall not be permitted
7 to enroll in the Police and Firemen's Retirement System of New
8 Jersey.

9 (cf: P.L.1973, c.92, s.2)

10

11 27. Section 7 of P.L.1973, c.92 (C.43:16A-48.7) is amended to
12 read as follows:

13 7. The chief fiscal officer of each employer shall transmit to
14 the retirement system such information as the system shall require
15 in order for the **【New Jersey State Division of Pensions】** board of
16 trustees to comply with the provisions of this act.

17 (cf: P.L.1973, c.92, s.7)

18

19 28. Section 20 of P.L.1964, c.241 (C.43:16A-53) is amended to
20 read as follows:

21 20. The **【State Treasurer】** board of trustees is hereby authorized
22 and permitted to purchase from one or more life insurance
23 companies, as determined by him, a group life insurance coverage
24 to provide for the death benefits specified in sections 5 **【,】** and 6,
25 **【7(3)】** subsection (3) of section 7, section 9, and **【10(5) of chapter**
26 **255 of the laws of 1944】** subsection (5) of section 10 of P.L.1944,
27 c.255 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and
28 C.43:16A-10) and sections 16 and 17 of 【chapter 241 of the laws of
29 **1964】** P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2). Such
30 group life insurance coverage may be provided under one or more
31 policies issued to the **【State Treasurer】** board of trustees
32 specifically for this purpose or, in the discretion of the **【State**
33 **Treasurer】** board of trustees, under one or more policies issued to
34 the **【State Treasurer】** board of trustees which provide group life
35 insurance coverage for members of one or more other retirement
36 systems of the State of New Jersey. Whenever such policy or
37 policies of group insurance shall be in effect, the benefits payable
38 thereunder shall be in lieu of the above mentioned death benefits
39 provided by said sections. Any dividend or retrospective rate credit
40 allowed by an insurance company shall be credited in an equitable
41 manner to the special insurance funds from which premiums are
42 paid.

43 (cf: P.L.1967, c.250, s.18)

44

45 29. Section 22 of P.L.1964, c.241 (C.43:16A-55) is amended to
46 read as follows:

1 22. The **【State Treasurer】** board of trustees may, in **【his】** its
2 discretion, determine to purchase group insurance coverage for the
3 death benefit provisions as provided in sections 5 **【,】** and 6, **【7(3)】**
4 subsection (3) of section 7, section 9, and **【10(5) of chapter 255 of**
5 the laws of 1944】 subsection (5) of section 10 of P.L.1944, c.255
6 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and C.43:16A-10)
7 and sections 16 and 17 of **【chapter 241 of the laws of 1964】**
8 P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2), or may
9 determine not to purchase any group insurance coverage for the
10 death benefit provisions heretofore mentioned.
11 (cf: P.L.1967, c.250, s.19)

12
13 30. Section 23 of P.L.1964, c.241 (C.43:16A-56) is amended to
14 read as follows:

15 23. In the event the **【State Treasurer】** board of trustees shall
16 determine to purchase group insurance coverage for the death
17 benefits, premiums for the same shall be paid from a special fund,
18 hereby created, called the "Group Insurance Premium Fund." The
19 **【State Treasurer】** board of trustees shall estimate annually the
20 amount which will be required for premiums for such benefits for
21 the ensuing fiscal year and shall certify such amounts to the
22 participating employers as due and owing from them. The
23 participating employers shall pay over to the **【State Treasurer】**
24 board of trustees the amount for premiums so certified and the
25 **【State Treasurer】** board of trustees shall deposit these amounts in
26 the Group Insurance Premium Fund. During the period such group
27 insurance policy or policies are in effect with respect to members of
28 the Police and Firemen's Retirement System of New Jersey the
29 **【State Treasurer】** board of trustees shall in no way commingle
30 moneys in this fund with any pension fund established by **【chapter**
31 255 of the laws of 1944】 P.L.1944, c.255 (C.43:16A-1 et seq.).
32 (cf: P.L.1967, c.250, s.20)

33
34 31. Section 24 of P.L.1964, c.241 (C.43:16A-57) is amended to
35 read as follows:

36 24. All reserves and moneys held by the insurance carrier under
37 group life insurance contracts providing for employee contributions
38 pursuant to the provisions of **【chapter 241 of the laws of 1964】**
39 P.L.1964, c.241 (C.43:16A-11.1 et al.), and any amendments and
40 supplements thereto, shall be transferred and merged with those
41 purchased by the **【State Treasurer】** board of trustees.
42 (cf: P.L.1967, c.250, s.21)

43
44 32. Section 2 of P.L.1985, c.221 (C.43:16A-62.3) is amended to
45 read as follows:

46 2. a. Either the transfer to or the initial enrollment in the
47 Police and Firemen's Retirement System of chief investigators,

1 assistant chief investigators, senior investigators and investigators
2 in a county welfare agency is contingent upon the approval of the
3 county. A county may make such a transfer or allow such an
4 enrollment upon the adoption of an ordinance or resolution, as
5 appropriate.

6 b. If an ordinance or resolution is adopted pursuant to
7 subsection a. of this section, an eligible officer who is a member of
8 the Public Employees' Retirement System (P.L.1954, c.84,
9 C.43:15A-1 et seq.) or of a county pension fund created under
10 P.L.1943, c.160 (C.43:10-18.1 et seq.), or P.L.1948, c.310
11 (C.43:10-18.50), or article 1 of chapter 10 of Title 43 of the Revised
12 Statutes (R.S. 43:10-1 et seq.), hereinafter referred to as "county
13 pension fund," shall be permitted to transfer his membership in the
14 retirement system or county pension fund to the Police and
15 Firemen's Retirement System of New Jersey by: (1) waiving all
16 rights and benefits which would otherwise be provided by the
17 Public Employees' Retirement System or county pension fund; and
18 (2) making a lump sum payment into the Police and Firemen's
19 Retirement System annuity savings fund of the amount of the
20 difference between the contribution which was paid as a member of
21 the Public Employees' Retirement System or a county pension fund
22 and the contribution that would have been required if he had been a
23 member of the Police and Firemen's Retirement System since the
24 date of last enrolling in the Public Employees' Retirement System
25 or a county pension fund. In addition, the employee shall be liable
26 for the amount of the difference between (1) the total contribution
27 paid by the employer of the employee to the Public Employees'
28 Retirement System of New Jersey or county pension fund with
29 respect to any service credit transferred therefrom to the Police and
30 Firemen's Retirement System under this subsection, and (2) the
31 contribution which the employer would have been required to pay
32 to the Police and Firemen's Retirement System with respect to that
33 service credit if the employee had been enrolled in the Police and
34 Firemen's Retirement System during the entire period with respect
35 to which he accumulated that credit; this payment may be made in
36 regular monthly installments, or in a lump sum, as the employee
37 may elect, and pursuant to rules and regulations as may be
38 promulgated by the **【Division of Pensions】** board of trustees. Any
39 such officer will likewise be permitted to continue his membership
40 in the Public Employees' Retirement System or county pension fund
41 by waiving all rights and benefits which would otherwise be
42 provided by the Police and Firemen's Retirement System. Such
43 waivers shall be accomplished by filing forms satisfactory to the
44 **【New Jersey Division of Pensions】** board of trustees, which is
45 responsible for the administration of the Police and Firemen's
46 Retirement System, within 90 days following the effective date of
47 an ordinance or resolution adopted by a county under subsection a.
48 of this section. In the absence of a filing of a timely waiver by any

1 eligible officer, his pension status shall remain unchanged and his
2 membership shall not be transferred to the Police and Firemen's
3 Retirement System.

4 c. The transfer of membership from the Public Employees'
5 Retirement System or county pension fund to the Police and
6 Firemen's Retirement System shall be done in accordance with the
7 provisions of P.L. 1973, c. 156 (C. 43:16A-62 et seq.). Whenever in
8 P.L. 1973, c. 156 a period of time is set which is to be calculated
9 from the effective date of that act, such time shall be calculated
10 from the effective date of an ordinance or resolution adopted by a
11 county under subsection a. of this section for the purposes hereof.

12 d. If an ordinance or resolution is adopted pursuant to
13 subsection a. of this section, each new officer who begins
14 employment following the effective date of the ordinance or
15 resolution shall be required to enroll in the Police and Firemen's
16 Retirement System as a condition of employment, provided he is
17 otherwise eligible for membership by meeting appointment, age,
18 and health requirements prescribed for all members. As of the
19 effective date of the ordinance or resolution, eligibility for
20 membership of new officers in the Public Employees' Retirement
21 System shall be deemed terminated and the membership
22 requirements of such other retirement system shall be deemed
23 satisfied by the enrollment of such officers in the Police and
24 Firemen's Retirement System.

25 (cf: P.L.1985, c.221, s.2)

26

27 33. Section 4 of P.L.1973, c.156 (C.43:16A-63) is amended to
28 read as follows:

29 4. a. An eligible officer who is a member of the Public
30 Employees' Retirement System or of a county pension fund created
31 under P.L.1943, c. 160 (C.43:10-18.1 et seq.), or P.L.1948, c. 310
32 (C.43:10-18.50 et seq.) or article 2 of chapter 10 of Title 43 of the
33 Revised Statutes (R.S.43:10-19 et seq.), hereinafter referred to as a
34 "county pension fund" shall be permitted to transfer his
35 membership in said fund to the Police and Firemen's Retirement
36 System of New Jersey by waiving all rights and benefits which
37 would otherwise be provided by the Public Employees' Retirement
38 System or a county pension fund. Any such officer will likewise
39 be permitted to continue his membership in the Public Employees'
40 Retirement System or a county pension fund by waiving all rights
41 and benefits which would otherwise be provided by the Police and
42 Firemen's Retirement System. Such waivers shall be accomplished
43 by filing forms satisfactory to the **【New Jersey Division of**
44 **Pensions】** board of trustees, which is responsible for the
45 administration of the Police and Firemen's Retirement System,
46 within 90 days of the effective date of this 1975 amendatory and
47 supplementary act. In the absence of the filing of a timely waiver
48 by any eligible officer his pension status shall remain unchanged

1 and his membership shall not be transferred to the Police and
2 Firemen's Retirement System.

3 b. Each new officer who begins employment following the
4 effective date of this 1975 amendatory and supplementary act, shall
5 be required to enroll in the Police and Firemen's Retirement System
6 of New Jersey as a condition of employment, provided he is
7 otherwise eligible for membership by meeting the appointment, age,
8 and health prescriptions required of all members. As of the
9 effective date of this 1975 amendatory and supplementary act, the
10 eligibility of membership for such new officers in the Public
11 Employees' Retirement System or a county pension fund named in
12 paragraph a. above shall be terminated and the membership
13 requirements of such other fund will be deemed satisfied by the
14 enrollment of such employees in the Police and Firemen's
15 Retirement System.

16 (cf: P.L.1975, c.303, s.1)

17

18 34. Section 9 of P.L.1973, c.156 (C.43:16A-68) is amended to
19 read as follows:

20 9. The chief fiscal officer of the employer shall transmit to the
21 retirement system such information as the system shall require in
22 order for the **【New Jersey Division of Pensions】** board of trustees
23 to comply with the provisions of this act.

24 (cf: P.L.1973, c.156, s.9)

25

26 35 Section 7 of P.L.1950, c.270 (C.52:18A-85) is amended to
27 read as follows:

28 7. The functions, powers and duties vested by law in the
29 following enumerated agencies:

30 The Board of Trustees of the Public Employees' Retirement
31 System; the Board of Trustees of the State Police Retirement
32 System; the Prison Officers' Pension Commission; the Board of
33 Trustees of the Teachers' Pension and Annuity Fund; **【the Board of**
34 **Trustees of the Police and Firemen's Retirement System of New**
35 **Jersey;】** and the Consolidated Police and Firemen's Pension Fund
36 Commission; of, or relating to, investment or reinvestment of
37 moneys of, and purchase, sale or exchange of any investments or
38 securities of or for any funds or accounts under the control and
39 management of such agencies, are hereby transferred to and shall
40 be exercised and performed for such agencies by the Director of
41 the Division of Investment established hereunder. ³Notwithstanding
42 this provision, the Board of Trustees of the Police and Firemen's
43 Retirement System shall have the authority to direct investment policy.
44 The purchase, sale or exchange of any investments or securities under
45 the control and management of the Board of Trustees of the Police and
46 Firemen's Retirement System shall be exercised and performed by the
47 Director of the Division of Investment. Notwithstanding this
48 provision, Common Pension Fund L and the assets held by Common

1 Pension Fund L as of the effective date of this Act and thereafter,
 2 including the interest of the Police and Firemen's Retirement System
 3 of New Jersey therein shall remain within the Division of Investment.
 4 The Division of Investment, the Director of the Division of Investment
 5 and the State Investment Council shall retain all functions, powers,
 6 and duties relating to Common Pension Fund L assigned to the
 7 Division of Investment, the Director of the Division of Investment, and
 8 the State Investment Council, by P.L. 2017, c. 98 (C.5:9-22.5 et seq.).³
 9 (cf: P.L.1970, c.57, s.17)

10
 11 36. Section 1 of P.L.1959, c.17 (C.52:18A-88.1) is amended to
 12 read as follows:

13 1. The Director of the Division of Investment, in addition to
 14 other investments, presently or from time to time hereafter
 15 authorized by law, shall have authority to invest and reinvest the
 16 moneys in, and to acquire for or on behalf of the funds of the
 17 following enumerated agencies:

18 The Consolidated Police and Firemen's Pension Fund;

19 ³The Police and Firemen's Retirement System of New Jersey;³

20 **【The Police and Firemen's Retirement System of New Jersey;】**

21 The Prison Officers' Pension Fund;

22 The Public Employees' Retirement System of New Jersey;

23 The State Police Retirement System;

24 The Teachers' Pension and Annuity Fund;

25 The Judicial Retirement System of New Jersey;

26 The Trustees for the Support of Public Schools;

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

29 such investments which shall be authorized or approved for
 30 investment by regulation of the State Investment Council ³, or in the
 31 case of the Police and Firemen's Retirement System of New Jersey,
 32 by regulation of the Board of Trustees of the Police and Firemen's
 33 Retirement System of New Jersey, except that notwithstanding this
 34 provision, Common Pension Fund L and the assets held by
 35 Common Pension Fund L as of the effective date of this Act and
 36 thereafter, including the interest of the Police and Firemen's
 37 Retirement System of New Jersey therein shall remain within the
 38 Division of Investment. The Director of the Division of Investment
 39 and the State Investment Council shall retain all functions, powers,
 40 and duties relating to Common Pension Fund L assigned to the
 41 Division of Investment, the Director of the Division of Investment,
 42 and the State Investment Council, by P.L. 2017, c. 98 (C.5:9-22.5 et
 43 seq.)³.

44 (cf: P.L.2013, c.253, s.39)

45
 46 37. Section 11 of P.L.1950, c.270 (C.52:18A-89) is amended to
 47 read as follows:

1 11. a. Limitations, conditions and restrictions contained in any
2 law concerning the kind or nature of investment of any of the
3 moneys of any of the funds or accounts referred to herein shall
4 continue in full force and effect; provided, however, that subject to
5 any acceptance required, or limitation or restriction contained
6 herein: the Director of the Division of Investment shall at all times
7 have authority to invest and reinvest any such moneys in
8 investments as defined in subsection c. of this section and, for or on
9 behalf of any such fund or account, to sell or exchange any such
10 investments; provided, however, that the Board of Trustees of the
11 Police and Firemen's Retirement System of New Jersey shall have
12 ³[sole] the³ authority to ³[invest and reinvest moneys] direct the
13 investment and reinvestment policies³ for or on behalf of the Police
14 and Firemen's Retirement System of New Jersey ³, with the
15 exception of those monies held by Common Pension Fund L as of
16 the effective date of this act and thereafter, which the Board of
17 Trustees of the Police and Firemen's Retirement System of New
18 Jersey shall have no authority to direct investment associated with
19 the Common Pension Fund L. The Director of the Division of
20 Investment shall retain all functions, powers, and duties pursuant to
21 P.L. 2017, c. 98 (C.5:9-22.5 et seq.)³.

22 b. In investing and reinvesting any and all money and property
23 committed to the director's investment discretion from any source
24 whatsoever, and in acquiring, retaining, selling, exchanging and
25 managing investments, the Director of the Division of Investment,
26 and in the case of the Police and Firemen's Retirement System of
27 New Jersey, the Board of Trustees of the Police and Firemen's
28 Retirement System of New Jersey, shall exercise the care, skill,
29 prudence and diligence under the circumstances then prevailing that
30 a prudent person acting in a like capacity and familiar with such
31 matters would use in the conduct of an enterprise of a like character
32 and with like aims. In making each investment, the director may,
33 depending on the nature and objectives of the portfolio, consider the
34 whole portfolio, provided that, in making each investment, the
35 director shall act with the reasonable expectation that the return on
36 each investment shall be commensurate with the risk associated
37 with each investment. The director ³[or board of trustees]³ shall be
38 under a duty to manage and invest the portfolio solely in the
39 interests of the beneficiaries of the portfolio and for the exclusive
40 purpose of providing financial benefits to the beneficiaries of the
41 portfolio.

42 c. For the purposes of this section, "investments" means and
43 includes property of every nature, real, personal and mixed, tangible
44 and intangible, and specifically includes, solely by way of
45 description and not by way of limitation, bonds, debentures and
46 other corporate obligations, direct and indirect investments in
47 equity real estate , mortgages and other direct or indirect interests

1 in real estate or investments secured by real estate, capital stocks,
2 common stocks, preferred stocks, diversified pools of venture
3 capital which otherwise could be made consistent with the standard
4 of care required by subsection b. of this section, common trust
5 funds as defined in and regulated by sections 36 through 46 of
6 P.L.1948, c.67 (C.17:9A-36 through 17:9A-46), repurchase
7 agreements, securities loan transactions secured by cash, securities
8 issued by the United States government or its agencies, or
9 irrevocable bank letters of credit, whether directly or through a
10 bank or similar financial institution acting as agent or trustee,
11 mutual funds, and any other security issued by an investment
12 company or investment trust, whether managed or not by third
13 parties, registered under the "Investment Company Act of 1940,"
14 (15 U.S.C. s.80a-1 et seq.). No investment that is otherwise
15 permissible under this subsection shall be considered to be unlawful
16 solely because the investment is made indirectly or through a
17 partnership, trust, or other legal entity.
18 (cf: P.L.1997, c.26, s.26)

19

20 38. All of the present functions, powers, ³and³ duties ³[,
21 equipment, and records]³ relating to the Police and Firemen's
22 Retirement System of New Jersey in the Division of Pensions and
23 Benefits in the Department of the Treasury ³[and the Division of
24 Investment]³ are hereby transferred to the Board of Trustees of the
25 Police and Firemen's Retirement System of New Jersey ³, except
26 that the Board of Trustees of the Police and Firemen's Retirement
27 System of New Jersey may contract with the Division of Pension
28 and Benefits in the Department of Treasury to effectuate the goals
29 of this Act. The Department of Treasury and the Division of
30 Investment shall retain all functions, powers, duties, equipment and
31 records relating to Common Pension Fund L assigned to the
32 Department of the Treasury and the Division of Investment by P.L.
33 2017, c.98 (C.5:9-22.5 et. seq.). Copies of records relating to the
34 Police and Firemen's Retirement System of New Jersey in the
35 Division of Pensions and Benefits in the Department of the
36 Treasury and the Division of Investment shall be made available to
37 the Board of Trustees of the Police and Firemen's Retirement
38 System of New Jersey upon request³.

39

40 39. The terms of service of those appointed and elected
41 members serving on the Board of Trustees of the Police and
42 Firemen's Retirement System on the date of enactment of P.L. , c.
43 (pending before the Legislature as this bill), shall be terminated as
44 of the first day of the seventh month next following that date of
45 enactment, so that the composition of the board as provided for in
46 this act shall be attained. A trustee whose service on the board has

1 been terminated pursuant to this section may be appointed or
2 elected to serve as a trustee after that effective date if qualified.

3

4 ³40. Section 5 of P.L.1950, c.270 (C.52:18A-83) is amended to
5 read as follows:

6 5. a. There is hereby established in the Division of Investment
7 a State Investment Council which shall consist of 16 members.

8 (1) Each of the following agencies, namely, the Board of
9 Trustees of the Public Employees' Retirement System, and the
10 Board of Trustees of the Teachers' Pension and Annuity Fund **】, and**
11 the Board of Trustees of the Police and Firemen's Retirement
12 System of New Jersey**】, shall designate one board member elected**
13 to serve on the board, to serve as a member of the State Investment
14 Council herein established. The **【three】** two members of the
15 council so designated shall serve as such for a period of three years
16 from the date of their designation and until their respective
17 successors are in like manner designated.

18 (2) Eight of the members of the State Investment Council shall
19 be appointed by the Governor, with the advice and consent of the
20 Senate, for a term of five years and shall serve until the member's
21 successor is appointed and has qualified. Of the initial members
22 appointed following the effective date of P.L.2011, c.78, one shall
23 serve for an initial period of three years, and one shall serve for an
24 initial period of two years.

25 (3) One member of the State Investment Council shall be
26 appointed by the Governor from among three persons nominated
27 jointly by the President of the Senate and the Speaker of the
28 General Assembly and shall serve for a term of five years and until
29 the member's successor is appointed and has qualified.

30 (4) Two members of the State Investment Council shall be
31 appointed by the Governor from among six persons nominated by
32 the Public Employee Committee of the New Jersey State AFL-CIO
33 and shall serve for a term of five years and until the member's
34 successor is appointed and has qualified. **【At least one of the two**
35 **members appointed shall be a member of a union representing**
36 **police officers or firefighters.】** If the persons nominated are not
37 acceptable to the Governor for appointment, the Governor may
38 request submission of new nominees.

39 (5) One member of the State Investment Council shall be
40 appointed by the Governor from among three persons nominated by
41 the New Jersey Education Association and shall serve for a term of
42 three years and until the member's successor is appointed and has
43 qualified. If the persons nominated are not acceptable to the
44 Governor for appointment, the Governor may request submission of
45 new nominees.

46 (6) One member of the State Investment Council shall be
47 appointed by the Governor from among three persons nominated by

1 the State Troopers Fraternal Association and shall serve for a term
2 of three years and until the member's successor is appointed and has
3 qualified. If the persons nominated are not acceptable to the
4 Governor for appointment, the Governor may request submission of
5 new nominees.

6 The four members appointed pursuant to paragraphs (4), (5) and
7 (6) of this subsection by the Governor to the council shall be
8 qualified by training, experience or long-term interest in the direct
9 management, analysis, supervision or investment of assets, and this
10 training, experience or long-term interest shall have been
11 supplemented by academic training in the fields of economics,
12 business, law, finance or actuarial science or by actual employment
13 in those fields.

14 At least seven of the nine members appointed pursuant to
15 paragraphs (2) and (3) of this subsection by the Governor to the
16 council shall be qualified by training and experience in the direct
17 management, analysis, supervision or investment of assets, which
18 training and experience shall have been acquired through academic
19 training or through actual employment in those fields.

20 b. No member of the State Investment Council shall hold any
21 office, position or employment in any political party nor shall any
22 such member benefit directly or indirectly from any transaction
23 made by the Director of the Division of Investment provided for
24 herein.

25 The members of the council shall elect annually from their
26 number a chairman of such council. Any member of the council so
27 elected shall serve as such chairman for a term of one year and until
28 a successor is, in like manner, elected. The chairman of the council
29 shall be its presiding officer.

30 The members of the council shall serve without compensation
31 but shall be reimbursed for necessary expenses incurred in the
32 performance of their duties as approved by the chairman of the
33 council. The members of the council shall be required to file the
34 same annual financial disclosure statements as those required to be
35 filed by members of other State boards and commissions who are
36 not compensated for their services, as such statements shall be
37 required by law or executive order of the Governor. The financial
38 disclosure statements of council members shall be made available to
39 the public in the same manner as the statements of members of
40 other State boards and commissions are made available to the
41 public.

42 Each member of the council, except the member appointed from
43 among persons nominated by the President of the Senate and the
44 Speaker of the General Assembly, may be removed from office by
45 the Governor, for cause, upon notice and opportunity to be heard at
46 a public hearing. Any vacancy in the membership of the council
47 occurring other than by expiration of term shall be filled in the same

1 manner as the original appointment, but for the unexpired term
2 only.

3 c. The terms of the members of the council serving pursuant to
4 paragraph (1) of subsection a. of this section and serving on the
5 effective date of P.L.2011, c.78 are terminated as of that effective
6 date. A member terminated pursuant to this subsection shall be
7 eligible for reappointment.³

8 (cf: P.L.2011, c.78, s.28)

9

10 ³[40.] 41.³ Section 1 of P.L.1947, c.217 (C.43:16A-13.1) is
11 repealed.

12

13 ³[41.] 42.³ This act shall take effect on the 366th day next
14 following enactment, except the provisions concerning the election,
15 appointment, and composition of the new Board of Trustees of the
16 Police and Firemen's Retirement System, set forth in section 15 of
17 this act, shall take effect as specified in that section and the new
18 Board of Trustees of the Police and Firemen's Retirement System
19 shall take office on the first business day of the seventh month next
20 following the date of enactment of this act. The Board of Trustees
21 of the Police and Firemen's Retirement System, the Division of
22 Pensions and Benefits, and the Division of Investment may take
23 such anticipatory administrative action in advance as shall be
24 necessary for the implementation of the act.