

SENATE, No. 757

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

SYNOPSIS

Transfers Workers' Compensation Judges from DCRP and Workers Compensation Judges Part of PERS to JRS.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the Judicial Retirement System and amending
2 various parts of statutory law, and supplementing Title 43 of the
3 Revised Statutes.

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

7
8 1. Section 3 of P.L.1973, c.140 (C.43:6A-3) is amended to read
9 as follows:

10 3. As used in this act:

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

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

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

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

26 e. "Child" means a deceased member's or retirant's unmarried
27 child who is either (a) under the age of 18; (b) of any age who, at
28 the time of the member's or retirant's death, is disabled because of
29 mental retardation or physical incapacity, is unable to do any
30 substantial, gainful work because of the impairment and his
31 impairment has lasted or can be expected to last for a continuous
32 period of not less than 12 months, as affirmed by the medical board;
33 or (c) under the age of 21 and is attending school full time.

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

41 g. "Final salary" means the annual salary received by the
42 member at the time of his retirement or death.

43 h. "Fiscal year" means any year commencing with July 1 and
44 ending with June 30 next following.

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

Matter underlined thus is new matter.

- 1 i. "Medical board" means the board of physicians provided for
2 in section 29 of this act.
- 3 j. "Member" means the Chief Justice and associate justices of
4 the Supreme Court, judges of the Superior Court, judges of
5 Workers' Compensation, and judges of the tax court of the State of
6 New Jersey required to be enrolled in the retirement system
7 established by this act.
- 8 For purposes of this act, the person holding the office of standing
9 master by appointment pursuant to N.J.S.2A:1-7 shall have the
10 same privileges and obligations under this act as a judge of a
11 Superior Court.
- 12 k. "Parent" means the parent of a member who was receiving at
13 least one-half of his support from the member in the 12-month
14 period immediately preceding the member's death or the accident
15 which was the direct cause of the member's death. The dependency
16 of such a parent will be considered terminated by marriage of the
17 parent subsequent to the death of the member.
- 18 l. "Pension" means payment for life derived from contributions
19 by the State.
- 20 m. "Pension reserve" means the present value of all payments to
21 be made on account of any pension or benefit in lieu of a pension
22 computed on the basis of such mortality tables recommended by the
23 actuary as shall be adopted by the State House Commission with
24 regular interest.
- 25 n. "Regular interest" means interest as determined by the State
26 Treasurer, after consultation with the Directors of the Divisions of
27 Investment and Pensions, the State House Commission and the
28 actuary. It shall bear a reasonable relationship to the percentage
29 rate of earnings on investments based on the market value of assets
30 but shall not exceed the assumed percentage rate of increase applied
31 to salaries plus **【3%】** three percent, provided however that the
32 commission shall not set the average percentage rate of increase
33 applied to salaries below **【6%】** six percent.
- 34 o. "Retirant" means any former member receiving a pension or
35 retirement allowance as provided by this act.
- 36 p. "Retirement allowance" means the pension plus the annuity.
- 37 q. "Retirement system" or "system" herein refers to the
38 "Judicial Retirement System of New Jersey," which is the corporate
39 name of the arrangement for the payment of pensions, retirement
40 allowances and other benefits under the provisions of this act
41 including the several funds placed under said system. By that
42 name, all of its business shall be transacted, its funds invested,
43 warrants for money drawn, and payments made and all of its cash
44 and securities and other property held.
- 45 r. "Service" means public service rendered for which credit is
46 allowed on the basis of contributions made by the State.

1 s. "Several courts" means the Supreme, Superior, and tax
2 courts, and the Division of Workers' Compensation in the
3 Department of Labor and Workforce Development.

4 t. "Widow" means the woman to whom a member or a retirant
5 was married, or a domestic partner as defined in section 3 of
6 P.L.2003, c.246 (C.26:8A-3), at least four years before the date of
7 his death and to whom he continued to be married or a domestic
8 partner until the date of his death. The eligibility of such a widow
9 to receive a survivor's benefit will be considered terminated by the
10 marriage of, or establishment of a domestic partnership by, the
11 widow subsequent to the member's or the retirant's death. In the
12 event of accidental death the four-year qualification shall be
13 waived. When used in this act, the term "widow" shall mean and
14 include "widower" as may be necessary and appropriate to the
15 particular situation.

16 u. "Widower" means the man to whom a member or a retirant
17 was married, or a domestic partner as defined in section 3 of
18 P.L.2003, c.246 (C.26:8A-3), at least four years before the date of
19 her death and to whom she continued to be married or a domestic
20 partner until the date of her death. The eligibility of such a
21 widower to receive a survivor's benefit will be considered
22 terminated by the marriage of, or establishment of a domestic
23 partnership by, the widower subsequent to the member's or retirant's
24 death. In the event of accidental death the four-year qualification
25 shall be waived.

26 v. "Spouse" means the husband or wife, or domestic partner as
27 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), of a member or
28 retirant.
29 (cf: P.L.2003, c.246, c.44)

30
31 2. Section 5 of P.L.1973, c.140 (C.43:6A-5) is amended to read
32 as follows:

33 5. The membership of the retirement system shall include:

34 a. The Chief Justice and the associate justices of the Supreme
35 Court.

36 b. Any judge of the Superior Court.

37 c. (Deleted by amendment, P.L.1991, c.91).

38 d. (Deleted by amendment, P.L.1991, c.91).

39 e. (Deleted by amendment, P.L.1991, c.91).

40 f. Any judge of Workers' Compensation.

41 Membership in the retirement system is a condition for
42 **judicial** service for the members **of the Judiciary** herein listed.

43 Membership in the retirement system shall cease upon
44 retirement, death or resignation.

45 (cf: P.L.1991, c.91, c.412)

46
47 3. Section 2 of P.L.2001, c.259 (C.43:15A-143) is amended to
48 read as follows:

2. Notwithstanding the provisions of any other law, workers compensation judges **【shall】** may waive all rights and benefits provided by the Judicial Retirement System, established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), and elect to be members of the Workers Compensation Judges Part, established pursuant to this act, P.L.2001, c.259 (C.43:15A-142 et seq.), of the Public Employees' Retirement System, established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), if enrolled in the part prior to the effective date of P.L.2007, c.92 (C.43:15C-1 et al.) and shall be subject to the same membership and benefit provisions as State employees, except as provided by P.L.2001, c.259. Membership in the retirement system shall be a condition of employment for service as a judge of compensation for a judge enrolled in the part prior to the effective date of P.L.2007, c.92 (C.43:15C-1 et al.).

A workers compensation judge who becomes a member of the retirement system on or after the effective date of P.L.2007, c.92 (C.43:15C-1 et al.) shall not be a member of the Workers Compensation Judges Part and the provisions of P.L.2001, c.259 (C.43:15A-142 et seq.) shall not apply to such judge or the judge's survivors.

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

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

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

b. Upon the basis of the tables recommended by the actuary which the commission adopts and regular interest, the actuary shall annually determine if there is an amount of the accrued liability of the retirement system, computed under the projected unit credit method, which is not already covered by the assets of the retirement system, valued in accordance with the asset valuation method established in this section. This shall be known as the "unfunded accrued liability." If there was no unfunded accrued liability for the valuation period immediately preceding the current valuation period, the actuary, using the total amount of this unfunded accrued liability, shall compute the initial amount of contribution which, if paid annually in level dollars for a specific period of time, will amortize this liability. The State Treasurer shall determine, upon the advice of the Director of the Division of Pensions and Benefits, the commission and the actuary, the time period for full funding of this liability, which shall not exceed 30 years. This shall be known

1 as the "accrued liability contribution." Thereafter, any increase or
2 decrease in the unfunded accrued liability as a result of actuarial
3 losses or gains for subsequent valuation years shall serve to increase
4 or decrease, respectively, the amortization period for the unfunded
5 accrued liability, unless an increase in the amortization period will
6 cause it to exceed 30 years. If an increase in the amortization
7 period as a result of actuarial losses for a valuation year would
8 exceed 30 years, the accrued liability contribution shall be
9 computed for the valuation year in the same manner provided for
10 the computation of the initial accrued liability contribution under
11 this section. Beginning with the July 1, 2019 actuarial valuation,
12 the accrued liability contribution shall be computed so that if the
13 contribution is paid annually in level dollars, it will amortize this
14 unfunded accrued liability over a closed 30-year period. Beginning
15 with the July 1, 2029 actuarial valuation, when the remaining
16 amortization period reaches 20 years, any increase or decrease in
17 the unfunded accrued liability as a result of actuarial losses or gains
18 for subsequent valuation years shall serve to increase or decrease,
19 respectively, the amortization period for the unfunded accrued
20 liability, unless an increase in the amortization period will cause it
21 to exceed 20 years. If an increase in the amortization period as a
22 result of actuarial losses for a valuation year would exceed 20 years,
23 the accrued liability contribution shall be computed for the
24 valuation year in the same manner provided for the computation of
25 the initial accrued liability contribution under this section.

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

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

47 "Excess valuation assets" means the valuation assets for a
48 valuation period less the actuarial accrued liability for the valuation

1 period, if the sum is greater than zero. If there are excess valuation
2 assets for the valuation period ending June 30, 1996, the normal
3 contributions for the valuation periods ending June 30, 1996 and
4 June 30, 1997 which have not yet been paid to the retirement
5 system shall be reduced to the extent possible by the excess
6 valuation assets, provided that the General Fund balances that
7 would have been paid to the retirement system except for this
8 provision shall first be allocated as State aid to public schools to the
9 extent that additional sums are required to comply with the May 14,
10 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.
11 If there are excess valuation assets for a valuation period ending
12 after June 30, 1996, the State Treasurer may reduce the normal
13 contribution payable for the next valuation period as follows:

14 (1) for valuation periods ending June 30, 1997 through June 30,
15 2001, to the extent possible by up to **【100%】** 100 percent of the
16 excess valuation assets;

17 (2) for the valuation period ending June 30, 2002, to the extent
18 possible by up to **【84%】** 84 percent of the excess valuation assets;

19 (3) for the valuation period ending June 30, 2003, to the extent
20 possible by up to **【68%】** 68 percent of the excess valuation assets;
21 and

22 (4) for valuation periods ending June 30, 2004 through June 30,
23 2007, to the extent possible by up to **【50%】** 50 percent of the
24 excess valuation assets.

25 c. The actuary shall certify annually the aggregate amount
26 payable to the contingent reserve fund in the ensuing year, which
27 amount shall be equal to the sum of the amounts described in this
28 section. The State shall pay into the contingent reserve fund during
29 the ensuing year the amount so determined.

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

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

35 e. The unfunded liability and normal contributions for the
36 benefits provided by the transfer and enrollment of judges of
37 Workers' Compensation shall be paid to the Judicial Retirement
38 System by transfers from the Second Injury Fund as provided by
39 subsection j. of R.S.34:15-94.

40 (cf. P.L.2011, c.78, s.21)

41

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

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

46 (1) A person who commences service on or after the effective
47 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an
48 elective public office of this State or of a political subdivision

1 thereof, except that it shall not include a person who holds elective
2 public office on the effective date of this section and is enrolled in
3 the Public Employees' Retirement System while that person
4 continues to hold that elective public office or, for an elected
5 official specified in section 5 of P.L.2017, c.344 (C.43:15A-7.5),
6 another elective public office, without a break in service. Service in
7 the Legislature shall be considered a single elective public office.

8 (2) A person who commences service on or after the effective
9 date of this section in an employment, office or position of the State
10 or of a political subdivision thereof, or an agency, board,
11 commission, authority or instrumentality of the State or of a
12 subdivision, pursuant to an appointment by the Governor that
13 requires the advice and consent of the Senate, or pursuant to an
14 appointment by the Governor to serve at the pleasure of the
15 Governor only during his or her term of office. This paragraph
16 shall not be deemed to include a person otherwise eligible for
17 membership in the State Police Retirement System or the Judicial
18 Retirement System. This paragraph shall not include Workers'
19 Compensation Judges of the Division of Workers' Compensation in
20 the Department of Labor and Workforce Development, except such
21 judges who waive transfer to the Judicial Retirement System,
22 pursuant to section 6 of P.L. , c. (pending before the Legislature
23 as this bill).

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

1 municipal clerk, construction code official, licensed uniform
2 subcode inspector, qualified purchasing agent, or certified public
3 works manager.

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

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

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

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

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

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

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

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

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

1 Pensions and Benefits that waives all rights and benefits that would
2 otherwise be provided by the retirement program. Such a person
3 may thereafter elect to participate in the retirement program by
4 filing, on a form required by the division, a written election to
5 participate in the retirement program and participation in the
6 retirement program pursuant to such election shall commence on
7 the January 1 next following the filing of the election to participate.

8 d. Service credited to a participant in the Defined Contribution
9 Retirement Program shall not be recognized as service credit to
10 determine eligibility for employer-paid health care benefits in
11 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),
12 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or
13 any other law, rule or regulation.
14 (cf: P.L.2017, c.344, s.3)

15
16 6. (New section) A Workers' Compensation Judge of the
17 Division of Workers' Compensation in the Department of Labor and
18 Workforce Development who is a participant in the Defined
19 Contribution Retirement Program, established pursuant to P.L.2007,
20 c.92 (C.43:15C-1 et seq.), or a member of the Workers'
21 Compensation Part of the Public Employees' Retirement System,
22 established pursuant to P.L.2001, c.259 (C.43:15A-142 et seq.), on
23 the effective date of P.L. , c. (pending before the Legislature as
24 this bill) shall be transferred and enrolled in the Judicial Retirement
25 System within 90 days following that effective date. A workers'
26 compensation judge may elect not to be transferred and enrolled by
27 filing a statement within 30 days following the effective date of this
28 act, P.L. , c. (pending before the Legislature as this bill), with
29 the Division of Pensions and Benefits in the Department of the
30 Treasury waiving all rights and benefits which would otherwise be
31 provided by the Judicial Retirement System. The account in the
32 Defined Contribution Retirement Program or the Workers'
33 Compensation Part of the Public Employees' Retirement System for
34 each judge transferred and enrolled shall be transferred to the
35 Judicial Retirement System and each judge shall be given service
36 credit in the Judicial Retirement System for service starting on the
37 judge's date of appointment. The unfunded liability for the benefits
38 provided by the transfer and enrollment of such judges shall be paid
39 to the Judicial Retirement System by transfers from the Second
40 Injury Fund as provided by subsection j. of R.S.34:15-94.

41
42 7. This act shall take effect immediately.
43
44

45 STATEMENT

46
47 This bill changes the definition of judge within the Judicial
48 Retirement System to include Workers' Compensation Judges of

1 the Division of Workers' Compensation in the Department of Labor
2 and Workforce Development, to provide for the enrollment of
3 workers' compensation judges into the Judicial Retirement System.
4 These judges currently participate in the Defined Contribution
5 Retirement Program and the Workers' Compensation Part of the
6 Public Employees' Retirement System. The bill also provides for
7 the transfer into the Judicial Retirement System of all judges
8 currently participating in the Defined Contribution Retirement
9 Program and the Workers' Compensation Part of the Public
10 Employees' Retirement System. The contributions to be made by
11 the State to the Judicial Retirement System will be paid from the
12 Second Injury Fund, a special fund that permits the Department of
13 Labor and Workforce Development to collect a surcharge on all
14 workers compensation policies issued in the State.