

43:10-1 ET AL.

LEGISLATIVE HISTORY CHECKLIST

NJSA 43:10-1 et al.

Laws of 1976 Chapter 106

Bill No. A1527

Sponsor(s) Cali & others

Date Introduced February 19, 1976

Committee: Assembly County Gov't.

Senate County & Municipal Gov't.

Amended during passage Yes No Senate Reprint enclosed--
amendments during passage
denoted by asterisks.

Date of passage: Assembly April 8

Senate June 28

Date of approval Oct. 18, 1976

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

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NJ--Pensions
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[SENATE REPRINT]
ASSEMBLY, No. 1527
[OFFICIAL COPY REPRINT]

with Senate amendments adopted June 24, 1976

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 19, 1976

By Assemblymen CALL, ADUBATO, ESPOSITO, T. GALLO,
Assemblywoman MISZKIEWICZ and Assemblyman PERKINS

Referred to Committee on County Government

AN ACT concerning pension funds of employees of counties of the first class having a population of less than 800,000, amending sections 43:10-1, 43:10-2, 43:10-7 of the Revised Statutes and P. L. 1973, c. 345, and supplementing chapter 10 of Title 43 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. R. S. 43:10-1 is amended to read as follows:

2 43:10-1. As used in this article:

3 “Be retired on half pay” means retired on a pension equal to
4 one-half of the *average* annual salary **[at the time of retirement]**
5 *during any 3 fiscal years, of the employee’s membership, for which*
6 *contributions were made, which years shall be selected in such*
7 *manner as to provide for the largest possible benefit to the retirant,*
8 *or surviving spouse or children, as the case may be; provided,*
9 *however, that nothing in this ****amendatory**** act shall ****[be***
10 *interpreted or applied in such manner as to reduce the employee’s*
11 *benefits below the amount to which he would have been entitled,*
12 *plus any accrued longevity, if he had applied for his pension prior*
13 *to the date upon which this amendatory act becomes effective].***

13A ***serve to reduce any employee’s pension below the amount to*
13B *which he would have been entitled had he been eligible to apply*
13C *for his pension prior to the effective date of this amendatory act.***

14 “Salary” or “average annual compensation,” when used for
15 the purpose of ****[fixing]**** ****computing**** benefits under this act,

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

16 means the average annual salary ***for which contributions are*
 17 *made** during any 3 fiscal years of the employee's membership*** [,
 18 *for which contributions were made which years shall be selected*
 19 *in such manner as to provide for]* *** providing the** the largest*
 19A *possible benefit to the member*** [,] *** or surviving spouse or*
 19B *children*** [, *as the case may be*]. *** **If the total service is less*
 19C *than 3 years, the salary shall be that paid for the entire period of*
 19D *membership. "Salary" means the base compensation for services*
 19E *as an employee, including normal and longevity increments earned*
 19F *in accordance with the established salary policies of the employer*
 19G *for all employees in the same position, but shall not include in-*
 19H *dividual salary adjustments which are granted primarily in anti-*
 19I *cipation of the member's retirement or additional remuneration*
 19J *for performing temporary or extra curricular duties beyond the*
 19K *regular work day or the regular work year. In cases where salary*
 19L *includes maintenance, the retirement system shall fix the value of*
 19M *that part of the salary not paid in money which shall be considered*
 19N *under this act.***

20 "County employee" or "employee" means and includes all em-
 21 ployees and officers in service in any county of the first class, and
 22 of any county board, body or commission maintained out of county
 23 funds in a county of the first class, including laborers recognized
 24 as permanent laborers, whether paid on an hourly, daily, monthly or
 25 annual basis (if being the intent to exclude transient labor from
 26 the operation of this article), but does not include any member of
 27 the police or fire department. The pension commission may deter-
 28 mine whether or not the employment of an employee is permanent
 29 within the meaning of this article. Notwithstanding the provisions
 30 of section 43:1-1 of this Title, any person heretofore or hereafter
 31 accepting any employment in the county under the age of 45 years
 32 shall be eligible to join as a "county employee" or "employee" as
 33 herein above defined.

34 "Widow" means the woman to whom a member was married at
 35 least 5 years before the date of his death and to whom he continued
 36 to be married until the date of his death and who was receiving
 37 at least one-half of her support from the member in the 12-month
 38 period immediately preceding the member's death or the accident
 39 which was the direct cause of the member's death. The dependency
 40 of such a widow will be considered terminated by the marriage of
 41 the widow subsequent to the member's death. In the event of the
 42 payment of an accidental death benefit, the 5-year qualification
 43 shall be waived.

44 “Widower” means the man to whom a member was married at
 45 least 5 years before the date of her death and to whom she con-
 46 tinued to be married until the date of her death and who was re-
 47 ceiving at least one-half of his support from the member in the
 48 12-month period immediately preceding the member’s death or the
 49 accident which was the direct cause of the member’s death. The
 50 dependency of such a widower will be considered terminated by
 51 marriage of the widower subsequent to the death of the member.
 52 In the event of the payment of an accidental death benefit, the 5-
 53 year qualification shall be waived.

1 2. R. S. 43:10-2 is amended to read as follows:

2 43:10-2. An employee of a county of the first class who shall
 3 have served in the county’s employ for a period of 20 years and
 4 reached 60 years of age, shall, upon his own application, *but not*
 5 *later than, except as provided in this section, his attainment of*
 6 *age 65, be retired on half pay.*

7 *Any present employee who shall have served in the employ of*
 8 *the county for a period of 20 years, shall be retired in the follow-*
 9 *ing manner:*

10 *All members 70 years of age, or older, shall file their applications*
 11 *for retirement by July 1, ***[1976]*** *1977*.*

12 *All members attaining 69 years of age by July 1, 1976, shall file*
 13 *their applications for retirement by July 1, ***[1976]*** *1977*.*

14 *All members attaining 68 years of age by July 1, 1977, shall file*
 15 *their applications for retirement by July 1, ***[1977]*** *1978*.*

16 *All members attaining 67 years of age by July 1, 1978, shall file*
 17 *their applications for retirement by July 1, ***[1978]*** *1979*.*

18 *All members attaining 66 years of age by July 1, 1979, shall file*
 19 *their applications for retirement by July 1, ***[1979]*** *1980*.*

20 *All members attaining 65 years of age by July 1, 1980, shall file*
 21 *their applications for retirement by July 1, ***[1980]*** *1981*.*

22 *After July 1, ***[1980]*** *1981*, all members shall file their appli-*
 23 *cations for retirement immediately upon attaining 65 years of age.*

24 *Any member required to retire under this section may be con-*
 25 *tinued in service on an annual basis after the required date of*
 26 *retirement at the request of the head of the employee’s department,*
 27 *and with the approval of *the head of the executive branch of*
 28 *government in a county organized under chapter 41A of Title 40*
 29 *of the Revised Statutes, or, in all other counties,* the board of*
 29A *chosen freeholders*,* given in written notice to the pension com-*
 29B *mission; provided, however, that in no event shall any employee*
 29C *be continued beyond age 70.*

30 *Any member who upon his attainment of age 65 shall have*
 31 *served in the employ of the county for a total of less than 20 years*
 32 *shall be retired on a pension equal to 2 1/2% of his average annual*
 33 *salary or compensation as defined in R. S. 43:10-1, multiplied by*
 34 *the number of years of his service.*

35 *No elected official **[or any official appointed to an office for a*
 36 *term of years]** shall be required to retire pursuant to this section.*

36A ***Any employee appointed to an office for a fixed term of years may*
 36B *continue his membership beyond the mandatory date of retirement*
 36C *specified herein, but shall be retired immediately thereafter.***

37 Should any member, after having completed 15 years of service
 38 for which credit has been established in the pension fund, be
 39 separated voluntarily or involuntarily from the service, before
 40 reaching age 60, and not by removal for cause or charges of mis-
 41 conduct or delinquency, he may elect to withdraw his contribution
 42 from the fund as provided in R. S. 43:10-8 or to receive a deferred
 43 pension beginning at age 60 in the amount based on his years of
 44 service credited in the fund bear to the total number of years of
 45 service that he could have achieved had he continued to age 60 and
 46 qualified for the pension of one-half of the annual salary he was
 47 receiving at the time he elected the deferred pension.

48 Subject to the other provisions of this amendatory and supple-
 49 mentary act and of article 1 of chapter 10 of Title 43 of the Revised
 50 Statutes, upon and after the death of such pensioner, said pension,
 51 which the pensioner was receiving prior to his death, shall be paid
 52 to the surviving spouse, so long as he or she remains unmarried,
 53 or minor children up to 18 years of age as the case may be.

1 3. Section 9 of P. L. 1973, c. 345 (C. 43:10-5.1) is amended to
 2 read as follows:

3 9. Subject to the other provisions of this amendatory and
 4 supplementary act and of article 1 of chapter 10 of Title 43 of
 5 the Revised Statutes, any county employee who shall have served
 6 or who shall hereafter have served in the employ of such county
 7 continuously or in the aggregate for a period of 10 years and shall
 8 become permanently and totally disabled as the result of injury
 9 or illness not arising out of and in the course of his employment
 10 shall, upon his application, *or upon the application of the head of*
 11 *the department in which he shall have been employed*, be retired
 12 on pension equal to 2½% of his salary for each year of service,
 13 and for each additional year of service more than 10 years the
 14 amount of said pension shall be increased to the extent of 2½%
 15 of said salary, not exceeding in any event 50% of said salary. Upon

16 and after the death of such employee while on such pension the
17 said pension shall be paid to the surviving widow, so long as she
18 remains unmarried, surviving widower, so long as he remains
19 unmarried, or minor children up to 18 years of age, as the case
20 may be.

21 The pension commission shall determine as provided in section
22 10 of this amendatory and supplementary act whether or not such
23 employee has become permanently and totally disabled.

1 4. Section 10 of P. L. 1973, c. 345 (C. 43:10-5.2) is amended to
2 read as follows:

3 10. Subject to the other provisions of this amendatory and
4 supplementary act and article 1 of chapter 10 of Title 43 of the
5 Revised Statutes, any county employee who shall become perma-
6 nently and totally disabled as a result of injury, accident or sickness
7 arising out of and in the course of his employment shall, upon his
8 application, *or upon the application of the head of the department*
9 *in which he shall have been employed*, and approval thereof by
10 the pension commission be retired on half pay. Upon and after
11 the death of such employee or upon and after the death of any
12 employee who dies as a result of any disability injury or disease
13 arising out of and in the course of his employment, a pension of
14 one-half the salary of such employee shall be paid to the surviving
15 widow, so long as she remains unmarried, surviving widower, so
16 long as he remains unmarried, or minor children up to 18 years
17 of age, as the case may be.

18 The pension commission shall have power to determine whether
19 or not any employee is permanently and totally disabled and
20 whether or not a disability, or death of an employee is the result
21 of an injury, accident or sickness arising out of and in the course
22 of the employee's employment. Before approval of an application
23 the physician or physicians designated by the commission shall
24 make a medical examination of the member at his residence or at
25 any other place mutually agreed upon and shall certify to the board
26 that he is physically or mentally incapacitated for the performance
27 of duty, and should be retired. The claimant shall have the right
28 to present physicians, witnesses or other testimony in his behalf
29 before the commission. The president or any other member of the
30 pension commission may administer oaths to any physicians or
31 other persons called before the commission regarding the em-
32 ployee's disability or death. The commission shall decide, by reso-
33 lution, whether the applicant is entitled to the benefits of this act
34 and of article 1 of chapter 10 of Title 43 of the Revised Statutes.

1 5. Section 11 of P. L. 1973, c. 345 (C. 43:10-5.3) is amended to
2 read as follows:

3 11. If any member of the pension fund who shall have paid
4 into the fund the full amount of his or her assessments or con-
5 tributions and been in the county services for a period of at least
6 1 year, dies, $2\frac{1}{2}\%$ of the salary received by such person [at such
7 death] shall be paid each year to the surviving spouse or minor
8 children, as the case may be, and for each additional year of
9 service more than 1 year, the amount of the pension shall be
10 increased to the extent of $2\frac{1}{2}\%$ of the salary, but not to exceed
11 in any event 50% thereof.

12 If any member of the pension fund *who* shall have [vested]
13 *deferred* his pension under the provisions of R. S. 43:10-2, *dies*
14 *before receiving any benefits*, [the amount of] the pension *shall be*
15 payable to the surviving spouse or children, as the case may be,
16 *and* shall be based on the amount of salary earned and years of
17 service which the member had at the time of [vesting] *deferral*.

1 6. R. S. 43:10-7 is amended to read as follows:

2 43:10-7. A fund to pay pensions under this article shall be created
3 as follows:

4 a. The county treasurer shall deduct from every payment of
5 salary to any county employee who is benefited by this article and
6 pay to the fund, 3% of the amount of the salary.

7 b. The board of chosen freeholders shall annually raise in the
8 county budget and contribute annually to the fund [an amount
9 equal to 60% of such county employees' salaries] *for a period of*
10 *30 years from the date this amendatory act becomes effective*
11 *an amount as certified by the **[actuaries of the fund]** **com-*
12 *mission, with the advice of the actuary,** to meet the liabilities of*
13 *the fund.* [In the fiscal year next following the effective date of
14 this amendatory and supplementary act, the county shall increase
15 its contribution by 2% of such county employees' salaries and in
16 each fiscal year thereafter the contribution of the county required
17 by the provisions of this act shall be increased over the previous
18 percentage by an additoinal 2% of all such county employees'
19 salaries until the actuary of the fund certifies to the county that
20 the county's contribution, together with the contributions of the
21 members, is sufficient to meet the liabilities of the fund on a fully-
22 funded reserve basis.]

22 c. All moneys donated for the purpose of the fund and all rewards
23 paid to any county employee while acting as county employee shall

24 be paid over to the board of chosen freeholders of the county to
25 be deposited in the fund.

26 If, at any time, there is not sufficient money in the pension fund
27 to pay the pension, the board of chosen freeholders shall, from
28 time to time, include in any tax levy a sum sufficient to meet the
29 requirements of the pension fund.

1 ***[7.** *(New section) The board of chosen freeholders shall pay,*
2 *commencing July 1, 1976, the sum of \$5.00 per month towards the*
3 *medical insurance premiums of all pensioners.]**

1 **7. a. *(New section) The actuary of the system shall be desi-*
2 *gnated by the county executive after consultation with the presi-*
3 *dent of the pension commission and subject to the veto of the*
4 *commission for valid reason. He shall be the technical adviser of*
5 *the commission on matters regarding the operation of the funds*
6 *created by the provisions of this act and shall perform such other*
7 *duties as are required in connection therewith. The actuary shall*
8 *recommend, and the retirement system shall keep in convenient*
9 *form, such data as shall be necessary for actuarial valuation of the*
10 *funds. At least once in every 3-year period, the actuary shall make*
11 *an actuarial investigation into the mortality, service, and compensa-*
12 *tion or salary experience of the members and survivors as defined*
13 *in this act and shall make a valuation of the assets and liabilities*
14 *of the funds. Upon the basis of such investigation and valuation,*
15 *with the advice of the actuary, the commission shall:*

16 (1) *Adopt for the retirement system such mortality, service and*
17 *other tables as shall be deemed necessary; and,*

18 (2) *Certify the employer's contribution to the system, which shall*
19 *be raised annually by the board of chosen freeholders.*

20 b. *Upon the basis of tables recommended by the actuary as the*
21 *commission shall adopt and regular interest, the actuary of the*
22 *retirement system shall make an annual valuation of the assets*
23 *and liabilities of the system. On the basis of such valuation the*
24 *employer contribution shall be computed so that paid annually for*
25 *a period of 30 years, beginning with the year following the year in*
26 *which this amendatory act becomes effective, the amount certified*
27 *by the actuary of the system shall meet the liabilities of the*
28 *system.***

1 ***[8.]** ***[7.]** **8.** This act shall take effect immediately.

9 equal to 60% of such county employees' salaries] for a period of
10 30 years from the date this amendatory act becomes effective
11 an amount as certified by the actuaries of the fund to meet the
12 liabilities of the fund. [In the fiscal year next following the effective
13 date of this amendatory and supplementary act, the county shall
14 increase its contribution by 2% of such county employees' salaries
15 and in each fiscal year thereafter the contribution of the county
16 required by the provisions of this act shall be increased over the
17 previous percentage by an additional 2% of all such county em-
18 ployees' salaries until the actuary of the fund certifies to the county
19 that the county's contribution, together with the contributions of
20 the members, is sufficient to meet the liabilities of the fund on a
21 fully-funded reserve basis.]

22 c. All moneys donated for the purpose of the fund and all rewards
23 paid to any county employee while acting as county employee shall
24 be paid over to the board of chosen freeholders of the county to
25 be deposited in the fund.

26 If, at any time, there is not sufficient money in the pension fund
27 to pay the pension, the board of chosen freeholders shall, from
28 time to time, include in any tax levy a sum sufficient to meet the
29 requirements of the pension fund.

1 7. (New section) The board of chosen freeholders shall pay,
2 commencing July 1, 1976, the sum of \$5.00 per month towards the
3 medical insurance premiums of all pensioners.

1 8. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to provide for the mandatory retire-
ment at age 65 of employees who are members of pension funds
maintained by counties of the first class having a population of
less than 800,000. It changes the manner in which an employee's
pension is computed. This bill also requires that such pension
funds be actuarially sound within 30 years.

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1527

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 3, 1976

Assembly Bill No. 1527 amends the existing law governing the Hudson county pension fund in the following manner:

(1) Requires that pension benefits be calculated on the basis of an employee's average annual salary for any 3 fiscal years of pension contributions which would assure the highest pension benefits to the retiree or any eligible survivors—the 3 fiscal years would probably be the years of highest salary and contributions to the system; the law presently requires reimbursement to be calculated on the basis of the annual salary at the time of retirement (section 1 of bill);

(2) Extends such benefits to any member of such system who has applied for pension benefits prior to the effective date of this act; provided that, the amount of benefits in such instances shall not be less than the member might be entitled to receive without the benefit of the provisions of this bill (section 1);

(3) Provides for (a) mandatory retirement at age 65 and, (b) a compulsory schedule of retirement for those employees reaching or exceeding the mandatory retirement age prior to or after the effective date of this bill, but prior to July 1, 1981, when the mandatory retirement provisions take effect (section 2);

(4) Authorizes the county to waive the mandatory retirement requirement, but not beyond age 70, if such continuation is annually requested by the head of the employee's department and annually approved by the chief executive or the board of chosen freeholders, as may be appropriate (section 2);

(5) Extends the new benefit schedule in section 11 to (a) any person retiring at age 65, but prior to the attainment of 20 years of service (section 2) and, (b) the eligible survivors of any employee and member of the fund who dies after attaining at least 1 year of county service (section 5)—both these changes are primarily of a technical nature intended to bring conflicting provisions of existing law into conformity with section 1 of this bill;

(6) Exempts elected officials or officials appointed for a specified term of office from the mandatory, retirement provisions, (section 2);

(7) Authorizes the head of any department to submit an application for the retirement of any employee of his department for (a) non-service related total disability, if such employee has at least 10 years of county service and (b) a service related total disability at any time (sections 3 and 4);

(8) Alters the schedule of county payments to fund pension benefits so as to spread the payment of liabilities over a 30-year period, from the effective date of this act (section 6);

(9) Effectuates a technical change in section 5 of the bill.