

June 26, 1969

LEGISLATIVE NOTES ON R.S. 43:15A-65 thru 81
(Pensions)

1966 amendments

COPY NO. 1

The pension law was amended twice in 1966:

- L. 1966, Chapter 71 - S33
Introduced January 18 by Waddington [& others].
Bill had statement (copy enclosed).
Not amended during passage.
Approved June 14, 1966.

- L. 1966, Chapter 217 - A787
Introduced May 23 by Farrington [& others].
Bill had statement (copy enclosed)
Not amended during passage.
Approved August 1, 1966.
This is a much longer act than Chapter 71.

No hearings or reports located on either bill.

For general information on these bills, see clipping
file:

N.J.--Pensions (1966).

RSL/PC

See:

McGarity, J.A.

Major new legislation de-integrated,
extends P.E.R.S. coverage.

974.905
M96

N.J. Municipalities, Nov. 1966, p 14 +
Chap 71 & 217 discussed at p. 42 +

SENATE No. 33

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1966

By Senators WADDINGTON, RIDOLFI, GROSSI and LYNCH

Referred to Committee on State, County and Municipal Government

AN ACT to amend the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84).

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

1 1. Section 65 of the act of which this act is amendatory is amended to
2 read as follows:

3 65. (a) All employees of any public agency or organization of this State,
4 which employs persons engaged in service to the public, shall be eligible to
5 participate in the Public Employees' Retirement System provided, the em-
6 ployer consents thereto by resolution and files a certified copy of such resolu-
7 tion with the board of trustees of the Public Employees' Retirement System
8 and the board of trustees approves thereof by resolution. Such organization
9 shall be referred to in this act as the employer. If the participation of such
10 employees is so approved then the employer shall contribute to the con-
11 tingent reserve fund on account of its members at the same rate per centum
12 as would be paid by the State if the members were State employees.

13 (b) *Notwithstanding the provisions of paragraph (a) of this section,*
14 *every person becoming an employee of a public agency or organization of*
15 *this State, which employs persons engaged in service to the public, after June*
16 *30, 1966, who is not eligible to become a member of any other retirement*

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

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17 system, shall be required to participate in the Public Employees' Retirement
 18 System. Notwithstanding the provisions of paragraph (a) of this section,
 19 membership in the Public Employees' Retirement System shall be optional
 20 with any person in the employ of any such public agency or organization on
 21 June 30, 1966, provided such person is not required to be a member pursuant
 22 to another provision of this act, and provided further, that such person is not
 23 eligible to be a member of any other retirement system. The provisions of
 24 this subsection shall not apply to any person whose position is temporary or
 25 seasonal, nor to any person in office, position or employment for which the
 26 annual salary or remuneration is fixed at less than \$500.00, nor to any person
 27 whose position is not covered by the old age and survivors' insurance pro-
 28 visions of the Federal Social Security Act. The public agency or organization
 29 employing any such person who becomes a member of the retirement system
 30 pursuant to this paragraph shall contribute to the contingent reserve fund
 31 on account of such employees at the same rate per centum as would be paid
 32 by the State if the members were State employees.

1 2. Section 66 of the act of which this act is amendatory is amended to
 2 read as follows:

3 66. (a) If the employer shall so consent to the enrollment of its employees
 4 and the board of trustees shall so approve, participation in the retirement
 5 system shall become effective on the date fixed by such board, but not later
 6 than 6 months following such approval by the board of trustees of the retire-
 7 ment system. In such event, **[All]** all service rendered to the employer by its
 8 employees previous to the effective date of such participation or previous to
 9 July 1, 1966, whichever is earlier, shall be credited to its employees who file
 10 application for membership within 1 year from such effective date and such
 11 credit to its employees shall be known as prior service credit, and the obliga-
 12 tion of the employer on account of such credit shall be known as the accrued
 13 liability. Membership shall be compulsory for all employees entering the
 14 service of the employer after **[such]** the effective date of such participa-
 15 tion or after June 30, 1966, whichever is earlier.

16 (b) No credit shall be allowed for service rendered to the employer prior
 17 to July 1, 1966 to any person becoming a member of the retirement system
 18 pursuant to subsection b of section 65 of this act unless the employer consents
 19 thereto by resolution pertaining to all eligible employees and files a certified
 20 copy of such resolution with the board of trustees of the Public Employees'
 21 Retirement System and the said board of trustees approves thereof.

1 3. Section 67 of the act of which this act is amendatory is amended to
 2 read as follows:

3 67. The chief fiscal officer of the employer [so consenting to the enroll-
 4 ment of its employees] shall submit to the board of trustees such information
 5 and shall cause to be performed in respect to each of the employees of the em-
 6 ployer such duties as would be performed in the State service by the head of a
 7 department of the State employing members of the retirement system.

1 4. Section 68 of the act of which this act is amendatory is amended to
 2 read as follows:

3 68. The board of trustees of the Public Employees' Retirement System
 4 shall certify to the chief fiscal officer of the employer [so consenting] the
 5 rates of contributions payable by members, as if they were State employees.
 6 The board shall further certify the contributions, including the accrued lia-
 7 bility contribution similar to the State accrued liability contribution, payable
 8 by the employer to the Contingent Reserve Fund on behalf of these mem-
 9 bers, as if they were State employees, and a pro rata share of the cost of the
 10 administration of the retirement system, based upon the payroll of the mem-
 11 bers who are employees of the employer. The initial actuarial expense inci-
 12 dent to the determination of the accrued liability contribution, payable by
 13 the employer [so consenting], shall be paid by the employer. The amount
 14 certified by the board of trustees as payable by such employer to the Con-
 15 tingent Reserve Fund shall be included in the next budget subsequent to the
 16 certification by the board of trustees. The treasurer or corresponding offi-
 17 cer shall pay on July 1 in each year to the State Treasurer the amount of
 18 the employer's charges so certified. If payment of the full amount of such

19. obligation is not made within 30 days after July 1, interest at the rate of
 20. 4% per annum shall commence to run against the unpaid balance thereof
 21. on the first day after such thirtieth day. The treasurer or corresponding offi-
 22. cer shall also pay to the State Treasurer the amount of the deductions from
 23. the compensation of the members who are employees of the employer in
 24. accordance with the rules and regulations established by the board of trus-
 25. tees. The State Treasurer shall credit these amounts to the appropriate
 26. fund or account.

1. 5. Section 74 of the act of which this act is amendatory is amended to
 2. read as follows:

3. 74. Except as otherwise provided in the case of public employee veterans
 4. or in subsection b of section 75 of this act, this act shall not become effective
 5. in any county or municipality which has not previously been covered by the
 6. former "State Employees' Retirement System" until its governing body
 7. shall, by resolution, have directed that the question of adoption by that
 8. county or municipality shall be submitted to the qualified voters thereof at a
 9. general election and a majority of the voters voting on the question at such
 10. election shall have voted in favor of its adoption. This act shall be effective
 11. without referendum in any county or municipality in which chapter 15 of
 12. Title 43 of the Revised Statutes has been adopted. Any employee of any
 13. such county or municipality who prior to July 1, 1955, has filed an applica-
 14. tion covering service rendered to such county or municipality prior to the
 15. date upon which chapter 15 of Title 43 of the Revised Statutes became
 16. effective therein shall be entitled to a prior service certificate covering such
 17. service.

1. 6. Section 75 of the act of which this act is amendatory is amended to
 2. read as follows:

3. 75. (a) If this act is so adopted it shall become effective in the county
 4. or municipality adopting it on June 30 of the following year. Membership
 5. in the Public Employees' Retirement System shall be optional with the em-
 6. ployees of the county or municipality in the service on the day the act so

7 becomes effective *or on June 30, 1966, whichever is earlier*, in such county or
8 municipality except in the case of public employee veterans who on such
9 date are members. An employee who elects to become a member within 1
10 year after this act so takes effect shall be entitled to a prior service certifi-
11 cate covering service rendered to the county or municipality prior to *July 1,*
12 *1966 or prior to the date this act so becomes effective, whichever is earlier.*
13 Membership shall be compulsory for all employees entering the service of
14 the county or municipality *on July 1, 1966 or after the date this act becomes*
15 *effective, whichever is earlier.* Where any such employee entering the serv-
16 ice of the county or municipality after the date [of] this act so becomes
17 effective has had prior service for which evidence satisfactory to the board
18 of trustees is presented, as an employee in such county or municipality be-
19 fore the date upon which this act so becomes effective, *or July 1, 1966, which-*
20 *ever is earlier*, such employee shall be entitled to a prior service certificate
21 covering service rendered to the county or municipality prior to the date this
22 act so becomes effective, *or July 1, 1966, whichever is earlier.*

23 (b) *Notwithstanding the provisions of section 74 of this act and subsec-*
24 *tion (a) of this section, every person, other than a nonveteran elected offi-*
25 *cial, becoming an employee of a county, municipality or school district after*
26 *June 30, 1966 who is not eligible to become a member of another retirement*
27 *system, shall be required to become a member of the Public Employees'*
28 *Retirement System. Notwithstanding the provisions of section 74 of this act*
29 *and subsection (a) of this section, membership in the retirement system shall*
30 *be optional with any elected official who is not a veteran, regardless of the*
31 *date he assumes office, and with any other person in the employ of any county,*
32 *municipality or school district on June 30, 1966, provided such elected official*
33 *or other person is not then a member and is not required to be a member of*
34 *the retirement system pursuant to another provision of this act, and pro-*
35 *vided further that such person is not eligible to be a member of another re-*
36 *tirement system. The provisions of this subsection shall not apply to any*
37 *person whose position is temporary or seasonal, nor to any person in office,*

38 position or employment for which the annual salary or remuneration is fixed
 39 at less than \$500.00, nor to any person whose position is not covered by the
 40 old age and survivors' insurance provisions of the Federal Social Security
 41 Act. No credit shall be allowed to any person becoming a member of the re-
 42 tirement system pursuant to this subsection for service rendered to the em-
 43 ployer prior to July 1, 1966, until the provisions of section 74 of this act have
 44 been complied with, in which event such credit shall be allowed in accordance
 45 with the provisions of subsection (a) of this section.

1 7. Section 77 of the act of which this act is amendatory is amended to
 2 read as follows:

3 77. Every employee of any school district including school districts in
 4 counties of the first class the boundaries of which are coterminous with
 5 those of a municipality, or more than one municipality, in which chapter 15
 6 of Title 43 of the Revised Statutes has been adopted, or in which this act is
 7 adopted, who is not a member of or eligible to join the Teachers' Pension
 8 and Annuity Fund, except an employee required upon employment or ap-
 9 pointment to become a member of some other pension fund, shall be entitled
 10 to receive the same benefits as employees of such municipality or municipi-
 11 palities are entitled to receive and the school district shall have the same
 12 obligations with respect to such employees as the municipality has to its
 13 own employees under this act; provided, such employee has been admitted to
 14 receive the benefits of the fund established under chapter 15 of Title 43 of
 15 the Revised Statutes, or shall make application to be admitted to such bene-
 16 fits within 6 months from January 2, 1955, or within 1 year from the effec-
 17 tive date of said chapter 15 of Title 43 of the Revised Statutes in such
 18 municipality or municipalities, whichever is later.

19 Any school district which is comprised of 2 or more municipalities may
 20 be deemed a municipality for the purposes of this act if all municipalities
 21 comprising such school district have not either adopted the provisions of
 22 chapter 15 of Title 43 of the Revised Statutes or complied with the provisions
 23 of section 74 of this act. In any such case the board of education of such
 24 school district may direct that the question of adopting the retirement system

25 shall be submitted to the qualified voters of the school district at a school
26 election.

1 8. Section 80 of the act of which this act is amendatory is amended to
2 read as follows:

3 80. The chief fiscal officer of the county or municipality [adopting this
4 act] or the secretary of the board of education of the school district shall
5 submit to the board of trustees of the Public Employees' Retirement
6 System such information and shall cause to be performed in respect to each
7 of the employees of the county, [or] municipality or school district such
8 duties as would be performed in the State service by the head of a depart-
9 ment of the State employing members of the retirement system.

1 9. Section 81 of the act of which this act is amendatory is amended to
2 read as follows:

3 81. The board of trustees of the Public Employees' Retirement System
4 shall certify to each employer the rates of contributions payable by mem-
5 bers who are county, [or] municipal or school district employees, as if they
6 were State employees. The board shall further certify the contributions,
7 including the accrued liability contribution similar to the State accrued
8 liability contribution, payable by the county, [or] municipality or school
9 district to the contingent reserve fund on behalf of these members, as if they
10 were State employees, and a pro rata share of the cost of the administration
11 of the retirement system, based upon the payroll of the members who are
12 employees of the county, [or] municipality or school district. The initial
13 actuarial expense incident to the determination of the accrued liability con-
14 tribution, payable by the county, [or] municipality or school district [adopt-
15 ing this act], shall be paid by the county, [or] municipality or school dis-
16 trict. The amount certified by the board of trustees as payable by the
17 county, [or] municipality or school district to the contingent reserve fund
18 shall be included in the next budget subsequent to the certification by the
19 board of trustees and levied and collected as any other taxes are levied and
20 collected. The treasurer or corresponding officer of any county, [or] mu-

21 nicipality or school district shall pay on or before July 1 in each year to the
 22 State Treasurer the amount of the county, [or] municipal or school district
 23 charges so certified. If payment of the full amount of such obligation is
 24 not made within 30 days after July 1, interest at the rate of 4% per annum
 25 shall commence to run against the unpaid balance thereof on the first day
 26 after such thirtieth day. The treasurer or corresponding officer shall also
 27 pay to the State Treasurer the amount of the deductions from the compen-
 28 sation of the members who are employees of the county, [or] municipality
 29 or school district in accordance with the rules and regulations established
 30 by the board of trustees. The State Treasurer shall credit these amounts
 31 to the appropriate fund or account.

10. This act shall take effect immediately.

STATEMENT

The Public Employees' Retirement System was established in 1921 as a retirement program for State employees only. In 1938 the first employees of the State's political subdivisions were permitted to enroll. The enrollment is on the basis of a referendum adopted at a general election by the electorate in any particular county or municipality or by a resolution of the governing body in the case of a public agency. In 1955 the statute was amended to provide for the enrollment of veterans. However, nonveteran coverage is still optional with the local employer.

As of this writing, the system now covers 62,000 members including all State employees, and the employees of 19 counties, 591 municipalities and boards of education, 119 public agencies and 41 regional and consolidated school districts. There are approximately 384 local employers who still have not provided a retirement program for their nonveteran employees and these number about 6,000. Approximately 10 or 12 local employers join the system each year but as there are a number whose employees are not covered, special pension bills are prescribed or benefits are awarded under the General Noncontributory Act

in order to pension these nonveteran employees. After discussion with the legislative committee of the New Jersey League of Municipalities, the New Jersey Public School Business Officials' Association and other interested organizations, this legislation has been drafted to meet the problem of these employers and employees where no systematic pension coverage is currently provided.

The legislation amends the several sections of the present statute governing the Public Employees' Retirement System in order to provide for compulsory coverage for all newly employed, eligible, nonveteran public employees in the same manner as veterans were prescribed for enrollment in 1955. However, unlike the veteran legislation in 1955 which required that local employers fund the liability of the veteran free prior service credit, this legislation makes the funding of the service of enrolled employees prior to July 1, 1966 optional with the employer on the basis of either a referendum to be conducted at a general election in the case of counties and municipalities or upon the adoption of a resolution by the governing body of a public agency. All present employees are given 1 year to consider their option to enroll in the retirement system. If they enroll, there will be no prior service credit awarded until their employer has, either by referendum or resolution, agreed to fund the service that they had prior to July 1, 1966. Optional coverage is afforded to nonveteran elected officials while coverage is not extended to anyone who would not normally be eligible for membership, such as a person whose annual compensation is less than \$500.00 per annum or who is not covered by Federal Social Security as a consequence of his public employment.

Additionally, the legislation permits a school district which is composed of 2 or more municipalities to hold a separate election on the question of funding the prior service liability.

It is contemplated that the enactment of this legislation will eliminate the need for most special pension legislation in the future and thus all public employees will be treated fairly since the same contribution and benefit schedules will apply to all those who are eligible.

AMENDMENTS

Laws of 1966, chapter 217 - A787

Makes technical changes to the Public Employees' Retirement System Act

May 23 - Introduced by Farrington, Sweeney, Woodson, Hauser.

May 23 - State Government Committee.

June 6 - Reported, 2nd reading.

June 13 - Passed in Assembly.

June 15 - Passed in Senate.

Aug.1 - Approved, chapter 217.

Statement on bill (copy enclosed).

No hearings or reports located.

Periodical Article:

McGarrity, John A. "Major new legislation de-integrates, extends P.E.R.S. coverage", New Jersey Municipalities 43:14, November 1966. (copy enclosed)

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- 4 d. P. L. 1965, chapter 234 is repealed.
 1 31. This act shall take effect immediately.

STATEMENT A 787 , 1966

The purpose of this omnibus bill is to amend and supplement the act governing the Public Employees' Retirement System in order to recognize in the statutes the many administrative changes which have been prescribed in the decade following the establishment of the system. The important provisions are as follows:

1. It redefines the Korean Emergency by establishing the same period followed by the Civil Service statute.
2. It clarifies the provisions of the statute concerning reinstatement and the re-establishment of credit when a former member returns to employment.
3. The limitation on the number of loans to members follows that of the comparable Teachers' Pension and Annuity Fund statute by placing it on the basis of a calendar year rather than a fiscal year.
4. It provides for vesting after 15 years of service instead of after 20 years.
5. It provides for the payment of interest on member's contributions when he withdraws if he only has 3 years of credit instead of 5 years and thereby makes the provision identical to that of the comparable provision in the teachers' fund statute.
6. It clarifies the statute concerning accidental death to specifically provide for the inclusion of interest in the return of the member's contributions.
7. It makes changes required by recent court decisions dealing with the optional methods of settlement.
8. It amends several sections of the statute in order to provide for compulsory coverage of all newly employed, eligible nonveteran public employees. The funding of the service for employees performed before July 1, 1966 is optional with the employer on the basis of either a referendum to be conducted at a general election in the case of counties and municipalities, or by the adoption of a resolution by the governing body of a public agency. All present employees are given a year to consider their option to enroll in the retirement

system. Optional coverage is afforded to nonveteran elected officials while coverage is not extended to anyone who would not normally be eligible for membership, such as a temporary or seasonal employee, a person whose annual compensation is less than \$500.00 a year or someone who is not covered by Social Security as a result of his public employment.

9. It permits a school district composed of 2 or more municipalities to hold a separate election on the question of funding the prior service liability.

10. It clarifies the provisions concerning the designation of beneficiary.

11. It permits veterans and nonveterans who had elected not to enroll in the system in 1955 to re-enroll and establishes the necessary formula for the purchase of service.

12. It clarifies the statute for those receiving workmen's compensation benefits.