R.S. 43:15A-7

June 9, 1972

LEGISLATIVE HISTORY OF R.S.43:15A-7
(Public Employees Retirement System-membership in System)

L.1954 - chap.84 - S304
Statement on bill (copy enclosed).
Amended during passage (copy enclosed of original section

and

The report referred to in the atatement above is:

974.90 P418 1953a — Schanes, Steven E. A report on the improvement of the economic security benefits of New Jersey State employees. 1953

Also see:

974.90 P418 1953 — New Jersey. Special Commission to study State employees Retirement Act. Report of the...established under J.R.7(1951) 1953

Amended by:

L.1954 - chap.244 - S379.
No statement.
Amended during passage-no substantive change - changed date in (a) from December 29, 1954 to December 30, 1954.

L.1955 - chap.261 - S399
No statement on bill.
Amended (copy enclosed of Governor's recommended amendment)

L.1966 - chap.217 - A787.
Not amended during passage.
Statement on bill (copy enclosed).

Article located (copy enclosed).

McGarrity, J.A. "Major new legislation de-integrates, extends P.E.R.S. coverage" in New Jersey Municipalities, Nov., 1966 at page 14.

1954-(S304)-Yes
1955-(S399)-Yes

JH/EH
Encl.
GC-Yes

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

ARTICLE I—Social Security

Section

1. Extension to governmental units having no retirement system.

2. Extension to employers of former members of State Employees' Retirement System.

3. Effective date of agreements.

ARTICLE II—Repealers and disposition of funds, protection of rights and benefits.

Section

4. Repeal of acts establishing State Employees' Retirement System.

5. Disposition of funds, benefits, etc.

ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

6. Definitions.
7. Membership of retirement system.
8. Restoration to membership of members discontinued from service; conditions.
9. Nonmember State employee may join upon payment of arrears.
10. State employees inducted into military or naval service before applying for enrollment.
11. Contributions covering temporary service.
12. Members serving State or Federal Government during war emergency; restoration of retirement rights.
13. Special benefits continued.
14. Transfer of membership from teachers' fund to retirement system.
15. Information required from department heads.
16. Classification of members.
17. Board of trustees.
18. Officers and employees; actuary; legal adviser.
19. Actuarial information and investigation; tables; rates of deduction and contribution.
20. Corporate powers.
21. Annual report.
22. Funds.
23. Expense fund.
24. Contingent reserve fund.
25. Annuity savings fund; deduction by department heads; recomputation of contribution rate; supplemental annuity.
26. Excess refundable; shortage deducted.

Section

27. Retirement reserve fund.

28. Members' death benefit fund.

29. Relation of new employees to fund.

30. Deductions for annuity purposes certified on payroll; credited to fund.

31. Records kept by State departments.

32. Management of funds.

33. Interest.

34. Borrowing from fund by members.

35. Custodian of fund; payments; vouchers.

36. Interest in fund by trustee or employee prohibited.

37. Obligations of State; basis of State's appropriation.

38. Vesting.

39. Service creditable toward allowances; rules and regulations; preserving annuity credit for period of leave of absence.

40. Transfer to State of municipal or county department; service of transferee computed.

41. Withdrawal; 25 year resignation; nonservice connected death benefit.

42. Ordinary disability retirement.

43. Accident disability retirement.

44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.

45. Allowance on ordinary disability retirement.

46. Allowance on accident disability retirement.

47. Retirement for age.

48. Allowance on service retirement.

49. Accidental death; allowance to dependents.

50. Member's option on retirement.

51. Monthly payments.

Section

52. Supervision of funds.

53. Benefits under chapter exempt from taxation and process; except repayment of loans.

54. Correction of errors.

55. Fraud against system a misdemeanor.

56. Renouncing other pension benefits.

57. Optional death benefit coverage.

58. Social Security contributions.

59. Social Security benefit offset.

60. Contributions and credits of veteran members.

61. Special retirement privileges of veteran members.

62. Effect upon political subdivisions previously under State Employees' Retirement System.

63. Membership of certain veteran public employees.

64. Effect of lack of Social Security coverage.

65. All employees of public agencies eligible to participate in retirement system; contributions.

66. Effective date of participation.

67. Duties of employer's chief fiscal officer.

68. Information as to rates, et cetera, certified to chief fiscal officer; payment of charge and contributions.

69. Member of any other governmental retirement system may not participate; default of employer; discontinuance of membership; application of reserve.

70. Limitation on liability of retirement system.

71. "Public agency or organization" defined.

72. Deductions from retirement allowance for hospital and medical insurance premiums.

73. Employees of Palisades Interstate Park Commission, Interstate Sanitation Commission and Delaware River Joint Toll Bridge Commission.

Section

74. State Retirement System extended to county and municipal employees; referendum.

75. Effective date; membership; prior service.

76. County or municipal employees inducted into military or naval service before applying for enrollment.

77. Employees of school district coterminous with municipality adopting law in first-class counties.

78. County attendance officers entitled to benefits under retirement system.

79. State employees paid by county or municipality in which chapter is adopted.

80. Information required.

81. Rates of contributions; budget requirements; payments to State Treasurer.

82. Benefits.

ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

83. Other pension laws not affected.

84. Short title.

85. Effect of invalidity.

86. Effective dates.

ARTICLE I

1. The State agency, established under chapter 253, laws of 1951, as amended, with the approval of the Governor, is hereby authorized and directed to enter, on behalf of the State, and of any county, municipality or school district and of any public department, board, body, commission, institution, agency, instrumentality or authority of, or in, the State and of, or in, any county, municipality or school district in the State, into an agreement with the U. S. Department of Health, Education, and Welfare for the purpose of extending the provisions of the Federal Old-Age and

Survivors Insurance system to all services performed by employees as members of any coverage group as defined in section 218 (b) (5) of the Social Security Act unless such services are already covered by an agreement under this act. The agreement shall conform with the terms and provisions of this act. Each employer subject to the provisions of this section shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Such employer shall have the option of including or excluding from coverage all employees in elective offices and positions. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received within the specified time, he shall be deemed to have decided not to cover employees in such elective offices and positions.

b. Such employer shall furnish the State agency within 10 days after the date of this enactment, the title of the official responsible for the local administration of the Social Security Program for the coverage group. If the employer fails to furnish this information within the specified time, the State agency shall deem that the employer has designated its chief fiscal officer to be the responsible official.

c. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

2. The State agency, with the approval of the Governor, is hereby authorized and directed to enter on behalf of the State into an agreement with the Secretary of the U.S. Department of Health, Education, and Welfare for the purposes of extending the provisions of the Federal Old-Age and Survivors Insurance system to services performed by employees in positions formerly covered by the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, hereinafter referred to as the State Employees' Retirement System, provided, however:

a. That such employees are members of a coverage group as defined in section 218 (b) (5) of the Social Security Act;

b. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

The agreement made under this section shall be consistent with the terms and provisions of this act. It shall cover all employment for each employer in the State participating in the State Employees' Retirement System on the date of this enactment and each such employer shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Where the employer has covered the services of at least 1 employee in any elective office or position under the provisions of the State Employees' Retirement System, all employees in such elective positions shall be included in the Social Security Coverage Group.

b. Where the employer has covered none of the services of employees in any elective office or position under the provisions of the State Employees' Retirement System, such employers shall have the option of either including or excluding the services of all such employees from Social Security coverage. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received by the State agency within the specified time, the employer shall be deemed to have decided to exclude the services of employees in elective offices and positions.

c. Each employer in the State subject to the provisions of this section shall furnish the State agency the title of the official responsible for the local administration of the Social Security Program for the coverage group within 10 days after the date of this enactment. If the employer fails to furnish this information within the specified time, the State agency shall deem that such employer has designated its chief fiscal officer to be the responsible official.

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be January 1, 1955.

ARTICLE II

4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amendments and supplements thereto, designated as the "State Employees' Retirement System of New Jersey" are repealed as of the effective date of this section.

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such

chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14-29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries

entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable, shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

(m) The State Treasurer through such agency, division, or bureau of his department as he may direct is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or

exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.

ARTICLE III

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in this act.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made by a member for the 5 years immediately preceding his retirement, or, at the option of such member, it shall mean the average annual compensation for which contributions are made by a member during any 5 consecutive years of his or her membership, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement.

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under the management of the board of trustees of said system. By that name all of its business shall be transacted, its funds invested, warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.

k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, marine or nurse who served in any army or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable,

in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an

actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) Emergency, at any time after June 23, 1950, and prior to the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

7. There is hereby established the Public Employees' Retirement System of New Jersey. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as of the effective date of this act; who shall not have claimed for refund their accumulated deductions in said system as provided in this section.

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a

member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

8. If a member of the former "State Employees' Retirement System" or the retirement system has been discontinued from service and he has withdrawn his accumulated deductions in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full, if such member returns to service and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.

No credit for pension purposes shall be allowed to such member, covering the period of his lay-off or discontinuance, unless leave of absence was granted by the head of his department and the board, as provided for in section 39 of this act.

Should an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act be re-enrolled as a member of the retirement system and pay into the annuity savings fund the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service, there shall be restored his annuity credit, and in addition, upon completion of 1 year thereafter and the payment of at least ½ of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees.

9. Any person other than a veteran who was in the employ of the State prior to the effective date of this act, and who did not join the former

"State Employees' Retirement System," may join the retirement system at any time upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.

In the case of any person coming under the provisions of this section, full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and full pension credit for such period of employment shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of making arrears payments, except in the case of retirement for service, in which case the total membership credit for such service shall be in direct proportion to the amount paid of the total amount of the arrearage obligation, upon the completion of 1 year of making arrears payments.

10. Any State employee who had entered or shall hereafter enter into the active air, military or naval service of the United States before making application for enrollment in the retirement system shall be accepted as a member upon his filing application, provided such application is made within 3 months after entry into such active air, military or naval service, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by the employing department as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

11. Any person employed temporarily by the State and whose temporary employment resulted in permanent employment shall be permitted to make contributions covering this temporary service in accordance with the

rules and regulations of the board of trustees and receive the same annuity and pension credits as if he had been a member during his temporary service.

12. Any State employee who was a member of the former "State Employees' Retirement System" and whose services were or have been made available by this State to the Federal Government may, if and when he or she has returned or shall return to service with this State, or if he or she has retired or been retired under the said system, contribute to the annuity savings fund provided for in section 25 of this act, such sum or sums, either in 1 payment or in installments, as determined by the board of trustees to be sufficient to cover the amount which would have been contributed by such individual had he or she remained a member of said system, together with such interest thereon as shall be determined to be just by the board of trustees; any board, body or commission of this State which has, had, or shall have, moneys contributed by the Federal Government for that purpose shall pay into such system such amount or amounts as would have been contributed by it on account of said services had not such services been made available to the Federal Government, together with such interest as shall be determined to be just by the board of trustees. The board of trustees is hereby authorized and required to receive said contributions, both for annuity and pension purposes, it being the intention hereby to restore, if and where possible, all retirement rights of such members lapsed or lost while rendering services to the Federal Government in and during the emergency of World War II.

13. The special benefits payable under the former "State Employees' Retirement System" under acts repealed by this act as they were in effect on June 30, 1953, which acts granted special privileges to certain employees, shall be continued for members or beneficiaries of the retirement system as of the effective date of this section as if such acts had not been repealed.

14. A person who has been a member of the teachers' retirement fund and who has taken or shall take office, position or employment in the State

service in any capacity and is a member of the Public Employees' Retirement System shall be entitled, upon application therefor, to prior service credit for the length of his membership in such fund in the Public Employees' Retirement System or who shall become a member of the Teachers' Pension and Annuity Fund, and who has taken or shall take office, position or employment in the State service in any capacity, shall be entitled, upon application therefor, to membership in the retirement system, upon transferring his interests from the Teachers' Pension and Annuity Fund to the retirement system. If he has withdrawn his interests from the Teachers' Pension and Annuity Fund, he shall be entitled to membership in the retirement system upon paying into the latter fund such sum as shall be required by the trustees therefor for that purpose. For the purpose of carrying out the provisions of this section, the board of trustees may make all necessary rules and regulations.

15. The head of a department or branch of the State service not included in a department employing a member shall submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth and length of service of the member and any other information the board requires.

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$ of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final compensation for each year of service as a member.

On and after the effective date of this section, each new member shall be placed in "Class B."

17. The general administration and responsibility for the proper operation of the Public Employees' Retirement System and for making effective the provisions of this act shall be vested in the board of trustees. Subject to the limitations of the law, the board shall, from time to time, establish rules and regulations for the administration and transaction of its business and for the control of the funds created by this subtitle and shall perform any other functions required for the execution of this act. The membership of the board shall consist of the following:

a. Two trustees appointed by the Governor, who shall serve at the pleasure of the Governor and until their successors are appointed.

b. The State Treasurer.

c. Three trustees elected for a term of 3 years from among and by the member employees of the State in a manner prescribed by the board of trustees.

d. One trustee elected for a term of 3 years from among and by the member employees of counties and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for county representatives.

e. Two trustees elected for a term of 3 years from among and by the member employees of municipalities and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives; provided, however, at the first election for municipal representation, 1 trustee shall be elected to serve for a term of 2 years and the other trustee shall be elected to serve for a term of 3 years.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to 1 vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed from the expense fund for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board. The compensation for all persons employed by the board shall be fixed by it, within the limits of appropriations made available to the board.

For the purpose of organizing the Public Employees' Retirement System, the members of the board of trustees of the former "State Employees' Retirement System," as of the effective date of the repeal of that system, shall constitute the initial membership of the board of trustees of the Public Employees' Retirement System, for the remainder of the terms for which they were appointed or elected as the case may be.

18. The board shall elect from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary, an actuary and any technical employees as may be necessary for the transaction of the business of the retirement system.

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

19. The actuary appointed by the board shall recommend, and the board shall keep in convenient form, such data as shall be necessary for actuarial valuation of the various funds created by this act. Once in every 5-year period after the effective date of this section, the actuary shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members and beneficiaries as defined in this chapter and shall make a valuation of the assets and liabilities of the various funds created by this act. Upon the basis of such investigation and valuation the board shall:

a. Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary;

b. Certify the rates of deduction from compensation computed to be necessary to pay the annuities authorized under the provisions of this act; and;

c. Certify the rates of contribution, expressed as a proportion of the compensation of members which shall be made by the State to the contingent reserve fund.



20. The retirement system shall, for the purposes of this act, possess the powers and privileges of a corporation.

21. The board shall publish annually a report showing a valuation of the assets and liabilities of the funds created by this act, certifying as to the accumulated cash and securities of the funds and stating any other facts, recommendations and data which may be of use in the advancement of knowledge concerning employees' pensions and annuities. The board shall submit the report to the Governor and furnish a copy to the officers of each State department for use of the employees and the public.

22. Under this act there shall be the contingent reserve fund, annuity savings fund, retirement reserve fund, and the members' death benefit fund.

23. The expenses of administration of the retirement system on behalf of State employee members shall be paid by the State of New Jersey.

The administration fees hereafter paid by participating employers other than the State, shall be used to pay the expenses of administration of the retirement system on behalf of all members other than State employees.

24. The contingent reserve fund shall be the fund in which shall be credited contributions made by the State.

a. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute annually the amount of contribution, expressed as a proportion of the compensation paid to all employees, which if paid monthly during the entire prospective service of the employees, will be sufficient to provide for the pension reserves required at the time of discontinuance of active service to cover all pensions to which they may be entitled or which are payable on their account and to provide for the amount of the death benefits payable on their account by the State, which are not covered by accrued liability contributions, to be made as provided in paragraph b. hereof, and the funds in hand available for such benefits.

b. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute, annually, the amount of the liability which has accrued by reason of allowances to be granted on account of services rendered by State employee veteran members as provided in section 60 of this act prior to the establishment of the retirement system, which has not already been covered by State contributions to the former "State Employees' Retirement System." Using the total amount of this liability remaining as a basis, he shall compute the amount of the flat annual payment, which, if paid in each succeeding fiscal year commencing with July 1, 1956, for a period of 30 years, will provide for this liability.

c. Any accumulated reserves in the contingent reserve fund of the former "State Employees' Retirement System," which have not been set aside in a trust fund designated as Fund B as provided in section 5 of this act shall be transferred to the contingent reserve fund of the retirement system.

d. The board shall estimate and certify annually the aggregate amount payable to the contingent reserve fund in the ensuing year, which amount shall be equal to the sum of the proportion of the earnable compensation of all members, computed as described in paragraph a. hereof and of the State's accrued liability contribution, payable in the ensuing fiscal year, as described in paragraph b. hereof. The State shall pay into the contingent reserve fund during the ensuing year the amount so determined. The cash death benefits, payable as a result of contribution by the State under the provisions of this chapter upon the death of a member in active service, shall be paid from the contingent reserve fund.

e. Any other provision of this act notwithstanding, no payment shall be made by the State to the contingent reserve fund on behalf of service of State employee veteran members until the fiscal year commencing July 1, 1956. This shall not affect the payment of benefits to, and on behalf of, State employee veteran members prior to said date, and any such disbursements for benefits not covered by reserves in the system on account of veterans shall be met by direct contributions of the **State.**

25. The annuity savings fund shall be the fund in which shall be accumulated deductions from the compensation of members to provide for their annuities and withdrawal allowances. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall determine for each member the proportion of compensation, exclusive of the rate for any additional death benefit provided under section 57 of this act, which, when deducted from each payment of his prospective earnable compensation prior to service retirement and accumulated at regular interest until he retires, shall be computed to be sufficient to provide, at that time, an annuity equal to ½ of the retirement allowance then allowable for service as a member after the establishment of the retirement system.

Any member who was contributing to the former "State Employees' Retirement System" shall continue to pay the proportion of compensation

applicable to the age at enrollment, which proportion shall not be increased during the continuation of membership other than as provided in section 58, and shall make any special payments either as lump sums or as installment payments required as a result of election by the member to obtain additional service credit. Members enrolling on and after the effective date of this section shall contribute at the proportions applicable to group 2 members of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members thereafter, new proportions of compensation to be determined as provided in the preceding paragraph. No member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him other than as provided in section 58.

The board of trustees shall certify to each State department or subdivision thereof, and to the head of each branch of the State service not included in a State department, the proportion of each member's compensation to be deducted in accordance with rules and regulations established by the board, and to facilitate the making of deductions the board of trustees may modify the deduction required by a member by such an amount as shall not exceed $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to be made.

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

26. Any contributions made by a member of the former "State Employees' Retirement System" prior to June 30, 1953, which are in excess of those required shall be refundable with regular interest to the member on demand or used at retirement to provide an annuity of equivalent actuarial value which shall be in addition to his regular retirement allowance. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction.

Any surplus or deficit developing in the retirement reserve fund shall be adjusted from time to time by transfer to or from the contingent reserve fund by appropriate action of the board of trustees.

28. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

29. Upon the employment of a person to whom this act may apply, his employer shall inform him of his duties and obligations under this act as a condition of his employment.

30. In accordance with the regular rate of contribution and the extra salary deductions certified by the retirement system, each department head and the head of any branch of State service not within a department shall certify to the State Treasurer the regular and extra deductions to be made for the retirement system. The State Treasurer shall pay each of the amounts so deducted to the retirement system, and he shall transfer to the board of trustees monthly or at such intervals as the board designates a detailed statement of all amounts so paid. The secretary of the board shall cause each of the amounts so deducted to be credited to the account of the member from whose compensation the deduction was made.

31. Each State department and branch of the State service not included in a department shall keep such records and, from time to time, furnish such information as the board of trustees in the discharge of its duties may require.

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of the fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

34. Any member who has at least 3 years of service as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the

time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

The board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members shall be made, and such moneys shall be the only source from which loans shall be made to members. The interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

35. The State Treasurer shall be the custodian of the funds created by this act.

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

36. Except as otherwise herein provided, no trustee and no employee of the board of trustees shall have any direct interest in the gains or profits of any investments made by the board of trustees; nor shall any trustee or employee of the board directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or employee of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the board of trustees.

37. Regular interest charges payable, the creation and maintenance of reserves in the contingent reserve fund, the maintenance of retirement reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the board of trustees under the provisions of this act are hereby made obligations of the State. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of these obligations of the State.

Upon the basis of each actuarial determination and appraisal provided for in this act, the board of trustees shall prepare and submit to the Governor in each year an itemized estimate of the amounts necessary to be appropriated by the State to the various funds to provide for payment in full during the ensuing fiscal year of the obligations of the State accruing during that year. The Legislature shall make an appropriation sufficient to provide for such obligations of the State. The amounts so appropriated shall be paid into the various funds created by this act.

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section 41 (2) of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service, and a pension which when added to the annuity will produce a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{80}$ of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the

board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41 b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him to the State since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render to the State 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service was allowed for retirement purposes, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees. Any such member shall be required to

contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay.

40. When heretofore there has been or hereafter shall be effected a transfer to the service of the State of a department or unit, from the service of a municipality or county within this State, the period of such service in the county or municipality shall, for the purpose of this chapter, be computed as if the whole period of employment of such officers or employees had been in the service of the State.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, except any loan outstanding except that for any period after June 30, 1944, prior to the effective date of this section, the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation received by the member in the last year of creditable service.

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

42. A member, who shall have been an employee in each of the 10 years next preceding his retirement, shall, upon the application of the head of the department in which he shall have been employed or upon his own application or the application of one acting in his behalf, be retired for ordinary disability by the board of trustees, on a regular disability allowance if he is under 60 years of age and on a service allowance if he has reached or passed that age. The physician or physicians designated by the board shall have first made a medical examination of him at his residence or at any other place mutually agreed upon and shall have certified to the board that the member is physically or mentally incapacitated for the performance of duty and should be retired.

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit of any person, or to a delay in the manifestation of the incapacity, or to

any other reasonable cause or excuse, and (3) that the application for retirement was filed in good faith and the circumstances justify its favorable consideration.

Before consideration of the application by the board of trustees, the physician or physicians designated by the board shall have first made a medical examination of the member at his residence or at any other place mutually agreed upon and shall have certified to the board that he is physically or mentally incapacitated for the performance of duty, and should be retired, and the appointing authority shall have certified to the board that an accident arising out of and in the course of his employment was the natural and proximate cause of the disability, the time and place where the duty causing the disability was performed, that the disability was not the result of his willful negligence and that the member should be retired.

This section shall apply to all applicants for disability retirement hereafter filed and in addition thereto the retirement board is expressly authorized to reconsider any application for accident disability allowance which application had been previously denied upon the ground that a report of the accident in a form acceptable to the retirement board was not filed within 60 days next following the accident.

44. Once each year the board of trustees may, and upon his application shall, require any disability beneficiary who is under the age of 60 years to undergo medical examination by a physician or physicians designated by the board. The examination shall be made at the residence of the beneficiary or any other place mutually agreed upon. If the physician or physicians thereupon report and certify to the board that the disability beneficiary is not totally incapacitated either physically or mentally for the performance of duty and that he is engaged in or is able to engage in a gainful occupation, and if the board concurs in the report, then the amount of his pension shall be reduced to an amount which, when added to the amount then earnable by him, shall not exceed the amount of his final compensation. If subsequent medical examination of such a beneficiary shows that his earning capacity has changed

since the date of his last examination, then the amount of his pension may be further altered; but the new pension shall not exceed the amount of pension originally granted or an amount which, when added to the amount earnable by the beneficiary, shall not exceed the amount of his final compensation.

If a disability beneficiary, while under age of 60 years, refuses to submit to at least 1 medical examination in any year by a physician or physicians designated by the board, his pension shall be discontinued until withdrawal of his refusal, and if his refusal continues for 1 year, all his rights in and to the pension shall be forfeited.

Upon application to the head of the department in which he was employed at the time of his retirement, any beneficiary, while under the age of 60 years, may, in the discretion of the head of the department, be restored to active service as an employee. No disability beneficiary entering the employ of the State shall be compelled or permitted to become a member of the retirement system, or to receive any benefits other than those previously awarded to him, as long as his annual rate of compensation is less than his final compensation at the time of his retirement. Any beneficiary under the age of 60 years, who is restored to active service at an annual rate of compensation equal to or greater than his final compensation at the time of his retirement, or whose annual rate of compensation is increased at any time after his restoration to service, to a rate equal to or greater than his final compensation at the time of his retirement, shall thereupon again become a member of the retirement system. His retirement allowance shall be canceled, and notwithstanding anything in this act to the contrary, his annuity reserve shall be transferred from the retirement reserve fund to his individual account in the annuity savings fund. Deductions shall be made from his compensation at the rate applicable to him prior to his retirement. Any service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and he shall be credited with all service as a member standing to his credit at the time of his retirement; except that such a beneficiary again becoming a member after having

attained the age of 50 years shall receive a pension on subsequent retirement based on all his service as a member since his last return to membership, and in addition he shall receive a pension equal to the pension on which he was retired at the time of his last retirement, but the total pension upon subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement.

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement; and

b. A pension, in addition to the annuity, of ⅜ of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

47. Retirement from service shall be as follows:

a. A member who shall have reached 60 years of age may retire from service by filing with the board of trustees a written statement, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 30 days after the date so specified as the board finds advisable.

b. A member who shall have reached 70 years of age shall be retired by the board for service forthwith, or at such time within 90 days thereafter as it deems advisable, except that an employee reaching 70 years of age may be continued in service from time to time upon written notice to the board of trustees by the head of the department where the employee is employed.

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of

1/140 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

49. Upon the death of a member in active service as the result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the board of trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was due to an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of ½ of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18.

If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to 1½ times the amount of his or her final compensation to his or her estate or to such person having an insurable interest in his or her life as he or she shall have nominated by written designation duly acknowledged and filed wtih the board.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written desig-

nation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

51. A pension, an annuity or a retirement allowance granted under the provisions of this act shall be paid in equal monthly installments and shall not be decreased, increased, revoked or repealed, except as otherwise provided in this act; provided, however, that at the time any benefit becomes payable any unpaid balance of a loan or arrearage outstanding shall be deducted from any benefit otherwise payable.

52. The various funds created by this act shall be subject to periodic examination by the State Department of Banking and Insurance.

53. The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, any benefit or right accrued or accruing to a person under the provisions of this act and the moneys in the various funds created under this act, shall be exempt from any State or municipal tax and from levy and sale, garnishment, attachment or any other process arising out of any State or Federal court and, except as in this act otherwise provided, shall be unassignable.

54. If any change or error in records results in an employee or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, then on discovery of the error, the board of trustees shall correct it and, so far as practicable,

adjust the payments in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

55. A person who knowingly makes a false statement, or falsifies or permits to be falsified any record of this retirement system, in an attempt to defraud the system as a result of such act shall be guilty of a misdemeanor.

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are entitled to receive pensions under the provisions of any law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

57. a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $^3/_{16}$ of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the

member's estate, an amount equal to $^{3}/_{16}$ of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

58. Prior to January 1, 1960, contributions to the Social Security Fund by members of the retirement system shall be deducted from the contributions required to be paid to the retirement system by such members as provided in section 25 of this act.

Contributions by members of the retirement system to the Social Security Fund shall be made in the manner prescribed by the State Agency for Social Security. Contributions to the Social Security Fund shall not be subject to any provisions of this act, dealing with the withdrawal of contributions, loans, or the payment of any annuities, pensions, disability or death benefits. Any change in the rate of contribution to the Social Security Fund after December 31, 1959, shall result in a corresponding change in the amount of contributions payable by the members.

59. Upon attainment of age 65 by a retired member or upon retirement of a member after the attainment of age 65, the board of trustees shall reduce such member's retirement allowance by the amount of the old age insurance benefit under Title II of the Social Security Act payable to him. Mem

bership in the retirement system shall presume the member's acceptance of and consent to, such reduction. However, such reduction shall be subject to the following limitations:

a. The amount of the old age insurance benefit shall be computed in the same manner as computed by the Federal Social Security Administration, except that in determining such benefit amount only wages or compensation for services performed in the employ of the State, 1 or more of its instrumentalities, 1 or more of its political subdivisions, or 1 or more instrumentalities of its political subdivisions, shall be included.

b. The retirement allowance shall not be reduced below the amount of the annuity portion of the retirement allowance being paid at the time of his retirement.

c. The reduction shall apply in the following cases only:

(1) Retirement for age.

(2) Retirement for disability.

(3) Retirement for age on a deferred retirement allowance, as provided in section 38 of this act.

(4) Where an allowance is being paid upon resignation after 25 years of service, as provided in section 41 of this act.

d. Any increase in the amount of the old age insurance benefit under Title II of the Social Security Act to take effect after December 31, 1959, shall be disregarded in determining the amount of reduction from the retirement allowance of a member.

e. Whenever the amount of reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of a retirement allowance, except that any decrease in the amount of the old age insurance benefit under Title II of the Social Security Act shall result in a corresponding decrease in the amount of reduction from the retirement allowance, and except that any error may be corrected, as provided in section 54 of this act.

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, or school district or board of education by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member.

b. The accrued liability on behalf of State employee veteran members shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran

member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable to him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

61. a. Any public employee veteran member in service who has or shall have attained the age of 62 years and who has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment for which contributions are made with the optional privileges provided for in section 50 of this act.

b. Any public employee veteran member who has been for 20 years continuously or in the aggregate in office, position or employment of this State

or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment for which contributions are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

62. a. Where any county or municipality of the State has previously been covered by the former "State Employees' Retirement System," such county or municipality shall be covered under the provisions of this act and the employees of such county or municipality shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System." Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the employ of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.

b. Where any public agency of the State, as defined in section 71 of this act, has previously been covered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."

63. Any public employee veteran of a county, municipality or school district or board of education who on the effective date of this section is in a position not covered by a retirement system to which both he and his employer make monetary contributions, other than the old-age and survivors

insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a member, shall be a member of the Public Employees' Retirement System as of the effective date of this section; and any veteran becoming an employee of a county, municipality or school district or board of education in such a position, after the effective date of this section, shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position, or employment of this State or of any county, municipality or school district as are required of employers under the provisions of this act.

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old-age and survivors insurance provisions of Title II of the Federal Social Security Act as a public employee, or his designated beneficiary, shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), and 48(d).

65. All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

66. If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board but not later than 6 months following such approval by the board of trustees of the retirement system. All service rendered to the employer by its employees pre-

vious to the effective date of such participation shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after such effective date.

67. The chief fiscal officer of the employer so consenting to the enrollment of its employees shall submit to the board of trustees such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

68. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the employer so consenting the rates of contributions payable by members, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the employer so consenting, shall be paid by the employer. The amount certified by the board of trustees as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees. The treasurer or corresponding officer shall pay on December 27 in each year to the State Treasurer the amount of the employer's charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

69. An employee of such employer who, by reason of his service, is a member of any other governmental retirement system shall not participate in this retirement system on that part of his compensation so covered. Should such employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees' membership in the retirement system then such employer shall be deemed to be in default and a certificate to this effect shall be sent by the board of trustees to the employer and to the State Commissioner of Banking and Insurance. All members of the retirement system, who were employees of such employer at the time of default, shall thereupon be entitled to discontinue membership in the retirement system and to a refund of their previous contributions upon demand made within 90 days thereafter. As of a date 90 days following the date of such certificate of default, the actuary of the retirement system shall determine by actuarial valuation the amount of the reserves held on account of each active member and pensioner of such employer and shall credit to each such member and pensioner the amount of reserve so held. The reserve so credited, together with the amount of the accumulated deductions of each active member shall be used to provide a paid up deferred annuity beginning at age 60 for him, and the reserve of each pensioner shall be used in providing such part of his existing pension as the reserve so held will provide, which pension, together with his annuity, shall thereafter be payable to him. The rights and privileges of both active members and pensioners of such employer shall thereupon terminate except as to the payment of the deferred annuities so provided for the previous active members and the annuities and the pensions, or parts thereof, provided for the pensioners.

70. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this article, for which reserves have not been previously created from funds, contributed by such employer or its employees for such benefits.

71. The words "public agency or organization" as used in this act shall be construed to mean and include any agency or organization which operates public works or is engaged in service to the public for 1 or more municipalities, local boards of health, or counties, and whose revenue is derived from other than State funds, but shall not be construed to include any subdivision of any county, municipality, school district, privately owned public utility or service or any religious, educational or charitable organization.

72. Whenever any member of the Public Employees' Retirement System of New Jersey who has retired or shall retire from active service shall, in writing, request the board of trustees to make deductions from his retirement allowance for the payment of premiums for any hospital service plan or medical surgical plan or both, the board of trustees may make such deductions and transmit the sum so deducted to the company carrying the policy or policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement

System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted.

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service. Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

76. Any employee of any county or municipality whose voters have adopted or shall hereafter adopt the retirement act as provided in this act, who was or shall hereafter be inducted into the military or naval service of

the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 1, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

78. All county attendance officers who have been appointed, or hereafter shall be appointed, by the terms of section 18:14–47 of the Revised Statutes, in counties in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted, shall be entitled to receive the same benefits in the Public Employees' Retirement System as employees of the county are

entitled to receive, and the county superintendent of schools and the county treasurer shall be charged with the duty of paying out of State school moneys apportioned to the county the contributions of such county attendance officers to the Public Employees' Retirement System in the same manner as the county pays such contributions for its employees under this act.

The county superintendent shall include in the apportionment made under the terms of section 18:14–48 of the Revised Statutes a sufficient sum of money to meet the obligations incurred in this act.

79. All employees of the State whose compensation is paid by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

80. The chief fiscal officer of the county or municipality adopting this act shall submit to the board of trustees of the Public Employees' Retirement System such information and shall cause to be performed in respect to each of the employees of the county or municipality such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

81. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the county or municipality adopting this act the rates of contributions payable by members who are county or municipal employees, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county or municipality to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county or municipality. The initial actuarial ex-

pense incident to the determination of the accrued liability contribution, payable by the county or municipality adopting this act, shall be paid by the county or municipality. The amount certified by the board of trustees as payable by the county or municipality to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees and levied and collected as any other taxes are levied and collected. The treasurer or corresponding officer of any county or municipality shall pay on December 27 in each year to the State Treasurer the amount of the county or municipal charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the county or municipality in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

82. Public employees of the counties or municipalities on behalf of whom contributions are so paid, shall be entitled to benefits under the Public Employees' Retirement System as though they were State employees.

Article IV

83. Nothing contained in this act shall affect any policeman, fireman or county or municipal employee contributing to any pension fund operating under any other law.

84. This act shall be known and may be cited as the "Public Employees' Retirement-Social Security Integration Act."

85. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December 31, 1954. All other sections of this act shall take effect January 2, 1955.

STATEMENT

This bill provides for:

1. The repeal of the State Employees' Retirement System;

2. The extension of Federal Social Security coverage to the former members of the retirement system, and to certain other public employees in positions not covered by an existing retirement system; and

3. The establishment of Public Employees' Retirement System, with a membership consisting of the membership of the former retirement system and public employee veterans in positions not covered by any other retirement system.

The above procedure conforms to the requirements of the Federal Social Security Act governing the extension of Social Security coverage to public employees.

This bill would improve the retirement and death benefits of veteran and nonveteran public employees, while, at the same time resolving the financial problems attached to the present noncontributory Veterans' Retirement Act. The benefits of Federal Social Security would be integrated with those of the new retirement system, so that public employees would receive substantial increase in survivorship benefits. In addition the bill provides for increased death benefits under the retirement system, and the vesting of the members' interest in the State's contributions after 20 years of service. Public employee veterans would receive free credit in the retirement system for past service.

The cost to the employer on behalf of the existing membership would fall within the present cost of the retirement system. The obligations on behalf of public employee veterans would be met over a 30-year period. These total obligations would be no greater than those under the present free Veterans' Retirement Act.

This bill conforms to the recommendations contained in "A Report on the Improvement of the Economic Security Benefits of New Jersey State Employees," dated November, 1953.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 304

STATE OF NEW JERSEY

ADOPTED JUNE 10, 1954

Amend page 4, Analysis section 73, line 100, after "of" insert "New Jersey Turnpike Authority, New Jersey Highway Authority,".

Amend page 8, section 3, line 2, omit "January 1, 1955", insert "December 31, 1954".

Amend page 12, section 6, subdivision l, line 42, after "sailor," insert "airman,".

Amend page 12, section 6, subdivision l, line 43, after "army" insert ", air force".

Amend page 12, section 6, subdivision l, line 45, after "army" insert ", air force".

Amend page 14, section 7, subdivision a, line 4, after "enrolled" insert "as such".

Amend page 14, section 7, subdivision a, line 4, after "as of" omit "the effective date of this act;", insert "December 29, 1954,".

Amend page 14, section 7, subdivision a, line 6, after "section" omit the period, insert a semicolon.

Amend page 7, section 2, line 20, omit "a", insert "(1)".

Amend page 7, section 2, line 24, omit "b", insert "(2)".

Amend page 7, section 2, line 33, omit "c", insert "(3)".

Amend page 30, section 38, line 5, after "section" delete "41 (2)", insert "41. b.".

Amend page 32, section 41, line 5, before "except" insert ",".

Amend page 40, section 50, line 12, before the "." insert ", either in a lump sum or by equal payments over a period of years at the option of the payee".

Amend page 46, section 60, line 10, after "member." insert "Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State."

Amend page 47, section 60, line 34, after "payable" delete "to", insert "by".

Amend page 47, section 61, line 1, omit "in service", insert "in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and".

Amend page 47, section 61, line 2, omit "62", insert "60".

Amend page 47, section 61, line 2, omit "for", insert "upon"; after "contributions" insert "to the annuity savings fund and contingent reserve fund".

Amend page 47, section 61, after line 8A, insert:

"b. Any veteran becoming a member after January 1, 1955, shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act."

Amend page 47, section 61, line 9, omit "b", insert "c".

Amend page 48, section 61, line 14, omit "for", insert "upon"; after "contributions" insert "to the annuity savings fund and contingent reserve fund".

Amend page 52, section 73, line 1, after "73.", insert "a.".

Amend page 52, section 73, line 12, after ".", add a new paragraph to read as follows:

"b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and non-veterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees."

Amend page 56, section 86, line 2, omit "31", insert "30".

Amend page 56, section 86, line 3, omit "2", insert "1".

[OFFICIAL COPY REPRINT]

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

ARTICLE I—Social Security

Section

1. Extension to governmental units having no retirement system.

2. Extension to employers of former members of State Employees' Retirement System.

3. Effective date of agreements.

ARTICLE II—Repealers and disposition of funds, protection of rights and benefits.

Section

4. Repeal of acts establishing State Employees' Retirement System.

5. Disposition of funds, benefits, etc.

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

ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

6. Definitions.
7. Membership of retirement system.
8. Restoration to membership of members discontinued from service; conditions.
9. Nonmember State employee may join upon payment of arrears.
10. State employees inducted into military or naval service before applying for enrollment.
11. Contributions covering temporary service.
12. Members serving State or Federal Government during war emergency; restoration of retirement rights.
13. Special benefits continued.
14. Transfer of membership from teachers' fund to retirement system.
15. Information required from department heads.
16. Classification of members.
17. Board of trustees.
18. Officers and employees; actuary; legal adviser.
19. Actuarial information and investigation; tables; rates of deduction and contribution.
20. Corporate powers.
21. Annual report.
22. Funds.
23. Expense fund.
24. Contingent reserve fund.
25. Annuity savings fund; dedaction by department heads; recomputation of contribution rate; supplemental annuity.
26. Excess refundable; shortage deducted.

	Section	
41	27.	Retirement reserve fund.
42	28.	Members' death benefit fund.
43	29.	Relation of new employees to fund.
44	30.	Deductions for annuity purposes certified on payroll; cred-
45–46		ited to fund.
47	31.	Records kept by State departments.
48	32.	Management of funds.
49	33.	Interest.
50	34.	Borrowing from fund by members.
51	35.	Custodian of fund; payments; vouchers.
52	36.	Interest in fund by trustee or employee prohibited.
53	37.	Obligations of State; basis of State's appropriation.
54	38.	Vesting.
55	39.	Service creditable toward allowances; rules and regulations;
56		preserving annuity credit for period of leave of absence.
57	40.	Transfer to State of municipal or county department; serv-
58		ice of transferee computed.
59	41.	Withdrawal; 25 year resignation; nonservice connected death
60		benefit.
61	42.	Ordinary disability retirement.
62	43.	Accident disability retirement.
63	44.	Annual examination of disability beneficiary; alteration of
64		pension; refusal to be examined; restoration to service.
65	45.	Allowance on ordinary disability retirement.
66	46.	Allowance on accident disability retirement.
67	47.	Retirement for age.
68	48.	Allowance on service retirement.
69	49.	Accidental death; allowance to dependents.
70	50.	Member's option on retirement.
71	51.	Monthly payments.

Section

52. Supervision of funds.

53. Benefits under chapter exempt from taxation and process; except repayment of loans.

54. Correction of errors.

55. Fraud against system a misdemeanor.

56. Renouncing other pension benefits.

57. Optional death benefit coverage.

58. Social Security contributions.

59. Social Security benefit offset.

60. Contributions and credits of veteran members.

61. Special retirement privileges of veteran members.

62. Effect upon political subdivisions previously under State Employees' Retirement System.

63. Membership of certain veteran public employees.

64. Effect of lack of Social Security coverage.

65. All employees of public agencies eligible to participate in retirement system; contributions.

66. Effective date of participation.

67. Duties of employer's chief fiscal officer.

68. Information as to rates, et cetera, certified to chief fiscal officer; payment of charge and contributions.

69. Member of any other governmental retirement system may not participate; default of employer; discontinuance of membership; application of reserve.

70. Limitation on liability of retirement system.

71. "Public agency or organization" defined.

72. Deductions from retirement allowance for hospital and medical insurance premiums.

73. Employees of *New Jersey Turnpike Authority, New Jersey Highway Authority,* Palisades Interstate Park Commission, Interstate Sanitation Commission and Delaware River Joint Toll Bridge Commission.

Section

74. State Retirement System extended to county and municipal employees; referendum.

75. Effective date; membership; prior service.

76. County or municipal employees inducted into military or naval service before applying for enrollment.

77. Employees of school district coterminous with municipality adopting law in first-class counties.

78. County attendance officers entitled to benefits under retirement system.

79. State employees paid by county or municipality in which chapter is adopted.

80. Information required.

81. Rates of contributions; budget requirements; payments to State Treasurer.

82. Benefits.

ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

83. Other pension laws not affected.

84. Short title.

85. Effect of invalidity.

86. Effective dates.

ARTICLE I

1. The State agency, established under chapter 253, laws of 1951, as amended, with the approval of the Governor, is hereby authorized and directed to enter, on behalf of the State, and of any county, municipality or school district and of any public department, board, body, commission, institution, agency, instrumentality or authority of, or in, the State and of, or in, any county, municipality or school district in the State, into an agreement with the U. S. Department of Health, Education, and Welfare for the purpose of extending the provisions of the Federal Old-Age and

Survivors Insurance system to all services performed by employees as members of any coverage group as defined in section 218 (b) (5) of the Social Security Act unless such services are already covered by an agreement under this act. The agreement shall conform with the terms and provisions of this act. Each employer subject to the provisions of this section shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Such employer shall have the option of including or excluding from coverage all employees in elective offices and positions. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received within the specified time, he shall be deemed to have decided not to cover employees in such elective offices and positions.

b. Such employer shall furnish the State agency within 10 days after the date of this enactment, the title of the official responsible for the local administration of the Social Security Program for the coverage group. If the employer fails to furnish this information within the specified time, the State agency shall deem that the employer has designated its chief fiscal officer to be the responsible official.

c. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

2. The State agency, with the approval of the Governor, is hereby authorized and directed to enter on behalf of the State into an agreement with the Secretary of the U.S. Department of Health, Education, and Welfare for the purposes of extending the provisions of the Federal Old-Age and Survivors Insurance system to services performed by employees in positions formerly covered by the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, hereinafter referred to as the State Employees' Retirement System, provided, however:

a. That such employees are members of a coverage group as defined in section 218 (b) (5) of the Social Security Act;

b. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

The agreement made under this section shall be consistent with the terms and provisions of this act. It shall cover all employment for each employer in the State participating in the State Employees' Retirement System on the date of this enactment and each such employer shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

[a.] *(1)* Where the employer has covered the services of at least 1 employee in any elective office or position under the provisions of the State Employees' Retirement System, all employees in such elective positions shall be included in the Social Security Coverage Group.

[b.] *(2)* Where the employer has covered none of the services of employees in any elective office or position under the provisions of the State Employees' Retirement System, such employers shall have the option of either including or excluding the services of all such employees from Social Security coverage. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received by the State agency within the specified time, the employer shall be deemed to have decided to exclude the services of employees in elective offices and positions.

[c.] *(3)* Each employer in the State subject to the provisions of this section shall furnish the State agency the title of the official responsible for the local administration of the Social Security Program for the coverage group within 10 days after the date of this enactment. If the employer fails to furnish this information within the specified time, the State agency shall deem that such employer has designated its chief fiscal officer to be the responsible official.

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [January 1, 1955] *December 31, 1954.*

ARTICLE II

4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amendments and supplements thereto, designated as the "State Employees' Retirement System of New Jersey" are repealed as of the effective date of this section.

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such

chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14-29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries

entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable, shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

(m) The State Treasurer through such agency, division, or bureau of his department as he may direct is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or

exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.

ARTICLE III

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in this act.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made by a member for the 5 years immediately preceding his retirement, or, at the option of such member, it shall mean the average annual compensation for which contributions are made by a member during any 5 consecutive years of his or her membership, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement.

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under the management of the board of trustees of said system. By that name all of its business shall be transacted, its funds invested, warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.



k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, *airman*, marine or nurse who served in any army, *air force* or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army, *air force* or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable,

in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an

actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) Emergency, at any time after June 23, 1950, and prior to the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

7. There is hereby established the Public Employees' Retirement System of New Jersey. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled *as such* as of [the effective date of this act] *December 29, 1954*; who shall not have claimed for refund their accumulated deductions in said system as provided in this section [.] ;

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a

member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

8. If a member of the former "State Employees' Retirement System" or the retirement system has been discontinued from service and he has withdrawn his accumulated deductions in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full, if such member returns to service and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.

No credit for pension purposes shall be allowed to such member, covering the period of his lay-off or discontinuance, unless leave of absence was granted by the head of his department and the board, as provided for in section 39 of this act.

Should an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act be re-enrolled as a member of the retirement system and pay into the annuity savings fund the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service, there shall be restored his annuity credit, and in addition, upon completion of 1 year thereafter and the payment of at least ½ of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees.

9. Any person other than a veteran who was in the employ of the State prior to the effective date of this act, and who did not join the former

"State Employees' Retirement System," may join the retirement system at any time upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.

In the case of any person coming under the provisions of this section, full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and full pension credit for such period of employment shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of making arrears payments, except in the case of retirement for service, in which case the total membership credit for such service shall be in direct proportion to the amount paid of the total amount of the arrearage obligation, upon the completion of 1 year of making arrears payments.

10. Any State employee who had entered or shall hereafter enter into the active air, military or naval service of the United States before making application for enrollment in the retirement system shall be accepted as a member upon his filing application, provided such application is made within 3 months after entry into such active air, military or naval service, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by the employing department as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

11. Any person employed temporarily by the State and whose temporary employment resulted in permanent employment shall be permitted to make contributions covering this temporary service in accordance with the

rules and regulations of the board of trustees and receive the same annuity and pension credits as if he had been a member during his temporary service.

12. Any State employee who was a member of the former "State Employees' Retirement System" and whose services were or have been made available by this State to the Federal Government may, if and when he or she has returned or shall return to service with this State, or if he or she has retired or been retired under the said system, contribute to the annuity savings fund provided for in section 25 of this act, such sum or sums, either in 1 payment or in installments, as determined by the board of trustees to be sufficient to cover the amount which would have been contributed by such individual had he or she remained a member of said system, together with such interest thereon as shall be determined to be just by the board of trustees; any board, body or commission of this State which has, had, or shall have, moneys contributed by the Federal Government for that purpose shall pay into such system such amount or amounts as would have been contributed by it on account of said services had not such services been made available to the Federal Government, together with such interest as shall be determined to be just by the board of trustees. The board of trustees is hereby authorized and required to receive said contributions, both for annuity and pension purposes, it being the intention hereby to restore, if and where possible, all retirement rights of such members lapsed or lost while rendering services to the Federal Government in and during the emergency of World War II.

13. The special benefits payable under the former "State Employees' Retirement System" under acts repealed by this act as they were in effect on June 30, 1953, which acts granted special privileges to certain employees, shall be continued for members or beneficiaries of the retirement system as of the effective date of this section as if such acts had not been repealed.

14. A person who has been a member of the teachers' retirement fund and who has taken or shall take office, position or employment in the State

service in any capacity and is a member of the Public Employees' Retirement System shall be entitled, upon application therefor, to prior service credit for the length of his membership in such fund in the Public Employees' Retirement System or who shall become a member of the Teachers' Pension and Annuity Fund, and who has taken or shall take office, position or employment in the State service in any capacity, shall be entitled, upon application therefor, to membership in the retirement system, upon transferring his interests from the Teachers' Pension and Annuity Fund to the retirement system. If he has withdrawn his interests from the Teachers' Pension and Annuity Fund, he shall be entitled to membership in the retirement system upon paying into the latter fund such sum as shall be required by the trustees therefor for that purpose. For the purpose of carrying out the provisions of this section, the board of trustees may make all necessary rules and regulations.

15. The head of a department or branch of the State service not included in a department employing a member shall submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth and length of service of the member and any other information the board requires.

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$ of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final compensation for each year of service as a member.

On and after the effective date of this section, each new member shall be placed in "Class B."

17. The general administration and responsibility for the proper operation of the Public Employees' Retirement System and for making effective the provisions of this act shall be vested in the board of trustees. Subject to the limitations of the law, the board shall, from time to time, establish rules and regulations for the administration and transaction of its business and for the control of the funds created by this subtitle and shall perform any other functions required for the execution of this act. The membership of the board shall consist of the following:

a. Two trustees appointed by the Governor, who shall serve at the pleasure of the Governor and until their successors are appointed.

b. The State Treasurer.

c. Three trustees elected for a term of 3 years from among and by the member employees of the State in a manner prescribed by the board of trustees.

d. One trustee elected for a term of 3 years from among and by the member employees of counties and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for county representatives.

e. Two trustees elected for a term of 3 years from among and by the member employees of municipalities and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives; provided, however, at the first election for municipal representation, 1 trustee shall be elected to serve for a term of 2 years and the other trustee shall be elected to serve for a term of 3 years.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to 1 vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed from the expense fund for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board. The compensation for all persons employed by the board shall be fixed by it, within the limits of appropriations made available to the board.

For the purpose of organizing the Public Employees' Retirement System, the members of the board of trustees of the former "State Employees' Retirement System," as of the effective date of the repeal of that system, shall constitute the initial membership of the board of trustees of the Public Employees' Retirement System, for the remainder of the terms for which they were appointed or elected as the case may be.

18. The board shall elect from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary, an actuary and any technical employees as may be necessary for the transaction of the business of the retirement system.

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

19. The actuary appointed by the board shall recommend, and the board shall keep in convenient form, such data as shall be necessary for actuarial valuation of the various funds created by this act. Once in every 5-year period after the effective date of this section, the actuary shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members and beneficiaries as defined in this chapter and shall make a valuation of the assets and liabilities of the various funds created by this act. Upon the basis of such investigation and valuation the board shall:

a. Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary;

b. Certify the rates of deduction from compensation computed to be necessary to pay the annuities authorized under the provisions of this act; and;

c. Certify the rates of contribution, expressed as a proportion of the compensation of members which shall be made by the State to the contingent reserve fund.

20. The retirement system shall, for the purposes of this act, possess the powers and privileges of a corporation.

21. The board shall publish annually a report showing a valuation of the assets and liabilities of the funds created by this act, certifying as to the accumulated cash and securities of the funds and stating any other facts, recommendations and data which may be of use in the advancement of knowledge concerning employees' pensions and annuities. The board shall submit the report to the Governor and furnish a copy to the officers of each State department for use of the employees and the public.

22. Under this act there shall be the contingent reserve fund, annuity savings fund, retirement reserve fund, and the members' death benefit fund.

23. The expenses of administration of the retirement system on behalf of State employee members shall be paid by the State of New Jersey.

The administration fees hereafter paid by participating employers other than the State, shall be used to pay the expenses of administration of the retirement system on behalf of all members other than State employees.

24. The contingent reserve fund shall be the fund in which shall be credited contributions made by the State.

a. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute annually the amount of contribution, expressed as a proportion of the compensation paid to all employees, which if paid monthly during the entire prospective service of the employees, will be sufficient to provide for the pension reserves required at the time of discontinuance of active service to cover all pensions to which they may be entitled or which are payable on their account and to provide for the amount of the death benefits payable on their account by the State, which are not covered by accrued liability contributions, to be made as provided in paragraph b. hereof, and the funds in hand available for such benefits.

b. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute, annually, the amount of the liability which has accrued by reason of allowances to be granted on account of services rendered by State employee veteran members as provided in section 60 of this act prior to the establishment of the retirement system, which has not already been covered by State contributions to the former "State Employees' Retirement System." Using the total amount of this liability remaining as a basis, he shall compute the amount of the flat annual payment, which, if paid in each succeeding fiscal year commencing with July 1, 1956, for a period of 30 years, will provide for this liability.

c. Any accumulated reserves in the contingent reserve fund of the former "State Employees' Retirement System," which have not been set aside in a trust fund designated as Fund B as provided in section 5 of this act shall be transferred to the contingent reserve fund of the retirement system.

d. The board shall estimate and certify annually the aggregate amount payable to the contingent reserve fund in the ensuing year, which amount shall be equal to the sum of the proportion of the earnable compensation of all members, computed as described in paragraph a. hereof and of the State's accrued liability contribution, payable in the ensuing fiscal year, as described in paragraph b. hereof. The State shall pay into the contingent reserve fund during the ensuing year the amount so determined. The cash death benefits, payable as a result of contribution by the State under the provisions of this chapter upon the death of a member in active service, shall be paid from the contingent reserve fund.

e. Any other provision of this act notwithstanding, no payment shall be made by the State to the contingent reserve fund on behalf of service of State employee veteran members until the fiscal year commencing July 1, 1956. This shall not affect the payment of benefits to, and on behalf of, State employee veteran members prior to said date, and any such disbursements for benefits not covered by reserves in the system on account of veterans shall be met by direct contributions of the State.

25. The annuity savings fund shall be the fund in which shall be accumulated deductions from the compensation of members to provide for their annuities and withdrawal allowances. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall determine for each member the proportion of compensation, exclusive of the rate for any additional death benefit provided under section 57 of this act, which, when deducted from each payment of his prospective earnable compensation prior to service retirement and accumulated at regular interest until he retires, shall be computed to be sufficient to provide, at that time, an annuity equal to ½ of the retirement allowance then allowable for service as a member after the establishment of the retirement system.

Any member who was contributing to the former "State Employees' Retirement System" shall continue to pay the proportion of compensation

applicable to the age at enrollment, which proportion shall not be increased during the continuation of membership other than as provided in section 58, and shall make any special payments either as lump sums or as installment payments required as a result of election by the member to obtain additional service credit. Members enrolling on and after the effective date of this section shall contribute at the proportions applicable to group 2 members of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members thereafter, new proportions of compensation to be determined as provided in the preceding paragraph. No member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him other than as provided in section 58.

The board of trustees shall certify to each State department or subdivision thereof, and to the head of each branch of the State service not included in a State department, the proportion of each member's compensation to be deducted in accordance with rules and regulations established by the board, and to facilitate the making of deductions the board of trustees may modify the deduction required by a member by such an amount as shall not exceed $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to be made.

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

26. Any contributions made by a member of the former "State Employees' Retirement System" prior to June 30, 1953, which are in excess of those required shall be refundable with regular interest to the member on demand or used at retirement to provide an annuity of equivalent actuarial value which shall be in addition to his regular retirement allowance. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction.

Any surplus or deficit developing in the retirement reserve fund shall be adjusted from time to time by transfer to or from the contingent reserve fund by appropriate action of the board of trustees.

28. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

29. Upon the employment of a person to whom this act may apply, his employer shall inform him of his duties and obligations under this act as a condition of his employment.

30. In accordance with the regular rate of contribution and the extra salary deductions certified by the retirement system, each department head and the head of any branch of State service not within a department shall certify to the State Treasurer the regular and extra deductions to be made for the retirement system. The State Treasurer shall pay each of the amounts so deducted to the retirement system, and he shall transfer to the board of trustees monthly or at such intervals as the board designates a detailed statement of all amounts so paid. The secretary of the board shall cause each of the amounts so deducted to be credited to the account of the member from whose compensation the deduction was made.

31. Each State department and branch of the State service not included in a department shall keep such records and, from time to time, furnish such information as the board of trustees in the discharge of its duties may require.

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of the fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

34. Any member who has at least 3 years of service as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the

time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

The board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members shall be made, and such moneys shall be the only source from which loans shall be made to members. The interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

35. The State Treasurer shall be the custodian of the funds created by this act.

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

36. Except as otherwise herein provided, no trustee and no employee of the board of trustees shall have any direct interest in the gains or profits of any investments made by the board of trustees; nor shall any trustee or employee of the board directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or employee of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the board of trustees.

37. Regular interest charges payable, the creation and maintenance of reserves in the contingent reserve fund, the maintenance of retirement reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the board of trustees under the provisions of this act are hereby made obligations of the State. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of these obligations of the State.

Upon the basis of each actuarial determination and appraisal provided for in this act, the board of trustees shall prepare and submit to the Governor in each year an itemized estimate of the amounts necessary to be appropriated by the State to the various funds to provide for payment in full during the ensuing fiscal year of the obligations of the State accruing during that year. The Legislature shall make an appropriation sufficient to provide for such obligations of the State. The amounts so appropriated shall be paid into the various funds created by this act.

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section [41 (2)] *41. b.* of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service, and a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the

board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41 b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him to the State since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render to the State 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service was allowed for retirement purposes, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees. Any such member shall be required to

contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay.

40. When heretofore there has been or hereafter shall be effected a transfer to the service of the State of a department or unit, from the service of a municipality or county within this State, the period of such service in the county or municipality shall, for the purpose of this chapter, be computed as if the whole period of employment of such officers or employees had been in the service of the State.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, except any loan outstanding, except that for any period after June 30, 1944, prior to the effective date of this section, the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation received by the member in the last year of creditable service.

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

42. A member, who shall have been an employee in each of the 10 years next preceding his retirement, shall, upon the application of the head of the department in which he shall have been employed or upon his own application or the application of one acting in his behalf, be retired for ordinary disability by the board of trustees, on a regular disability allowance if he is under 60 years of age and on a service allowance if he has reached or passed that age. The physician or physicians designated by the board shall have first made a medical examination of him at his residence or at any other place mutually agreed upon and shall have certified to the board that the member is physically or mentally incapacitated for the performance of duty and should be retired.

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit of any person, or to a delay in the manifestation of the incapacity, or to

any other reasonable cause or excuse, and (3) that the application for retirement was filed in good faith and the circumstances justify its favorable consideration.

Before consideration of the application by the board of trustees, the physician or physicians designated by the board shall have first made a medical examination of the member at his residence or at any other place mutually agreed upon and shall have certified to the board that he is physically or mentally incapacitated for the performance of duty, and should be retired, and the appointing authority shall have certified to the board that an accident arising out of and in the course of his employment was the natural and proximate cause of the disability, the time and place where the duty causing the disability was performed, that the disability was not the result of his willful negligence and that the member should be retired.

This section shall apply to all applicants for disability retirement hereafter filed and in addition thereto the retirement board is expressly authorized to reconsider any application for accident disability allowance which application had been previously denied upon the ground that a report of the accident in a form acceptable to the retirement board was not filed within 60 days next following the accident.

44. Once each year the board of trustees may, and upon his application shall, require any disability beneficiary who is under the age of 60 years to undergo medical examination by a physician or physicians designated by the board. The examination shall be made at the residence of the beneficiary or any other place mutually agreed upon. If the physician or physicians thereupon report and certify to the board that the disability beneficiary is not totally incapacitated either physically or mentally for the performance of duty and that he is engaged in or is able to engage in a gainful occupation, and if the board concurs in the report, then the amount of his pension shall be reduced to an amount which, when added to the amount then earnable by him, shall not exceed the amount of his final compensation. If subsequent medical examination of such a beneficiary shows that his earning capacity has changed

since the date of his last examination, then the amount of his pension may be further altered; but the new pension shall not exceed the amount of pension originally granted or an amount which, when added to the amount earnable by the beneficiary, shall not exceed the amount of his final compensation.

If a disability beneficiary, while under age of 60 years, refuses to submit to at least 1 medical examination in any year by a physician or physicians designated by the board, his pension shall be discontinued until withdrawal of his refusal, and if his refusal continues for 1 year, all his rights in and to the pension shall be forfeited.

Upon application to the head of the department in which he was employed at the time of his retirement, any beneficiary, while under the age of 60 years, may, in the discretion of the head of the department, be restored to active service as an employee. No disability beneficiary entering the employ of the State shall be compelled or permitted to become a member of the retirement system, or to receive any benefits other than those previously awarded to him, as long as his annual rate of compensation is less than his final compensation at the time of his retirement. Any beneficiary under the age of 60 years, who is restored to active service at an annual rate of compensation equal to or greater than his final compensation at the time of his retirement, or whose annual rate of compensation is increased at any time after his restoration to service, to a rate equal to or greater than his final compensation at the time of his retirement, shall thereupon again become a member of the retirement system. His retirement allowance shall be canceled, and notwithstanding anything in this act to the contrary, his annuity reserve shall be transferred from the retirement reserve fund to his individual account in the annuity savings fund. Deductions shall be made from his compensation at the rate applicable to him prior to his retirement. Any service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and he shall be credited with all service as a member standing to his credit at the time of his retirement; except that such a beneficiary again becoming a member after having

attained the age of 50 years shall receive a pension on subsequent retirement based on all his service as a member since his last return to membership, and in addition he shall receive a pension equal to the pension on which he was retired at the time of his last retirement, but the total pension upon subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement.

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement; and

b. A pension, in addition to the annuity, of ⅔ of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

47. Retirement from service shall be as follows:

a. A member who shall have reached 60 years of age may retire from service by filing with the board of trustees a written statement, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 30 days after the date so specified as the board finds advisable.

b. A member who shall have reached 70 years of age shall be retired by the board for service forthwith, or at such time within 90 days thereafter as it deems advisable, except that an employee reaching 70 years of age may be continued in service from time to time upon written notice to the board of trustees by the head of the department where the employee is employed.

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/80 of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of

1/140 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

49. Upon the death of a member in active service as the result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the board of trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was due to an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of 1/2 of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18.

If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to 1½ times the amount of his or her final compensation to his or her estate or to such person having an insurable interest in his or her life as he or she shall have nominated by written designation duly acknowledged and filed wtih the board.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written desig-

nation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

51. A pension, an annuity or a retirement allowance granted under the provisions of this act shall be paid in equal monthly installments and shall not be decreased, increased, revoked or repealed, except as otherwise provided in this act; provided, however, that at the time any benefit becomes payable any unpaid balance of a loan or arrearage outstanding shall be deducted from any benefit otherwise payable.

52. The various funds created by this act shall be subject to periodic examination by the State Department of Banking and Insurance.

53. The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, any benefit or right accrued or accruing to a person under the provisions of this act and the moneys in the various funds created under this act, shall be exempt from any State or municipal tax and from levy and sale, garnishment, attachment or any other process arising out of any State or Federal court and, except as in this act otherwise provided, shall be unassignable.

54. If any change or error in records results in an employee or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, then on discovery of the error, the board of trustees shall correct it and, so far as practicable,

adjust the payments in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

55. A person who knowingly makes a false statement, or falsifies or permits to be falsified any record of this retirement system, in an attempt to defraud the system as a result of such act shall be guilty of a misdemeanor.

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are entitled to receive pensions under the provisions of any law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

57. a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the

member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

58. Prior to January 1, 1960, contributions to the Social Security Fund by members of the retirement system shall be deducted from the contributions required to be paid to the retirement system by such members as provided in section 25 of this act.

Contributions by members of the retirement system to the Social Security Fund shall be made in the manner prescribed by the State Agency for Social Security. Contributions to the Social Security Fund shall not be subject to any provisions of this act, dealing with the withdrawal of contributions, loans, or the payment of any annuities, pensions, disability or death benefits. Any change in the rate of contribution to the Social Security Fund after December 31, 1959, shall result in a corresponding change in the amount of contributions payable by the members.

59. Upon attainment of age 65 by a retired member or upon retirement of a member after the attainment of age 65, the board of trustees shall reduce such member's retirement allowance by the amount of the old age insurance benefit under Title II of the Social Security Act payable to him. Mem-

bership in the retirement system shall presume the member's acceptance of and consent to, such reduction. However, such reduction shall be subject to the following limitations:

a. The amount of the old age insurance benefit shall be computed in the same manner as computed by the Federal Social Security Administration, except that in determining such benefit amount only wages or compensation for services performed in the employ of the State, 1 or more of its instrumentalities, 1 or more of its political subdivisions, or 1 or more instrumentalities of its political subdivisions, shall be included.

b. The retirement allowance shall not be reduced below the amount of the annuity portion of the retirement allowance being paid at the time of his retirement.

c. The reduction shall apply in the following cases only:

(1) Retirement for age.

(2) Retirement for disability.

(3) Retirement for age on a deferred retirement allowance, as provided in section 38 of this act.

(4) Where an allowance is being paid upon resignation after 25 years of service, as provided in section 41 of this act.

d. Any increase in the amount of the old age insurance benefit under Title II of the Social Security Act to take effect after December 31, 1959, shall be disregarded in determining the amount of reduction from the retirement allowance of a member.

e. Whenever the amount of reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of a retirement allowance, except that any decrease in the amount of the old age insurance benefit under Title II of the Social Security Act shall result in a corresponding decrease in the amoumay be corrected, as provided in section lowance, and except that any error nt of reduction from the retirement al- 54 of this act.

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, or school district or board of education by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member. Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State.

b. The accrued liability on behalf of State employee veteran members shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office

with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable [to] *by* him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

61. a. Any public employee veteran member [in service] *in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and* who has or shall have attained the age of [62] *60* years and who has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school

district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January 1, 1955 shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of 1/2 of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

[b.] *c.* Any public employee veteran member who has been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

62. a. Where any county or municipality of the State has previously been covered by the former "State Employees' Retirement System," such county or municipality shall be covered under the provisions of this act and the employees of such county or municipality shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees'

Retirement System." Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the employ of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.

b. Where any public agency of the State, as defined in section 71 of this act, has previously been covered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."

63. Any public employee veteran of a county, municipality or school district or board of education who on the effective date of this section is in a position not covered by a retirement system to which both he and his employer make monetary contributions, other than the old-age and survivors insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a member, shall be a member of the Public Employees' Retirement System as of the effective date of this section; and any veteran becoming an employee of a county, municipality or school district or board of education in such a position, after the effective date of this section, shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position, or employment of this State or of any county, municipality or school district as are required of employers under the provisions of this act.

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old age and survivors in-

surance provisions of Title II of the Federal Social Security Act as a public employee, or his designated beneficiary, shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), and 48(d).

65. All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

66. If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board but not later than 6 months following such approval by the board of trustees of the retirement system. All service rendered to the employer by its employees previous to the effective date of such participation shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after such effective date.

67. The chief fiscal officer of the employer so consenting to the enrollment of its employees shall submit to the board of trustees such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

68. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the employer so consenting the rates

of contributions payable by members, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the employer so consenting, shall be paid by the employer. The amount certified by the board of trustees as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees. The treasurer or corresponding officer shall pay on December 27 in each year to the State Treasurer the amount of the employer's charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

69. An employee of such employer who, by reason of his service, is a member of any other governmental retirement system shall not participate in this retirement system on that part of his compensation so covered. Should such employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees' membership in the retirement system then such employer shall be deemed to be in default and a certificate to this effect shall be sent by the board of trustees to the employer and to the State Commissioner of Banking and Insurance. All members of the retirement system, who were employees of such employer at the time of default, shall thereupon be entitled to discontinue membership in the retirement system and to a refund of their previous contributions upon demand made within 90 days thereafter. As of a date 90 days following the date of such certificate of default, the actuary of the retire-

ment system shall determine by actuarial valuation the amount of the reserves held on account of each active member and pensioner of such employer and shall credit to each such member and pensioner the amount of reserve so held. The reserve so credited, together with the amount of the accumulated deductions of each active member shall be used to provide a paid up deferred annuity beginning at age 60 for him, and the reserve of each pensioner shall be used in providing such part of his existing pension as the reserve so held will provide, which pension, together with his annuity, shall thereafter be payable to him. The rights and privileges of both active members and pensioners of such employer shall thereupon terminate except as to the payment of the deferred annuities so provided for the previous active members and the annuities and the pensions, or parts thereof, provided for the pensioners.

70. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this article, for which reserves have not been previously created from funds, contributed by such employer or its employees for such benefits.

71. The words "public agency or organization" as used in this act shall be construed to mean and include any agency or organization which operates public works or is engaged in service to the public for 1 or more municipalities, local boards of health, or counties, and whose revenue is derived from other than State funds, but shall not be construed to include any subdivision of any county, municipality, school district, privately owned public utility or service or any religious, educational or charitable organization.

72. Whenever any member of the Public Employees' Retirement System of New Jersey who has retired or shall retire from active service shall, in writing, request the board of trustees to make deductions from his retirement allowance for the payment of premiums for any hospital service plan or medical surgical plan or both, the board of trustees may make such deductions and transmit the sum so deducted to the company carrying the policy

or policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. *a.* The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted.

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service. Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

76. Any employee of any county or municipality whose voters have adopted or shall hereafter adopt the retirement act as provided in this act, who was or shall hereafter be inducted into the military or naval service of the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 1, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

78. All county attendance officers who have been appointed, or hereafter shall be appointed, by the terms of section 18:14-47 of the Revised Statutes, in counties in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted, shall be entitled to receive the same benefits in the Public Employees' Retirement System as employees of the county are entitled to receive, and the county superintendent of schools and the county treasurer shall be charged with the duty of paying out of State school moneys apportioned to the county the contributions of such county attendance officers to the Public Employees' Retirement System in the same manner as the county pays such contributions for its employees under this act.

The county superintendent shall include in the apportionment made

under the terms of section 18:14-48 of the Revised Statutes a sufficient sum of money to meet the obligations incurred in this act.

79. All employees of the State whose compensation is paid by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

80. The chief fiscal officer of the county or municipality adopting this act shall submit to the board of trustees of the Public Employees' Retirement System such information and shall cause to be performed in respect to each of the employees of the county or municipality such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

81. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the county or municipality adopting this act the rates of contributions payable by members who are county or municipal employees, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county or municipality to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county or municipality. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the county or municipality adopting this act, shall be paid by the county or municipality. The amount certified by the board of trustees as payable by the county or municipality to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees and levied and collected as any other taxes are levied and collected.

The treasurer or corresponding officer of any county or municipality shall pay on December 27 in each year to the State Treasurer the amount of the county or municipal charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the county or municipality in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

82. Public employees of the counties or municipalities on behalf of whom contributions are so paid, shall be entitled to benefits under the Public Employees' Retirement System as though they were State employees.

ARTICLE IV

83. Nothing contained in this act shall affect any policeman, fireman or county or municipal employee contributing to any pension fund operating under any other law.

84. This act shall be known and may be cited as the "Public Employees' Retirement-Social Security Integration Act."

85. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [31,] *30*, 1954. All other sections of this act shall take effect January [2,] *1*, 1955.

(CORRECTED COPY)

[OFFICIAL COPY REPRINT]

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

ARTICLE I—Social Security

Section

1. Extension to governmental units having no retirement system.

2. Extension to employers of former members of State Employees' Retirement System.

3. Effective date of agreements.

ARTICLE II—Repealers and disposition of funds, protection of rights and benefits.

Section

4. Repeal of acts establishing State Employees' Retirement System.

5. Disposition of funds, benefits, etc.

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

ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

6. Definitions.
7. Membership of retirement system.
8. Restoration to membership of members discontinued from service; conditions.
9. Nonmember State employee may join upon payment of arrears.
10. State employees inducted into military or naval service before applying for enrollment.
11. Contributions covering temporary service.
12. Members serving State or Federal Government during war emergency; restoration of retirement rights.
13. Special benefits continued.
14. Transfer of membership from teachers' fund to retirement system.
15. Information required from department heads.
16. Classification of members.
17. Board of trustees.
18. Officers and employees; actuary; legal adviser.
19. Actuarial information and investigation; tables; rates of deduction and contribution.
20. Corporate powers.
21. Annual report.
22. Funds.
23. Expense fund.
24. Contingent reserve fund.
25. Annuity savings fund; deduction by department heads; recomputation of contribution rate; supplemental annuity.
26. Excess refundable; shortage deducted.

Section

27. Retirement reserve fund.

28. Members' death benefit fund.

29. Relation of new employees to fund.

30. Deductions for annuity purposes certified on payroll; credited to fund.

31. Records kept by State departments.

32. Management of funds.

33. Interest.

34. Borrowing from fund by members.

35. Custodian of fund; payments; vouchers.

36. Interest in fund by trustee or employee prohibited.

37. Obligations of State; basis of State's appropriation.

38. Vesting.

39. Service creditable toward allowances; rules and regulations; preserving annuity credit for period of leave of absence.

40. Transfer to State of municipal or county department; service of transferee computed.

41. Withdrawal; 25 year resignation; nonservice connected death benefit.

42. Ordinary disability retirement.

43. Accident disability retirement.

44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.

45. Allowance on ordinary disability retirement.

46. Allowance on accident disability retirement.

47. Retirement for age.

48. Allowance on service retirement.

49. Accidental death; allowance to dependents.

50. Member's option on retirement.

51. Monthly payments.

Section

52. Supervision of funds.

53. Benefits under chapter exempt from taxation and process; except repayment of loans.

54. Correction of errors.

55. Fraud against system a misdemeanor.

56. Renouncing other pension benefits.

57. Optional death benefit coverage.

58. Social Security contributions.

59. Social Security benefit offset.

60. Contributions and credits of veteran members.

61. Special retirement privileges of veteran members.

62. Effect upon political subdivisions previously under State Employees' Retirement System.

63. Membership of certain veteran public employees.

64. Effect of lack of Social Security coverage.

65. All employees of public agencies eligible to participate in retirement system; contributions.

66. Effective date of participation.

67. Duties of employer's chief fiscal officer.

68. Information as to rates, et cetera, certified to chief fiscal officer; payment of charge and contributions.

69. Member of any other governmental retirement system may not participate; default of employer; discontinuance of membership; application of reserve.

70. Limitation on liability of retirement system.

71. "Public agency or organization" defined.

72. Deductions from retirement allowance for hospital and medical insurance premiums.

73. Employees of *New Jersey Turnpike Authority, New Jersey Highway Authority,* Palisades Interstate Park Commission, Interstate Sanitation Commission and Delaware River Joint Toll Bridge Commission.

Section

74. State Retirement System extended to county and municipal employees; referendum.

75. Effective date; membership; prior service.

76. County or municipal employees inducted into military or naval service before applying for enrollment.

77. Employees of school district coterminous with municipality adopting law in first-class counties.

78. County attendance officers entitled to benefits under retirement system.

79. State employees paid by county or municipality in which chapter is adopted.

80. Information required.

81. Rates of contributions; budget requirements; payments to State Treasurer.

82. Benefits.

ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

83. Other pension laws not affected.

84. Short title.

85. Effect of invalidity.

86. Effective dates.

ARTICLE I

1. The State agency, established under chapter 253, laws of 1951, as amended, with the approval of the Governor, is hereby authorized and directed to enter, on behalf of the State, and of any county, municipality or school district and of any public department, board, body, commission, institution, agency, instrumentality or authority of, or in, the State and of, or in, any county, municipality or school district in the State, into an agreement with the U. S. Department of Health, Education, and Welfare for the purpose of extending the provisions of the Federal Old-Age and

Survivors Insurance system to all services performed by employees as members of any coverage group as defined in section 218 (b) (5) of the Social Security Act unless such services are already covered by an agreement under this act. The agreement shall conform with the terms and provisions of this act. Each employer subject to the provisions of this section shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Such employer shall have the option of including or excluding from coverage all employees in elective offices and positions. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received within the specified time, he shall be deemed to have decided not to cover employees in such elective offices and positions.

b. Such employer shall furnish the State agency within 10 days after the date of this enactment, the title of the official responsible for the local administration of the Social Security Program for the coverage group. If the employer fails to furnish this information within the specified time, the State agency shall deem that the employer has designated its chief fiscal officer to be the responsible official.

c. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

2. The State agency, with the approval of the Governor, is hereby authorized and directed to enter on behalf of the State into an agreement with the Secretary of the U. S. Department of Health, Education, and Welfare for the purposes of extending the provisions of the Federal Old-Age and Survivors Insurance system to services performed by employees in positions formerly covered by the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, hereinafter referred to as the State Employees' Retirement System, provided, however:

a. That such employees are members of a coverage group as defined in section 218 (b) (5) of the Social Security Act;

b. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

The agreement made under this section shall be consistent with the terms and provisions of this act. It shall cover all employment for each employer in the State participating in the State Employees' Retirement System on the date of this enactment and each such employer shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

[a.] *(1)* Where the employer has covered the services of at least 1 employee in any elective office or position under the provisions of the State Employees' Retirement System, all employees in such elective positions shall be included in the Social Security Coverage Group.

[b.] *(2)* Where the employer has covered none of the services of employees in any elective office or position under the provisions of the State Employees' Retirement System, such employers shall have the option of either including or excluding the services of all such employees from Social Security coverage. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received by the State agency within the specified time, the employer shall be deemed to have decided to exclude the services of employees in elective offices and positions.

[c.] *(3)* Each employer in the State subject to the provisions of this section shall furnish the State agency the title of the official responsible for the local administration of the Social Security Program for the coverage group within 10 days after the date of this enactment. If the employer fails to furnish this information within the specified time, the State agency shall deem that such employer has designated its chief fiscal officer to be the responsible official.

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [January 1, 1955] *December 31, 1954.*

ARTICLE II

4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amendments and supplements thereto, designated as the "State Employees' Retirement System of New Jersey" are repealed as of the effective date of this section.

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such

chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14–29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries

entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable, shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

(m) The State Treasurer through such agency, division, or bureau of his department as he may direct is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or

exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.

ARTICLE III

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in this act.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made by a member for the 5 years immediately preceding his retirement, or, at the option of such member, it shall mean the average annual compensation for which contributions are made by a member during any 5 consecutive years of his or her membership, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement.

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under the management of the board of trustees of said system. By that name all of its business shall be transacted, its funds invested, warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.

k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, *airman*, marine or nurse who served in any army, *air force* or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army, *air force* or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable,

in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an

actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) Emergency, at any time after June 23, 1950, and prior to the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

7. There is hereby established the Public Employees' Retirement System of New Jersey. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled *as such* as of [the effective date of this act] *December 29, 1954*; who shall not have claimed for refund their accumulated deductions in said system as provided in this section [.] ;

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a

member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

8. If a member of the former "State Employees' Retirement System" or the retirement system has been discontinued from service and he has withdrawn his accumulated deductions in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full, if such member returns to service and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.

No credit for pension purposes shall be allowed to such member, covering the period of his lay-off or discontinuance, unless leave of absence was granted by the head of his department and the board, as provided for in section 39 of this act.

Should an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act be re-enrolled as a member of the retirement system and pay into the annuity savings fund the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service, there shall be restored his annuity credit, and in addition, upon completion of 1 year thereafter and the payment of at least ½ of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees.

9. Any person other than a veteran who was in the employ of the State prior to the effective date of this act, and who did not join the former

"State Employees' Retirement System," may join the retirement system at any time upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.

In the case of any person coming under the provisions of this section, full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and full pension credit for such period of employment shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of making arrears payments, except in the case of retirement for service, in which case the total membership credit for such service shall be in direct proportion to the amount paid of the total amount of the arrearage obligation, upon the completion of 1 year of making arrears payments.

10. Any State employee who had entered or shall hereafter enter into the active air, military or naval service of the United States before making application for enrollment in the retirement system shall be accepted as a member upon his filing application, provided such application is made within 3 months after entry into such active air, military or naval service, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by the employing department as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

11. Any person employed temporarily by the State and whose temporary employment resulted in permanent employment shall be permitted to make contributions covering this temporary service in accordance with the

rules and regulations of the board of trustees and receive the same annuity and pension credits as if he had been a member during his temporary service.

12. Any State employee who was a member of the former "State Employees' Retirement System" and whose services were or have been made available by this State to the Federal Government may, if and when he or she has returned or shall return to service with this State, or if he or she has retired or been retired under the said system, contribute to the annuity savings fund provided for in section 25 of this act, such sum or sums, either in 1 payment or in installments, as determined by the board of trustees to be sufficient to cover the amount which would have been contributed by such individual had he or she remained a member of said system, together with such interest thereon as shall be determined to be just by the board of trustees; any board, body or commission of this State which has, had, or shall have, moneys contributed by the Federal Government for that purpose shall pay into such system such amount or amounts as would have been contributed by it on account of said services had not such services been made available to the Federal Government, together with such interest as shall be determined to be just by the board of trustees. The board of trustees is hereby authorized and required to receive said contributions, both for annuity and pension purposes, it being the intention hereby to restore, if and where possible, all retirement rights of such members lapsed or lost while rendering services to the Federal Government in and during the emergency of World War II.

13. The special benefits payable under the former "State Employees' Retirement System" under acts repealed by this act as they were in effect on June 30, 1953, which acts granted special privileges to certain employees, shall be continued for members or beneficiaries of the retirement system as of the effective date of this section as if such acts had not been repealed.

14. A person who has been a member of the teachers' retirement fund and who has taken or shall take office, position or employment in the State

service in any capacity and is a member of the Public Employees' Retirement System shall be entitled, upon application therefor, to prior service credit for the length of his membership in such fund in the Public Employees' Retirement System or who shall become a member of the Teachers' Pension and Annuity Fund, and who has taken or shall take office, position or employment in the State service in any capacity, shall be entitled, upon application therefor, to membership in the retirement system, upon transferring his interests from the Teachers' Pension and Annuity Fund to the retirement system. If he has withdrawn his interests from the Teachers' Pension and Annuity Fund, he shall be entitled to membership in the retirement system upon paying into the latter fund such sum as shall be required by the trustees therefor for that purpose. For the purpose of carrying out the provisions of this section, the board of trustees may make all necessary rules and regulations.

15. The head of a department or branch of the State service not included in a department employing a member shall submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth and length of service of the member and any other information the board requires.

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$ of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final compensation for each year of service as a member.

On and after the effective date of this section, each new member shall be placed in "Class B."

17. The general administration and responsibility for the proper operation of the Public Employees' Retirement System and for making effective the provisions of this act shall be vested in the board of trustees. Subject to the limitations of the law, the board shall, from time to time, establish rules and regulations for the administration and transaction of its business and for the control of the funds created by this subtitle and shall perform any other functions required for the execution of this act. The membership of the board shall consist of the following:

a. Two trustees appointed by the Governor, who shall serve at the pleasure of the Governor and until their successors are appointed.

b. The State Treasurer.

c. Three trustees elected for a term of 3 years from among and by the member employees of the State in a manner prescribed by the board of trustees.

d. One trustee elected for a term of 3 years from among and by the member employees of counties and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for county representatives.

e. Two trustees elected for a term of 3 years from among and by the member employees of municipalities and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives; provided, however, at the first election for municipal representation, 1 trustee shall be elected to serve for a term of 2 years and the other trustee shall be elected to serve for a term of 3 years.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to 1 vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed from the expense fund for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board. The compensation for all persons employed by the board shall be fixed by it, within the limits of appropriations made available to the board.

For the purpose of organizing the Public Employees' Retirement System, the members of the board of trustees of the former "State Employees' Retirement System," as of the effective date of the repeal of that system, shall constitute the initial membership of the board of trustees of the Public Employees' Retirement System, for the remainder of the terms for which they were appointed or elected as the case may be.

18. The board shall elect from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4-2 and 11:4-3 of the Revised Statutes, a secretary, an actuary and any technical employees as may be necessary for the transaction of the business of the retirement system.

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

19. The actuary appointed by the board shall recommend, and the board shall keep in convenient form, such data as shall be necessary for actuarial valuation of the various funds created by this act. Once in every 5-year period after the effective date of this section, the actuary shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members and beneficiaries as defined in this chapter and shall make a valuation of the assets and liabilities of the various funds created by this act. Upon the basis of such investigation and valuation the board shall:

a. Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary;

b. Certify the rates of deduction from compensation computed to be necessary to pay the annuities authorized under the provisions of this act; and;

c. Certify the rates of contribution, expressed as a proportion of the compensation of members which shall be made by the State to the contingent reserve fund.

20. The retirement system shall, for the purposes of this act, possess the powers and privileges of a corporation.

21. The board shall publish annually a report showing a valuation of the assets and liabilities of the funds created by this act, certifying as to the accumulated cash and securities of the funds and stating any other facts, recommendations and data which may be of use in the advancement of knowledge concerning employees' pensions and annuities. The board shall submit the report to the Governor and furnish a copy to the officers of each State department for use of the employees and the public.

22. Under this act there shall be the contingent reserve fund, annuity savings fund, retirement reserve fund, and the members' death benefit fund.

23. The expenses of administration of the retirement system on behalf of State employee members shall be paid by the State of New Jersey. The administration fees hereafter paid by participating employers other than the State, shall be used to pay the expenses of administration of the retirement system on behalf of all members other than State employees.

24. The contingent reserve fund shall be the fund in which shall be credited contributions made by the State.

a. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute annually the amount of contribution, expressed as a proportion of the compensation paid to all employees, which if paid monthly during the entire prospective service of the employees, will be sufficient to provide for the pension reserves required at the time of discontinuance of active service to cover all pensions to which they may be entitled or which are payable on their account and to provide for the amount of the death benefits payable on their account by the State, which are not covered by accrued liability contributions, to be made as provided in paragraph b. hereof, and the funds in hand available for such benefits.

b. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute, annually, the amount of the liability which has accrued by reason of allowances to be granted on account of services rendered by State employee veteran members as provided in section 60 of this act prior to the establishment of the retirement system, which has not already been covered by State contributions to the former "State Employees' Retirement System." Using the total amount of this liability remaining as a basis, he shall compute the amount of the flat annual payment, which, if paid in each succeeding fiscal year commencing with July 1, 1956, for a period of 30 years, will provide for this liability.

c. Any accumulated reserves in the contingent reserve fund of the former "State Employees' Retirement System," which have not been set aside in a trust fund designated as Fund B as provided in section 5 of this act shall be transferred to the contingent reserve fund of the retirement system.

d. The board shall estimate and certify annually the aggregate amount payable to the contingent reserve fund in the ensuing year, which amount shall be equal to the sum of the proportion of the earnable compensation of all members, computed as described in paragraph a. hereof and of the State's accrued liability contribution, payable in the ensuing fiscal year, as described in paragraph b. hereof. The State shall pay into the contingent reserve fund during the ensuing year the amount so determined. The cash death benefits, payable as a result of contribution by the State under the provisions of this chapter upon the death of a member in active service, shall be paid from the contingent reserve fund.

e. Any other provision of this act notwithstanding, no payment shall be made by the State to the contingent reserve fund on behalf of service of State employee veteran members until the fiscal year commencing July 1, 1956. This shall not affect the payment of benefits to, and on behalf of, State employee veteran members prior to said date, and any such disbursements for benefits not covered by reserves in the system on account of veterans shall be met by direct contributions of the State.

25. The annuity savings fund shall be the fund in which shall be accumulated deductions from the compensation of members to provide for their annuities and withdrawal allowances. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall determine for each member the proportion of compensation, exclusive of the rate for any additional death benefit provided under section 57 of this act, which, when deducted from each payment of his prospective earnable compensation prior to service retirement and accumulated at regular interest until he retires, shall be computed to be sufficient to provide, at that time, an annuity equal to ½ of the retirement allowance then allowable for service as a member after the establishment of the retirement system.

Any member who was contributing to the former "State Employees' Retirement System" shall continue to pay the proportion of compensation

applicable to the age at enrollment, which proportion shall not be increased during the continuation of membership other than as provided in section 58, and shall make any special payments either as lump sums or as installment payments required as a result of election by the member to obtain additional service credit. Members enrolling on and after the effective date of this section shall contribute at the proportions applicable to group 2 members of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members thereafter, new proportions of compensation to be determined as provided in the preceding paragraph. No member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him other than as provided in section 58.

The board of trustees shall certify to each State department or subdivision thereof, and to the head of each branch of the State service not included in a State department, the proportion of each member's compensation to be deducted in accordance with rules and regulations established by the board, and to facilitate the making of deductions the board of trustees may modify the deduction required by a member by such an amount as shall not exceed $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to be made.

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

26. Any contributions made by a member of the former "State Employees' Retirement System" prior to June 30, 1953, which are in excess of those required shall be refundable with regular interest to the member on demand or used at retirement to provide an annuity of equivalent actuarial value which shall be in addition to his regular retirement allowance. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction. Any surplus or deficit developing in the retirement reserve fund shall be adjusted from time to time by transfer to or from the contingent reserve fund by appropriate action of the board of trustees.

28. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

29. Upon the employment of a person to whom this act may apply, his employer shall inform him of his duties and obligations under this act as a condition of his employment.

30. In accordance with the regular rate of contribution and the extra salary deductions certified by the retirement system, each department head and the head of any branch of State service not within a department shall certify to the State Treasurer the regular and extra deductions to be made for the retirement system. The State Treasurer shall pay each of the amounts so deducted to the retirement system, and he shall transfer to the board of trustees monthly or at such intervals as the board designates a detailed statement of all amounts so paid. The secretary of the board shall cause each of the amounts so deducted to be credited to the account of the member from whose compensation the deduction was made.

31. Each State department and branch of the State service not included in a department shall keep such records and, from time to time, furnish such information as the board of trustees in the discharge of its duties may require.

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of the fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

34. Any member who has at least 3 years of service as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the

time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

The board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members shall be made, and such moneys shall be the only source from which loans shall be made to members. The interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

35. The State Treasurer shall be the custodian of the funds created by this act.

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

36. Except as otherwise herein provided, no trustee and no employee of the board of trustees shall have any direct interest in the gains or profits of any investments made by the board of trustees; nor shall any trustee or employee of the board directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or employee of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the board of trustees.

37. Regular interest charges payable, the creation and maintenance of reserves in the contingent reserve fund, the maintenance of retirement reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the board of trustees under the provisions of this act are hereby made obligations of the State. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of these obligations of the State.

Upon the basis of each actuarial determination and appraisal provided for in this act, the board of trustees shall prepare and submit to the Governor in each year an itemized estimate of the amounts necessary to be appropriated by the State to the various funds to provide for payment in full during the ensuing fiscal year of the obligations of the State accruing during that year. The Legislature shall make an appropriation sufficient to provide for such obligations of the State. The amounts so appropriated shall be paid into the various funds created by this act.

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section [41 (2)] *41. b.* of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service, and a pension which when added to the annuity will produce a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{60}$ of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the

board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41 b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him to the State since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render to the State 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service was allowed for retirement purposes, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees. Any such member shall be required to

contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay.

40. When heretofore there has been or hereafter shall be effected a transfer to the service of the State of a department or unit, from the service of a municipality or county within this State, the period of such service in the county or municipality shall, for the purpose of this chapter, be computed as if the whole period of employment of such officers or employees had been in the service of the State.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, except any loan outstanding, except that for any period after June 30, 1944, prior to the effective date of this section, the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation received by the member in the last year of creditable service.

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

42. A member, who shall have been an employee in each of the 10 years next preceding his retirement, shall, upon the application of the head of the department in which he shall have been employed or upon his own application or the application of one acting in his behalf, be retired for ordinary disability by the board of trustees, on a regular disability allowance if he is under 60 years of age and on a service allowance if he has reached or passed that age. The physician or physicians designated by the board shall have first made a medical examination of him at his residence or at any other place mutually agreed upon and shall have certified to the board that the member is physically or mentally incapacitated for the performance of duty and should be retired.

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit of any person, or to a delay in the manifestation of the incapacity, or to

any other reasonable cause or excuse, and (3) that the application for retirement was filed in good faith and the circumstances justify its favorable consideration.

Before consideration of the application by the board of trustees, the physician or physicians designated by the board shall have first made a medical examination of the member at his residence or at any other place mutually agreed upon and shall have certified to the board that he is physically or mentally incapacitated for the performance of duty, and should be retired, and the appointing authority shall have certified to the board that an accident arising out of and in the course of his employment was the natural and proximate cause of the disability, the time and place where the duty causing the disability was performed, that the disability was not the result of his willful negligence and that the member should be retired.

This section shall apply to all applicants for disability retirement hereafter filed and in addition thereto the retirement board is expressly authorized to reconsider any application for accident disability allowance which application had been previously denied upon the ground that a report of the accident in a form acceptable to the retirement board was not filed within 60 days next following the accident.

44. Once each year the board of trustees may, and upon his application shall, require any disability beneficiary who is under the age of 60 years to undergo medical examination by a physician or physicians designated by the board. The examination shall be made at the residence of the beneficiary or any other place mutually agreed upon. If the physician or physicians thereupon report and certify to the board that the disability beneficiary is not totally incapacitated either physically or mentally for the performance of duty and that he is engaged in or is able to engage in a gainful occupation, and if the board concurs in the report, then the amount of his pension shall be reduced to an amount which, when added to the amount then earnable by him, shall not exceed the amount of his final compensation. If subsequent medical examination of such a beneficiary shows that his earning capacity has changed

since the date of his last examination, then the amount of his pension may be further altered; but the new pension shall not exceed the amount of pension originally granted or an amount which, when added to the amount earnable by the beneficiary, shall not exceed the amount of his final compensation.

If a disability beneficiary, while under age of 60 years, refuses to submit to at least 1 medical examination in any year by a physician or physicians designated by the board, his pension shall be discontinued until withdrawal of his refusal, and if his refusal continues for 1 year, all his rights in and to the pension shall be forfeited.

Upon application to the head of the department in which he was employed at the time of his retirement, any beneficiary, while under the age of 60 years, may, in the discretion of the head of the department, be restored to active service as an employee. No disability beneficiary entering the employ of the State shall be compelled or permitted to become a member of the retirement system, or to receive any benefits other than those previously awarded to him, as long as his annual rate of compensation is less than his final compensation at the time of his retirement. Any beneficiary under the age of 60 years, who is restored to active service at an annual rate of compensation equal to or greater than his final compensation at the time of his retirement, or whose annual rate of compensation is increased at any time after his restoration to service, to a rate equal to or greater than his final compensation at the time of his retirement, shall thereupon again become a member of the retirement system. His retirement allowance shall be canceled, and notwithstanding anything in this act to the contrary, his annuity reserve shall be transferred from the retirement reserve fund to his individual account in the annuity savings fund. Deductions shall be made from his compensation at the rate applicable to him prior to his retirement. Any service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and he shall be credited with all service as a member standing to his credit at the time of his retirement; except that such a beneficiary again becoming a member after having

attained the age of 50 years shall receive a pension on subsequent retirement based on all his service as a member since his last return to membership, and in addition he shall receive a pension equal to the pension on which he was retired at the time of his last retirement, but the total pension upon subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement.

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement; and

b. A pension, in addition to the annuity, of % of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $\frac{1}{10}$ of the compensation received by the member in the last year of creditable service.

47. Retirement from service shall be as follows:

a. A member who shall have reached 60 years of age may retire from service by filing with the board of trustees a written statement, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 30 days after the date so specified as the board finds advisable.

b. A member who shall have reached 70 years of age shall be retired by the board for service forthwith, or at such time within 90 days thereafter as it deems advisable, except that an employee reaching 70 years of age may be continued in service from time to time upon written notice to the board of trustees by the head of the department where the employee is employed.

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{80}$ of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of

1/40 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/10 of the compensation received by the member in the last year of creditable service.

49. Upon the death of a member in active service as the result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the board of trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was due to an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of ½ of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18.

If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to 1½ times the amount of his or her final compensation to his or her estate or to such person having an insurable interest in his or her life as he or she shall have nominated by written designation duly acknowledged and filed wtih the board.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written desig-

nation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

51. A pension, an annuity or a retirement allowance granted under the provisions of this act shall be paid in equal monthly installments and shall not be decreased, increased, revoked or repealed, except as otherwise provided in this act; provided, however, that at the time any benefit becomes payable any unpaid balance of a loan or arrearage outstanding shall be deducted from any benefit otherwise payable.

52. The various funds created by this act shall be subject to periodic examination by the State Department of Banking and Insurance.

53. The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, any benefit or right accrued or accruing to a person under the provisions of this act and the moneys in the various funds created under this act, shall be exempt from any State or municipal tax and from levy and sale, garnishment, attachment or any other process arising out of any State or Federal court and, except as in this act otherwise provided, shall be unassignable.

54. If any change or error in records results in an employee or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, then on discovery of the error, the board of trustees shall correct it and, so far as practicable,

adjust the payments in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

55. A person who knowingly makes a false statement, or falsifies or permits to be falsified any record of this retirement system, in an attempt to defraud the system as a result of such act shall be guilty of a misdemeanor.

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4-1, 43:4-2 and 43:4-3 of the Revised Statutes. All other employees in the classified civil service of the State who are not veterans and who are entitled to receive pensions under the provisions of any law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

57. a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $\frac{1}{10}$ of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the

member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

58. Prior to January 1, 1960, contributions to the Social Security Fund by members of the retirement system shall be deducted from the contributions required to be paid to the retirement system by such members as provided in section 25 of this act.

Contributions by members of the retirement system to the Social Security Fund shall be made in the manner prescribed by the State Agency for Social Security. Contributions to the Social Security Fund shall not be subject to any provisions of this act, dealing with the withdrawal of contributions, loans, or the payment of any annuities, pensions, disability or death benefits. Any change in the rate of contribution to the Social Security Fund after December 31, 1959, shall result in a corresponding change in the amount of contributions payable by the members.

59. Upon attainment of age 65 by a retired member or upon retirement of a member after the attainment of age 65, the board of trustees shall reduce such member's retirement allowance by the amount of the old age insurance benefit under Title II of the Social Security Act payable to him. Mem-

bership in the retirement system shall presume the member's acceptance of and consent to, such reduction. However, such reduction shall be subject to the following limitations:

a. The amount of the old age insurance benefit shall be computed in the same manner as computed by the Federal Social Security Administration, except that in determining such benefit amount only wages or compensation for services performed in the employ of the State, 1 or more of its instrumentalities, 1 or more of its political subdivisions, or 1 or more instrumentalities of its political subdivisions, shall be included.

b. The retirement allowance shall not be reduced below the amount of the annuity portion of the retirement allowance being paid at the time of his retirement.

c. The reduction shall apply in the following cases only:

(1) Retirement for age.

(2) Retirement for disability.

(3) Retirement for age on a deferred retirement allowance, as provided in section 38 of this act.

(4) Where an allowance is being paid upon resignation after 25 years of service, as provided in section 41 of this act.

d. Any increase in the amount of the old age insurance benefit under Title II of the Social Security Act to take effect after December 31, 1959, shall be disregarded in determining the amount of reduction from the retirement allowance of a member.

e. Whenever the amount of reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of a retirement allowance, except that any decrease in the amount of the old age insurance benefit under Title II of the Social Security Act shall result in a corresponding decrease in the amount of reduction from the retirement allowance, and except that any error may be corrected, as provided in section 54 of this act.

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, or school district or board of education by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member. Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State.

b. The accrued liability on behalf of State employee veteran members shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office

with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable [to] *by* him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

61. a. Any public employee veteran member [in service] *in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and* who has or shall have attained the age of [62] *60* years and who has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school

district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January 1, 1955 shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of 1/2 of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

[b.] c. Any public employee veteran member who has been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

62. a. Where any county or municipality of the State has previously been covered by the former "State Employees' Retirement System," such county or municipality shall be covered under the provisions of this act and the employees of such county or municipality shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees'

Retirement System." Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the employ of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.

b. Where any public agency of the State, as defined in section 71 of this act, has previously been covered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."

63. Any public employee veteran of a county, municipality or school district or board of education who on the effective date of this section is in a position not covered by a retirement system to which both he and his employer make monetary contributions, other than the old-age and survivors insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a member, shall be a member of the Public Employees' Retirement System as of the effective date of this section; and any veteran becoming an employee of a county, municipality or school district or board of education in such a position, after the effective date of this section, shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position, or employment of this State or of any county, municipality or school district as are required of employers under the provisions of this act.

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old-age and survivors in-

surance provisions of Title II of the Federal Social Security Act as a public employee, or his designated beneficiary, shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), and 48(d).

65. All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

66. If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board but not later than 6 months following such approval by the board of trustees of the retirement system. All service rendered to the employer by its employees previous to the effective date of such participation shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after such effective date.

67. The chief fiscal officer of the employer so consenting to the enrollment of its employees shall submit to the board of trustees such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

68. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the employer so consenting the rates

of contributions payable by members, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the employer so consenting, shall be paid by the employer. The amount certified by the board of trustees as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees. The treasurer or corresponding officer shall pay on December 27 in each year to the State Treasurer the amount of the employer's charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

69. An employee of such employer who, by reason of his service, is a member of any other governmental retirement system shall not participate in this retirement system on that part of his compensation so covered. Should such employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees' membership in the retirement system then such employer shall be deemed to be in default and a certificate to this effect shall be sent by the board of trustees to the employer and to the State Commissioner of Banking and Insurance. All members of the retirement system, who were employees of such employer at the time of default, shall thereupon be entitled to discontinue membership in the retirement system and to a refund of their previous contributions upon demand made within 90 days thereafter. As of a date 90 days following the date of such certificate of default, the actuary of the retire-

ment system shall determine by actuarial valuation the amount of the reserves held on account of each active member and pensioner of such employer and shall credit to each such member and pensioner the amount of reserve so held. The reserve so credited, together with the amount of the accumulated deductions of each active member shall be used to provide a paid up deferred annuity beginning at age 60 for him, and the reserve of each pensioner shall be used in providing such part of his existing pension as the reserve so held will provide, which pension, together with his annuity, shall thereafter be payable to him. The rights and privileges of both active members and pensioners of such employer shall thereupon terminate except as to the payment of the deferred annuities so provided for the previous active members and the annuities and the pensions, or parts thereof, provided for the pensioners.

70. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this article, for which reserves have not been previously created from funds, contributed by such employer or its employees for such benefits.

71. The words "public agency or organization" as used in this act shall be construed to mean and include any agency or organization which operates public works or is engaged in service to the public for 1 or more municipalities, local boards of health, or counties, and whose revenue is derived from other than State funds, but shall not be construed to include any subdivision of any county, municipality, school district, privately owned public utility or service or any religious, educational or charitable organization.

72. Whenever any member of the Public Employees' Retirement System of New Jersey who has retired or shall retire from active service shall, in writing, request the board of trustees to make deductions from his retirement allowance for the payment of premiums for any hospital service plan or medical surgical plan or both, the board of trustees may make such deductions and transmit the sum so deducted to the company carrying the policy

or policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. *a.* The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted.

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service. Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

76. Any employee of any county or municipality whose voters have adopted or shall hereafter adopt the retirement act as provided in this act, who was or shall hereafter be inducted into the military or naval service of the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 1, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

78. All county attendance officers who have been appointed, or hereafter shall be appointed, by the terms of section 18:14–47 of the Revised Statutes, in counties in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted, shall be entitled to receive the same benefits in the Public Employees' Retirement System as employees of the county are entitled to receive, and the county superintendent of schools and the county treasurer shall be charged with the duty of paying out of State school moneys apportioned to the county the contributions of such county attendance officers to the Public Employees' Retirement System in the same manner as the county pays such contributions for its employees under this act.

The county superintendent shall include in the apportionment made

under the terms of section 18:14-48 of the Revised Statutes a sufficient sum of money to meet the obligations incurred in this act.

79. All employees of the State whose compensation is paid by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

80. The chief fiscal officer of the county or municipality adopting this act shall submit to the board of trustees of the Public Employees' Retirement System such information and shall cause to be performed in respect to each of the employees of the county or municipality such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

81. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the county or municipality adopting this act the rates of contributions payable by members who are county or municipal employees, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county or municipality to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county or municipality. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the county or municipality adopting this act, shall be paid by the county or municipality. The amount certified by the board of trustees as payable by the county or municipality to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees and levied and collected as any other taxes are levied and collected.

The treasurer or corresponding officer of any county or municipality shall pay on December 27 in each year to the State Treasurer the amount of the county or municipal charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the county or municipality in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

82. Public employees of the counties or municipalities on behalf of whom contributions are so paid, shall be entitled to benefits under the Public Employees' Retirement System as though they were State employees.

ARTICLE IV

83. Nothing contained in this act shall affect any policeman, fireman or county or municipal employee contributing to any pension fund operating under any other law.

84. This act shall be known and may be cited as the "Public Employees' Retirement-Social Security Integration Act."

85. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [31,] *30,* 1954. All other sections of this act shall take effect January [2,] *1,* 1955.

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein," approved June 28, 1954 (P. L. 1954, c. 84).

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

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

7. There is hereby established the Public Employees' Retirement System of New Jersey *in the Division of Investment of the Department of the Treasury.* The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December 29, 1954; who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section [who shall not have notified] *who is not a member of any other retirement system supported wholly or partly by the State, provided, however, that such person may divest himself of membership by notifying* the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

2. Section 16 of the act of which this act is amendatory is amended to read as follows:

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/140 of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/120 of his final compensation for each year of service as a member.

[On and after the effective date of this section, each new member] *Any new member after the effective date of this section* shall be placed in "Class B."

3. Section 18 of the act of which this act is amendatory is amended to read as follows:

18. The board shall elect *annually* from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary **[**,**]** *and* an actuary **[**and any technical employees as may be necessary for the transaction of the business of the retirement system**]**. *The board may by its rules and regulations provide for the establishment of an executive committee which shall be vested with all the powers and responsibilities vested in such committee under the laws of this State relating to general corporations, provided, however, that the membership of such executive committee shall at all times be at least 6 in number and the action of such committee shall at all times require the affirmative vote of 5 members.*

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

4. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of

trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall *itself or by its executive committee,* within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided. *The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to the State Treasurer.*

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

5. Section 33 of the act of which this act is amendatory is amended to read as follows:

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of [the] *said* fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

6. Section 35 of the act of which this act is amendatory is amended to read as follows:

35. The State Treasurer shall be the custodian of the funds created by this act, *shall select all depositories and custodians and shall negotiate and execute custody agreements in connection with the assets or investments of any of said funds.*

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him [to the State] since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render [to the State] 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service *rendered to an employer other than the State or a political subdivision thereof* was allowed for retirement purposes [, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees] *by the provisions of any law of this State.* Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board

of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, *unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State.*

8. Section 50 of the act of which this act is amendatory is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person [having an insurable interest in his life] as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

9. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to [periodic] examination by the [State Department] *Commissioner* of Banking and Insurance. *The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act shall be completed by July 1, 1956, and shall cover the period from January 1, 1955, to December 31, 1955.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature. The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to

the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

10. Section 56 of the act of which this act is amendatory is amended to read as follows:

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are [entitled to receive pensions] *in any office or employment covered by a noncontributory pension* [under the provisions of any] law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

11. Section 61 of the act of which this act is amendatory is amended to read as follows:

61. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January 1, 1955 *who shall be in office, position or employment of this State or of a county, municipality*

or school district or board of education [shall, upon attaining] *and who shall have attained* 62 years of age and [presentation] *who shall present* to the board of trustees [of] satisfactory evidence of 20 years of [continuous or] aggregate service in *such* office, position or employment [of this State or of a county, municipality or school district or board of education], shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

c. Any public employee veteran member who has been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

12. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in [the] said retirement system*; those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.*

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

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

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted. *Any employee of any such county or municipality who prior to July 1, 1955, has filed an application covering service rendered to such county or municipality prior to the date upon which chapter 15 of Title 43 of the Revised Statutes became effective therein shall be entitled to a prior service certificate covering such service.*

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

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in

the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. [Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service.] Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

15. Section 79 of the act of which this act is amendatory is amended to read as follows:

79. All employees of the State whose compensation is paid *in whole or in part* by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

16. This act shall take effect January 1, 1955.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 379

STATE OF NEW JERSEY

ADOPTED NOVEMBER 22, 1954

Amend page 1, section 1, line 7, after "December" delete "29" and insert in lieu thereof "30".

Amend page 9, section 11, line 5, after "January" delete "1" and insert in lieu thereof "2".

Amend page 9, section 11, line 15, after "January" delete "1" and insert in lieu thereof "2".

Amend page 12, section 16, line 1, delete entire section and substitute the following:

"16. Section 3 of the act of which this act is amendatory is amended to read as follows:

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [December 31, 1954] *January 1, 1955.*"

Amend page 12, section 16, line 1, after "16" add the following sections:

"17. Section 77 of the act of which this act is amendatory is amended to read as follows:

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits

as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January **[**1**]** *2*, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later."

"18. Section 86 of the act of which this act is amendatory is amended to read as follows:

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December **[**30**]** *31*, 1954. All other sections of this act shall take effect January **[**1**]** *2*, 1955."

"19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955."

[OFFICIAL COPY REPRINT]

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein," approved June 28, 1954 (P. L. 1954, c. 84).

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

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

7. There is hereby established the Public Employees' Retirement System of New Jersey *in the Division of Investment of the Department of the Treasury.* The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December **[**29**]** *30*, 1954; who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section **[**who shall not have notified**]** *who is not a member of any other retirement system supported wholly or partly by the State, provided, however, that such person may divest himself of membership by notifying* the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

2. Section 16 of the act of which this act is amendatory is amended to read as follows:

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/140 of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/120 of his final compensation for each year of service as a member.

[On and after the effective date of this section, each new member] *Any new member after the effective date of this section* shall be placed in "Class B."

3. Section 18 of the act of which this act is amendatory is amended to read as follows:

18. The board shall elect *annually* from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary **[**,**]** *and* an actuary **[**and any technical employees as may be necessary for the transaction of the business of the retirement system**]**. *The board may by its rules and regulations provide for the establishment of an executive committee which shall be vested with all the powers and responsibilities vested in such committee under the laws of this State relating to general corporations, provided, however, that the membership of such executive committee shall at all times be at least 6 in number and the action of such committee shall at all times require the affirmative vote of 5 members.*

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

4. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of

trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall *itself or by its executive committee,* within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided. *The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to the State Treasurer.*

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

5. Section 33 of the act of which this act is amendatory is amended to read as follows:

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of **[**the**]** *said* fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

6. Section 35 of the act of which this act is amendatory is amended to read as follows:

35. The State Treasurer shall be the custodian of the funds created by this act, *shall select all depositories and custodians and shall negotiate and execute custody agreements in connection with the assets or investments of any of said funds.*

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him **[**to the State**]** since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render **[**to the State**]** 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service *rendered to an employer other than the State or a political subdivision thereof* was allowed for retirement purposes **[**, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees**]** *by the provisions of any law of this State.* Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board

of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, *unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State.*

8. Section 50 of the act of which this act is amendatory is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person **[**having an insurable interest in his life**]** as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person **[**having an insurable interest in his life**]** as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person **[**having an insurable interest in his life**]** as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

9. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to [periodic] examination by the [State Department] *Commissioner* of Banking and Insurance. *The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act shall be completed by July 1, 1956, and shall cover the period from January 1, 1955, to December 31, 1955.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature. The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to

the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

10. Section 56 of the act of which this act is amendatory is amended to read as follows:

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are **[**entitled to receive pensions**]** *in any office or employment covered by a noncontributory pension* **[**under the provisions of any**]** law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

11. Section 61 of the act of which this act is amendatory is amended to read as follows:

61. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district or board of education on January **[**1**]** *2*, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years **[**continuously or**]** in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund **[**and**]** *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January **[**1**]** *2*, 1955 *who shall be in office, position or employment of this State or of a county, municipality*

or school district or board of education [shall, upon attaining] *and who shall have attained* 62 years of age and [presentation] *who shall present* to the board of trustees [of] satisfactory evidence of 20 years of [continuous or] aggregate service in *such* office, position or employment [of this State or of a county, municipality or school district or board of education], shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

c. Any public employee veteran member who has been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

12. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in [the] said retirement system*; those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.*

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

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

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted. *Any employee of any such county or municipality who prior to July 1, 1955, has filed an application covering service rendered to such county or municipality prior to the date upon which chapter 15 of Title 43 of the Revised Statutes became effective therein shall be entitled to a prior service certificate covering such service.*

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

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in

the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. [Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service.] Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

15. Section 79 of the act of which this act is amendatory is amended to read as follows:

79. All employees of the State whose compensation is paid *in whole or in part* by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

[16. This act shall take effect January 1, 1955.] *16. Section 3 of the act of which this act is amendatory is amended to read as follows:*

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [*December 31, 1954*] *January 1, 1955.*

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

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January [*1*] *2, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.*

18. Section 86 of the act of which this act is amendatory is amended to read as follows:

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [*30*] *31, 1954. All other sections of this act shall take effect January* [*1*] *2, 1955.*

19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 379

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

ADOPTED DECEMBER 6, 1954

Amend page 4, section 3, line 9, after the "." delete the remainder of the line.

Amend page 4, section 3, lines 10 to 15, delete all of lines 10 through 15.

Amend page 5, section 4, line 13, after "shall" strike out "itself or by its executive com-".

Amend page 5, section 4, line 14, strike "mittee,".

Amend page 13, section 19, delete entire section and substitute:

"19. This act shall take effect immediately."

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein," approved June 28, 1954 (P. L. 1954, c. 84).

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

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

7. There is hereby established the Public Employees' Retirement System of New Jersey *in the Division of Investment of the Department of the Treasury.* The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December **[**29**]** *30,* 1954; who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section [who shall not have notified] *who is not a member of any other retirement system supported wholly or partly by the State, provided, however, that such person may divest himself of membership by notifying* the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

2. Section 16 of the act of which this act is amendatory is amended to read as follows:

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/140 of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/120 of his final compensation for each year of service as a member.

[On and after the effective date of this section, each new member] *Any new member after the effective date of this section* shall be placed in "Class B."

3. Section 18 of the act of which this act is amendatory is amended to read as follows:

18. The board shall elect *annually* from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary **[**,**]** *and* an actuary **[**and any technical employees as may be necessary for the transaction of the business of the retirement system**]**. **[***The board may by its rules and regulations provide for the establishment of an executive committee which shall be vested with all the powers and responsibilities vested in such committee under the laws of this State relating to general corporations, provided, however, that the membership of such executive committee shall at all times be at least 6 in number and the action of such committee shall at all times require the affirmative vote of 5 members.***]**

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

4. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of

trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall [*itself or by its executive committee,*] within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided. *The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to the State Treasurer.*

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

5. Section 33 of the act of which this act is amendatory is amended to read as follows:

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of [the] *said* fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

6. Section 35 of the act of which this act is amendatory is amended to read as follows:

35. The State Treasurer shall be the custodian of the funds created by this act, *shall select all depositories and custodians and shall negotiate and execute custody agreements in connection with the assets or investments of any of said funds.*

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him [to the State] since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render [to the State] 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service *rendered to an employer other than the State or a political subdivision thereof* was allowed for retirement purposes [, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees] *by the provisions of any law of this State.* Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board

of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, *unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State.*

8. Section 50 of the act of which this act is amendatory is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person [having an insurable interest in his life] as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

9. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to [periodic] examination by the [State Department] *Commissioner* of Banking and Insurance. *The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act shall be completed by July 1, 1956, and shall cover the period from January 1, 1955, to December 31, 1955.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature. The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to

the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

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56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are [entitled to receive pensions] *in any office or employment covered by a noncontributory pension* [under the provisions of any] law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

11. Section 61 of the act of which this act is amendatory is amended to read as follows:

61. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district or board of education on January [1] *2*, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January [1] *2*, 1955 *who shall be in office, position or employment of this State or of a county, municipality*

or school district or board of education [shall, upon attaining] *and who shall have attained* 62 years of age and [presentation] *who shall present* to the board of trustees [of] satisfactory evidence of 20 years of [continuous or] aggregate service in *such* office, position or employment [of this State or of a county, municipality or school district or board of education], shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

c. Any public employee veteran member who has been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

12. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in [the] said retirement system; *those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.*

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

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

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted. *Any employee of any such county or municipality who prior to July 1, 1955, has filed an application covering service rendered to such county or municipality prior to the date upon which chapter 15 of Title 43 of the Revised Statutes became effective therein shall be entitled to a prior service certificate covering such service.*

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

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in

the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. [Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service.] Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

15. Section 79 of the act of which this act is amendatory is amended to read as follows:

79. All employees of the State whose compensation is paid *in whole or in part* by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

[16. This act shall take effect January 1, 1955.] *16. Section 3 of the act of which this act is amendatory is amended to read as follows:*

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [*December 31, 1954*] *January 1, 1955.*

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

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January [*1*] *2, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.*

18. Section 86 of the act of which this act is amendatory is amended to read as follows:

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [*30*] *31, 1954. All other sections of this act shall take effect January* [*1*] *2, 1955.*

[*19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955.*]

19. *This act shall take effect immediately.*

SENATE, No. 399

STATE OF NEW JERSEY

INTRODUCED DECEMBER 5, 1955

By Messrs. DUMONT, FORBES, HARPER and RIDOLFI

(Without Reference)

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

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

1. a. For the purposes of section 41 (c) and section 57 of chapter 84 of the public laws of 1954, a member of the Public Employees' Retirement System shall be deemed to be in service for a period of no more than 2 years while on official leave of absence without pay; provided, that satisfactory evidence is presented to the board that such leave of absence without pay is due to illness.

b. For the purposes of section 41 (c) and section 57 of chapter 84 of the public laws of 1954, a member of the Public Employees' Retirement System shall be deemed to be in service for a period of no more than 93 days while on official leave of absence without pay when such leave of absence is due to any reason other than illness.

c. In order for a member of the Public Employees' Retirement System to be covered hereunder for the optional death benefits provided by section 57 of chapter 84 of the public laws of 1954, he shall continue to make contributions for same during the period such member is on official leave of absence without pay.

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

d. The terms of this section shall apply to all members of the Public Employees' Retirement System who have died on or after January 2, 1955, or shall die after the effective date of this section.

2. Any person entitled to become a member of the Public Employees' Retirement System by virtue of the provisions of the act to which this act is amendatory and supplementary shall not be allowed any of the death benefits established by [section] *sections* 41 [(c)], *45, 46, 48* and 57 of such act unless he makes application for membership within [6 months] *1 year* after the effective date of this act or within [6 months] *1 year* after he first became eligible to membership whichever is later, or has furnished satisfactory evidence of insurability.

3. Section 5 of the act to which this act is amendatory is amended to read:

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under 1 of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under 1 of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14–29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

[(m) The State Treasurer, through such agency, division, or bureau of his department as he may direct, is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold

title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.]

4. The accumulated reserves which have been designated as Fund C by section 5 (k) of chapter 84 of the public laws of 1954 shall be transferred to and become merged with the Retirement Reserve Fund created by section 27 of chapter 84 of the public laws of 1954; provided, however, that the payment of benefits and the retention of certain privileges stipulated in section 5 of chapter 84 of the public laws of 1954 shall continue. The authorization and direction to administer the payment of benefits under the former "State Employees' Retirement System of New Jersey" abolished by the act to which this act is amendatory is hereby transferred to the board of trustees of the Public Employees' Retirement System.

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

7. There is hereby established the Public Employees' Retirement System of New Jersey in the Division of Investment of the Department of the Treasury. The membership of the retirement system shall include:

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who is not a member of any other retirement system supported wholly or partly by the State; provided, however, that such person may divest himself of membership by notifying the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age. *No person in employment, office or position, for which the annual salary or remuneration is fixed at less than $300.00, shall be eligible to become a member of the retirement system.*

Membership of any person in the retirement system shall cease if, in any

4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the Annuity Savings Fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the Annuity Savings Fund. Any outstanding obligation of such member shall be continued.

6. Section 27 of the act of which this act is amendatory is amended to read as follows:

27. The Retirement Reserve Fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the members *together with regular interest* shall be transferred to the Retirement Reserve Fund from the Annuity Savings Fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the Contingent Reserve Fund. If the pension or the annuity of a member who has been retired is subsequently canceled, the appropriate reserve shall be transferred to the Annuity Savings Fund and the Contingent Reserve Fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the Contingent Reserve Fund during the period of the reduction.

Any surplus or deficit developing in the Retirement Reserve Fund shall be adjusted from time to time by transfer to or from the Contingent Reserve Fund by appropriate action of the board of trustees.

7. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided, however, that all functions, powers, and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale, or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall *itself or by its finance committee,* within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale, or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale, or exchange for or on behalf of such board of trustees unless there shall have been filed with him a written rejection thereof by such board of trustees *or its finance committee* as herein provided. The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to by the State Treasurer *and the Director of the Division of Investment.*

The members of the finance committee of the board of trustees shall be appointed at or after July 1 of each calendar year by the chairman of the board of trustees to serve through June 30 of the ensuing calendar year and until their successors are appointed. The finance committee of the board of trustees shall consist of 5 members of the board of trustees, 1 of whom shall be the State Treasurer, and 1 of whom shall be the member designated to serve on the State Investment Council. At least 3 members of the finance

committee shall be members of the board of trustees who have been elected by members of the system. A quorum of the finance committee shall consist of 3 members thereof.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

8. Section 34 of the act of which this act is amendatory is amended to read as follows:

34. Any member who has at least 3 years of service *for which he has contributed* as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid *or in some other manner* and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

Loans may be made to a member from his accumulated deductions. In addition the [The] board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members [shall] *may* be made [, and such moneys shall be the only source from which loans shall be made to members]. [The] *If such moneys are used for the purpose of making loans,* the interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

9. Section 38 of the act of which this act is amendatory is amended to read as follows:

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section 41. b. of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service *together with regular interest,* and a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class

B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41. b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

10. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, [unless such leave of absence was for 3 months or less] *unless the service was al-*

lowed for retirement purposes, both by the head of the employing department and by the board of trustees, or unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State. Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State. *In computing the service or in computing final compensation no time during which a member was in employment, office, or position, for which the annual salary or remuneration was fixed at less than $300.00 shall be credited.*

11. Section 41 of the act of which this act is amendatory is amended to read as follows:

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, *plus regular interest,* [except] *less* any outstanding loan, except that for any period after June 30, 1944, [prior to the effective date of this section,] the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest, *except that no interest shall be payable on members' contributions made after December 30, 1954, in the case of those members who resign from service with less than 5 years of membership credit for which contributions have been made.* Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, with-

hold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions *together with regular interest*, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act*; provided, however, that upon the receipt of proper proofs of the death of such a member after the member shall have reached 60 years of age there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.*

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation *upon which his contributions are based or* received by the member in the last year of creditable service; *provided, however, that if such death shall occur on or after July 1, 1956, and after the member shall have attained age 70, the amount payable shall equal 3/16 of the compensation received by the member in the last year of creditable service instead of 1 1/2 times such compensation.*

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

12. Section 45 of the act of which this act is amendatory is amended to read as follows:

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement *together with regular interest*;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at

age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to [3/16 of] *1 1/2 times* the compensation received by the member in the last year of creditable service[.] *if such death occurs before the member shall have reached 60 years of age but if such death occurs thereafter an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.*

13. Section 46 of the act of which this act is amendatory is amended to read as follows:

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement *together with regular interest*; and

b. A pension, in addition to the annuity, of 2/3 of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to [3/16 of] *1 1/2 times* the compensation received by the member in the last year of creditable service[.] *if such death occurs before the member shall have reached 60 years of age but if such death occurs thereafter an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.*

14. Section 48 of the act of which this act is amendatory is amended to read as follows:

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement *together with regular interest*;

b. A pension which, when added to the annuity, will produce a retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of 1/140 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

15. Section 49 of the act of which this act is amendatory is amended to read as follows:

49. Upon the death of a member in active service as a result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the Board of Trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident,

but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was [due to] an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of ½ of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18. If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to [1½ times] the amount [of his or her final compensation] *stipulated under section 41 (c) (2) of this act* to his or her estate or to such person [having an insurable interest in his or her life] as he or she shall have nominated by written designation duly acknowledged and filed with the board. *In no case shall the accident death benefit under this section payable to the widow or children be less than that provided for ordinary death benefit under the provisions of section 41.*

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

16. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to examination by the Commissioner of Banking and Insurance. The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act [shall be completed by July 1, 1956, and] shall [cover] *be for* the period [from January 1, 1955, to December 31, 1955] *ending June 30, 1956.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. [The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature.] The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

17. Section 57 of the act of which this act is amendatory is amended to read as follows:

57. *a. Each member who is a member on the date this amendment takes effect and each person who thereafter becomes a member, will be eligible to purchase the additional death benefit coverage hereinafter described, provided that he selects such coverage within 1 year after the effective date*

of this section as amended or after the effective date of membership, whichever date is later.

b. The board of trustees shall establish schedules of contributions to be made by the members who elect to purchase the additional death benefit coverage. Such contributions shall be so computed that the contributions made by or on behalf of all covered members in the aggregate shall be sufficient to provide for the cost of the benefits established by subsection c of this section. Such schedules of contributions shall be subject to adjustment from time to time, by the board of trustees, as the need may appear.

c. Upon the receipt of proper proofs of the death in service of any such member while covered for the additional death benefit coverage there shall be paid to such person, if living, as the member shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1 1/2 times the compensation received by the member in the last year of creditable service or some lesser amount as may be provided by the board of trustees and elected to purchase by the member; provided, that if such death in service shall occur on or after July 1, 1956, and after the member has attained age 70, the amount payable shall equal 3/16 of the compensation received by the member in the last year of creditable service instead of 1 1/2 times such compensation.

d. The board of trustees may also establish additional supplemental contributions to be paid by such members as express their desire to have the additional death benefit coverage continued after retirement in the form of paid-up coverage for the amount hereinafter set forth, and to pay the increased cost therefor. Such supplemental contributions shall also be subject to adjustment from time to time by the board.

e. Upon the receipt of proper proofs of the death of a member retired on a service retirement allowance who is covered for paid-up coverage as provided by this section at time of death, there shall be paid to such person,

if living, as the member shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

f. Upon the receipt of proper proofs of the death of a member retired on ordinary or accident disability retirement allowance who is covered for paid-up coverage as provided by this section at time of death, there shall be paid to such person, if living, as the member shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1 1/2 times the compensation received by the member in the last year of creditable service if such death occurs before the member shall have reached 60 years of age but if such death occurs thereafter an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

g. The contributions of a member for the additional death benefit coverage, including the supplemental contributions of a member electing to make such contributions, shall be deducted from his compensation, but if there is no compensation from which such contributions may be deducted it shall be the obligation of the member to make such contributions directly to the board of trustees or as directed by the board; provided, however, that no contribution shall be required after June 30, 1956, while a member remains in service after attaining age 70 but that his employer shall be required to pay into the fund on his behalf in such case an amount equal to the contribution otherwise required by the board of trustees in accordance with this section.

h. Any other provision of this act notwithstanding, the contributions of a member for the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall any contributions made for the additional death benefit coverage be included in any annuity payable to any such member or to his beneficiary.

i. A member who has elected to purchase the additional death benefit coverage provided by this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written, new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

j. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Any such percentage may be made applicable to male members only or to other groupings as determined by the board of trustees of the Public Employees' Retirement System. Applications for such additional death benefit coverage shall be submitted to the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

[a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional

death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.]

18. Section 60 of the act of which this act is amendatory is amended to read as follows:

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, [or] school district or board of education *or service rendered for the State University of New Jersey, an instrumentality of this State, after April 16, 1945, and the New Jersey State Agricultural Experiment Station established by an act approved March 10, 1880 (P. L. 1880, c. 106 and continued pursuant to chapter 16 of Title 4 of the Revised Statutes), an instrumentality of this State, excluding service rendered as County Extension Service Farm and Home Demonstration Agents,* by such veteran

member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member. Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State.

b. The accrued liability on behalf of State employee veteran members *including veteran members employed by the State University of New Jersey or by the New Jersey Agricultural Experiment Station* shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office with the State, any county, municipality or school district or board of educa-

tion, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State, *including such service rendered for any commission or instrumentality enumerated in paragraph a. of this section,* or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

19. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the

New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in said retirement system; those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system *and to the provisions of chapter 3 of Title 43 of the Revised Statutes* as are applicable to State employees *and for all purposes of this act employment by the State University of New Jersey after April 16, 1945, and for the purposes of chapter 3 of Title 43 of the Revised Statutes any new employment after the effective date of this amendatory act, shall be deemed to be and shall be construed as service to and employment by the State of New Jersey.*

20. This act shall take effect immediately.

STATE OF NEW JERSEY
Executive Department

January 5, 1956

SENATE BILL NO. 399

To the Senate:

Pursuant to Article V, Section I, paragraph 14(b) of the Constitution, I am returning herewith Senate Bill No. 399, with my objections, for reconsideration.

Senate Bill No. 399 contains a number of much needed amendments to the Public Employees' Retirement-Social Security Integration Act (P.L. 1954, Chapter 84). It contains one amendment, however, which I cannot in good conscience approve. The bill would provide for service credit for employment for which the annual salary or remuneration was not less than $300.00. This monetary figure would be used not only with respect to past service to the State but would be applicable as well to service hereafter.

I cannot find justification in the grant of pension benefits on earnings of that amount. In returning Senate Bill No. 301 of the present session, I recommended a figure of $500.00 which was the figure which the Board of Trustees of the former State Employees' Retirement System had adopted. I believe the figure of $500.00 to be much too low in the light of current economy and I believe that consideration should be given to an amendment of the statute which, as to future service, will substantially increase the annual earnings figure, at least as to new employees. Until all the facts are ascertained and full consideration can be given to the problem, I am willing to go along with the figure of $500.00 which, as stated above, was heretofore applied.

With respect to credit for past service the problem revolves about the circumstance that under the free Veterans' Retirement Act credit was granted to veterans without regard to the amount of annual earnings. I

agree that some fair solution should be reached with respect to veterans but a solution reached with respect to them cannot justifiably be extended to the non-veteran employee as to whom the minimum requirement has been the sum of $500.00.

Accordingly, I recommend that the figure of $300.00 with respect to future service be amended at the present time to the figure of $500.00 and as to past service credits the figure of $500.00 be used except as to veterans as to whom credit should be granted provided (1) the annual earnings were not less than $300.00 and (2) such earnings were derived from service consisting of the performance of the full duties of his specific office or position.

I also recommend an amendment to eliminate an unintended error. Section 18 of the bill, in providing for an amendment of paragraph d. of Section 60 of Chapter 84, makes reference in line 54 to any "commission . . . enumerated in paragraph a. of this section". In an earlier draft certain commissions had been enumerated in paragraph a. but thereafter were eliminated. Hence the reference to such commission in paragraph d. is now meaningless.

A further amendment is desirable with respect to a provision concerning paid up contributory life insurance coverage. The bill contemplated that such coverage may be in an amount equal to 1½ times the compensation received by the member in the last year of creditable service or in such lesser amount as the Board of Trustees may fix and the individual member may elect to purchase. The Legislature's intent, as above stated, was fully expressed at one point in the bill but at another point the fact that the amount of the insurance may be less than 1½ times the compensation was inadvertently not expressed.

I am, therefore, returning Senate Bill No. 399 for reconsideration and with the recommendation that amendments be made to the bill as follows:

STATE OF NEW JERSEY
Executive Department

On page 6, section 5, line 35, delete the figure "$300.00" and insert in lieu thereof the figure "$500.00".

On page 12, section 10, line 33, delete the figure "$300.00" and insert in lieu thereof the figure "$500.00".

On page 12, section 10, line 33, after the word "credited" add the following: ", except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955 in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than $300.00 and such service consisted of the performance of the full duties of such employment, office or position".

On page 20, section 17, line 47, after the word "service" insert "or such lesser amount as may be provided by the board of trustees and purchased by such member".

On page 25, section 18, line 54, delete the words "commission or".

Respectfully,

ROBERT B. MEYNER

GOVERNOR

[SEAL]

Attest:

ROBERT J. BURKHARDT

Secretary to the Governor

SENATE AMENDMENTS TO

SENATE, No. 399

STATE OF NEW JERSEY

ADOPTED JANUARY 5, 1955

Amend page 6, section 5, line 35, delete the figure "$300.00" and insert in lieu thereof the figure "$500.00".

Amend page 12, section 10, line 33, delete the figure "$300.00" and insert in lieu thereof the figure "$500.00".

Amend page 12, section 10, line 33, after the word "credited" add the following: ", except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955 in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than $300.00 and such service consisted of the performance of the full duties of such employment, office or position".

Amend page 20, section 17, line 47, after the word "service" insert "or such lesser amount as may be provided by the board of trustees and purchased by such member".

Amend page 25, section 18, line 54, delete the words "commission or".

[OFFICIAL COPY REPRINT]

SENATE, No. 399

STATE OF NEW JERSEY

INTRODUCED DECEMBER 5, 1955

By Messrs. DUMONT, FORBES, HARPER and RIDOLFI

(Without Reference)

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

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

1. a. For the purposes of section 41 (c) and section 57 of chapter 84 of the public laws of 1954, a member of the Public Employees' Retirement System shall be deemed to be in service for a period of no more than 2 years while on official leave of absence without pay; provided, that satisfactory evidence is presented to the board that such leave of absence without pay is due to illness.

b. For the purposes of section 41 (c) and section 57 of chapter 84 of the public laws of 1954, a member of the Public Employees' Retirement System shall be deemed to be in service for a period of no more than 93 days while on official leave of absence without pay when such leave of absence is due to any reason other than illness.

c. In order for a member of the Public Employees' Retirement System to be covered hereunder for the optional death benefits provided by section 57 of chapter 84 of the public laws of 1954, he shall continue to make contributions for same during the period such member is on official leave of absence without pay.

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

d. The terms of this section shall apply to all members of the Public Employees' Retirement System who have died on or after January 2, 1955, or shall die after the effective date of this section.

2. Any person entitled to become a member of the Public Employees' Retirement System by virtue of the provisions of the act to which this act is amendatory and supplementary shall not be allowed any of the death benefits established by [section] *sections* 41 [(c)], *45, 46, 48* and 57 of such act unless he makes application for membership within [6 months] *1 year* after the effective date of this act or within [6 months] *1 year* after he first became eligible to membership whichever is later, or has furnished satisfactory evidence of insurability.

3. Section 5 of the act to which this act is amendatory is amended to read:

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under 1 of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under 1 of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14–29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

[(m) The State Treasurer, through such agency, division, or bureau of his department as he may direct, is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold

title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.]

4. The accumulated reserves which have been designated as Fund C by section 5 (k) of chapter 84 of the public laws of 1954 shall be transferred to and become merged with the Retirement Reserve Fund created by section 27 of chapter 84 of the public laws of 1954; provided, however, that the payment of benefits and the retention of certain privileges stipulated in section 5 of chapter 84 of the public laws of 1954 shall continue. The authorization and direction to administer the payment of benefits under the former "State Employees' Retirement System of New Jersey" abolished by the act to which this act is amendatory is hereby transferred to the board of trustees of the Public Employees' Retirement System.

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

7. There is hereby established the Public Employees' Retirement System of New Jersey in the Division of Investment of the Department of the Treasury. The membership of the retirement system shall include:

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who is not a member of any other retirement system supported wholly or partly by the State; provided, however, that such person may divest himself of membership by notifying the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age. *No person in employment, office or position, for which the annual salary or remuneration is fixed at less than* **[***$300.00***]** *$500.00, shall be eligible to become a member of the retirement system.*

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the Annuity Savings Fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the Annuity Savings Fund. Any outstanding obligation of such member shall be continued.

6. Section 27 of the act of which this act is amendatory is amended to read as follows:

27. The Retirement Reserve Fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the members *together with regular interest* shall be transferred to the Retirement Reserve Fund from the Annuity Savings Fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the Contingent Reserve Fund. If the pension or the annuity of a member who has been retired is subsequently canceled, the appropriate reserve shall be transferred to the Annuity Savings Fund and the Contingent Reserve Fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the Contingent Reserve Fund during the period of the reduction.

Any surplus or deficit developing in the Retirement Reserve Fund shall be adjusted from time to time by transfer to or from the Contingent Reserve Fund by appropriate action of the board of trustees.

7. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided, however, that all functions, powers, and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale, or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall *itself or by its finance committee,* within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale, or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale, or exchange for or on behalf of such board of trustees unless there shall have been filed with him a written rejection thereof by such board of trustees *or its finance committee* as herein provided. The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to by the State Treasurer *and the Director of the Division of Investment.*

The members of the finance committee of the board of trustees shall be appointed at or after July 1 of each calendar year by the chairman of the board of trustees to serve through June 30 of the ensuing calendar year and until their successors are appointed. The finance committee of the board of

trustees shall consist of 5 members of the board of trustees, 1 of whom shall be the State Treasurer, and 1 of whom shall be the member designated to serve on the State Investment Council. At least 3 members of the finance committee shall be members of the board of trustees who have been elected by members of the system. A quorum of the finance committee shall consist of 3 members thereof.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

8. Section 34 of the act of which this act is amendatory is amended to read as follows:

34. Any member who has at least 3 years of service *for which he has contributed* as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid *or in some other manner* and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom

this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

Loans may be made to a member from his accumulated deductions. In addition the [The] board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members [shall] *may* be made [, and such moneys shall be the only source from which loans shall be made to members]. [The] *If such moneys are used for the purpose of making loans,* the interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

9. Section 38 of the act of which this act is amendatory is amended to read as follows:

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section 41. b. of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his sev-

erance from the service *together with regular interest*, and a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41. b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

10. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service.

Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, [unless such leave of absence was for 3 months or less] *unless the service was allowed for retirement purposes, both by the head of the employing department and by the board of trustees,* or unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State. Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State. *In computing the service or in computing final compensation no time during which a member was in employment, office, or position, for which the annual salary or remuneration was fixed at less than* [*$300.00*] *$500.00 shall be credited, except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955 in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than $300.00 and such service consisted of the performance of the full duties of such employment, office or position.*

11. Section 41 of the act of which this act is amendatory is amended to read as follows:

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, *plus regular interest,* [except] *less* any outstanding loan, except that for any period after June 30, 1944, [prior to the effective date of this section,] the interest payable shall be such

proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest, *except that no interest shall be payable on members' contributions made after December 30, 1954, in the case of those members who resign from service with less than 5 years of membership credit for which contributions have been made.* Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions *together with regular interest,* and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act; *provided, however, that upon the receipt of proper proofs of the death of such a member after the member shall have reached 60 years of age there shall be paid to such person, if living, as he*

shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation *upon which his contributions are based or* received by the member in the last year of creditable service; *provided, however, that if such death shall occur on or after July 1, 1956, and after the member shall have attained age 70, the amount payable shall equal 3/16 of the compensation received by the member in the last year of creditable service instead of 1 1/2 times such compensation.*

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

12. Section 45 of the act of which this act is amendatory is amended to read as follows:

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement *together with regular interest*;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to **[**3/16 of**]** *1 1/2 times* the compensation received by the member in the last year of creditable service**[**.**]** *if such death occurs before the member shall have reached 60 years of age but if such death occurs thereafter an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.*

13. Section 46 of the act of which this act is amendatory is amended to read as follows:

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement *together with regular interest*; and

b. A pension, in addition to the annuity, of 2/3 of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to

such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to [3/16 of] *1 1/2 times* the compensation received by the member in the last year of creditable service[.] *if such death occurs before the member shall have reached 60 years of age but if such death occurs thereafter an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.*

14. Section 48 of the act of which this act is amendatory is amended to read as follows:

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement *together with regular interest*;

b. A pension which, when added to the annuity, will produce a retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of 1/140 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

15. Section 49 of the act of which this act is amendatory is amended to read as follows:

49. Upon the death of a member in active service as a result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the Board of Trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was [due to] an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of ½ of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18. If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to [1½ times] the amount [of his or her final compensation] *stipulated under section 41 (c) (2) of this act* to his or her estate or to such person [having an insurable interest in his or her life] as he or she shall have nominated by written designation duly acknowledged and filed with the board. *In no case shall the accident death benefit under this section payable to the widow or children be less than that provided for ordinary death benefit under the provisions of section 41.*

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

16. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to examination by the Commissioner of Banking and Insurance. The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act [shall be completed by July 1, 1956, and] shall [cover] *be for* the period [from January 1, 1955, to December 31, 1955] *ending June 30, 1956.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. [The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature.] The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

17. Section 57 of the act of which this act is amendatory is amended to read as follows:

57. *a. Each member who is a member on the date this amendment takes effect and each person who thereafter becomes a member, will be eligible to purchase the additional death benefit coverage hereinafter described, provided that he selects such coverage within 1 year after the effective date of this section as amended or after the effective date of membership, whichever date is later.*

b. The board of trustees shall establish schedules of contributions to be made by the members who elect to purchase the additional death benefit coverage. Such contributions shall be so computed that the contributions made by or on behalf of all covered members in the aggregate shall be sufficient to provide for the cost of the benefits established by subsection c of this section. Such schedules of contributions shall be subject to adjustment from time to time, by the board of trustees, as the need may appear.

c. Upon the receipt of proper proofs of the death in service of any such member while covered for the additional death benefit coverage there shall be paid to such person, if living, as the member shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1 1/2 times the compensation received by the member in the last year of creditable service or some lesser amount as may be provided by the board of trustees and elected to purchase by the member; provided, that if such death in service shall occur on or after July 1, 1956, and after the member has attained age 70, the amount payable shall equal 3/16 of the compensation received by the member in the last year of creditable service instead of 1 1/2 times such compensation.

d. The board of trustees may also establish additional supplemental contributions to be paid by such members as express their desire to have the additional death benefit coverage continued after retirement in the form of

paid-up coverage for the amount hereinafter set forth, and to pay the increased cost therefor. Such supplemental contributions shall also be subject to adjustment from time to time by the board.

e. Upon the receipt of proper proofs of the death of a member retired on a service retirement allowance who is covered for paid-up coverage as provided by this section at time of death, there shall be paid to such person, if living, as the member shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

f. Upon the receipt of proper proofs of the death of a member retired on ordinary or accident disability retirement allowance who is covered for paid-up coverage as provided by this section at time of death, there shall be paid to such person, if living, as the member shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1 1/2 times the compensation received by the member in the last year of creditable service or such lesser amount as may be provided by the board of trustees and purchased by such member if such death occurs before the member shall have reached 60 years of age but if such death occurs thereafter an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

g. The contributions of a member for the additional death benefit coverage, including the supplemental contributions of a member electing to make such contributions, shall be deducted from his compensation, but if there is no compensation from which such contributions may be deducted it shall be the obligation of the member to make such contributions directly to the board of trustees or as directed by the board; provided, however, that no contribution shall be required after June 30, 1956, while a member remains in service after attaining age 70 but that his employer shall be required to pay into the fund on his behalf in such case an amount equal to the con-

tribution otherwise required by the board of trustees in accordance with this section.

h. Any other provision of this act notwithstanding, the contributions of a member for the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall any contributions made for the additional death benefit coverage be included in any annuity payable to any such member or to his beneficiary.

i. A member who has elected to purchase the additional death benefit coverage provided by this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written, new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

j. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Any such percentage may be made applicable to male members only or to other groupings as determined by the board of trustees of the Public Employees' Retirement System. Applications for such additional death benefit coverage shall be submitted to the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

[a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of

future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.]

18. Section 60 of the act of which this act is amendatory is amended to read as follows:

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county,

municipality, [or] school district or board of education *or service rendered for the State University of New Jersey, an instrumentality of this State, after April 16, 1945, and the New Jersey State Agricultural Experiment Station established by an act approved March 10, 1880 (P. L. 1880, c. 106 and continued pursuant to chapter 16 of Title 4 of the Revised Statutes), an instrumentality of this State, excluding service rendered as County Extension Service Farm and Home Demonstration Agents,* by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member. Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State.

b. The accrued liability on behalf of State employee veteran members *including veteran members employed by the State University of New Jersey or by the New Jersey Agricultural Experiment Station* shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of

group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State, *including such service rendered for any* [*commission or*] *instrumentality enumerated in paragraph a. of this section,* or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met

within the period of time fixed for the liquidation of all accrued liabilities of the employer.

19. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in said retirement system; those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system *and to the provisions of chapter 3 of Title 43 of the Revised Statutes* as are applicable to State employees *and for all purposes of this act employment by the State University of New Jersey after April 16, 1945, and for the purposes of chapter 3 of Title 43 of the Revised Statutes any new employment after the effective date of this amendatory act, shall be deemed to be and shall be construed as service to and employment by the State of New Jersey.*

20. This act shall take effect immediately.

CHAPTER 217 LAWS OF N. J. 1966

APPROVED 8/1/66

ASSEMBLY, No. 787

STATE OF NEW JERSEY

INTRODUCED MAY 23, 1966

By Assemblymen FARRINGTON, SWEENEY, WOODSON and HAUSER

Referred to Committee on State Government

AN ACT to amend and supplement the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84), repealing sections 12 and 78 of said act; repealing "A supplement to the 'Public Employees' Retirement-Social Security Integration Act,' approved June 28, 1954 (P. L. 1954, c. 84)," approved July 25, 1955 (P. L. 1955, c. 166), "A supplement to the 'Public Employees' Retirement-Social Security Integration Act,' approved June 28, 1954 (P. L. 1954, c. 84)," approved January 21, 1960 (P. L. 1959, c. 196), and "An act to supplement the 'Public Employees' Retirement-Social Security Integration Act,' approved June 28, 1954 (P. L. 1954, c. 84)," approved February 8, 1965 (P. L. 1965, c. 234).

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

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

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in 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.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made [by a member] for the 5 years *of creditable service in New Jersey* immediately preceding his retirement, or[, at the option of such member,] it shall mean the average annual compensation for which contributions are made [by a member] during any 5 [consecutive] *fiscal* years of his or her membership[, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement] *providing the largest possible benefit to the member or his beneficiary.*

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under [the management of] the board of trustees of said system. By that name all of its business shall be transacted, its funds invested,

warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.

k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, airman, marine or nurse who served in any army, air force or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army, air force or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable, in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army specialized training program or the Navy college training program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) [Emergency, at any time] *Korean Conflict* after June 23, 1950, and prior to [the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States,] *July 27, 1953,* who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army specialized training program or the Navy college training program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided[.]*; and*

provided further, that any member classed as a veteran pursuant to this sub-paragraph prior to the effective date of this amendatory act shall continue to be classed as a veteran whether or not he completed the 90-day service between said dates as herein provided.

(12) Viet Nam Conflict after December 31, 1960, and prior to the date of termination as proclaimed by the Governor, who shall have served at least 180 days in such active service on overseas duty, exclusive of any period he was assigned (1) for a course of education or training under the Army specialized training program or the Navy college training program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 180 days was served between said dates; and exclusive of any service performed pursuant to the provisions of section 511(d) of Title 10, United States Code, pursuant to an enlistment in the Army National Guard or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

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

7. There is hereby established the Public Employees' Retirement System of New Jersey in the Division of [Investment] *Pensions* of the Department of the Treasury. The membership of the retirement system shall include:

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

b. Any person becoming [a permanent] *an* employee of the State *or other employer* after [the effective date of this section] *January 2, 1955 and every veteran, other than those whose appointments are temporary or seasonal, becoming an employee of the State or other employer after such date;* and

c. Every [State] employee veteran in the employ of the State *or other employer* on [the effective date of this section] *January 2, 1955* who is not a

member of any retirement system supported wholly or partly by the State[; provided, however, that such person may divest himself of membership by notifying the board of trustees within 30 days of such date that he does not desire to become a member].

d. [The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former State Employees' Retirement System for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership.] *Membership in the retirement system shall be optional for elected officials other than veterans.* State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting [permanent] employment in the [classified] service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age. No person in employment, office or position, for which the annual salary or remuneration is fixed at less than $500.00, shall be eligible to become a member of the retirement system.

e. Membership of any person in the retirement system shall cease if[,] *he shall discontinue his service for more than 2 consecutive years.* [in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.]

f. The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not

been claimed for refund [within 30 days after the effective date of this section] *prior to February 1, 1955* shall be transferred from said Fund A to the Annuity Savings Fund of the Retirement System, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the Annuity Savings Fund. Any outstanding obligation of such member shall be continued.

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

8. *a.* If a member of the [former "State Employees' Retirement System" or the] retirement system has been discontinued from service *through no fault of his own or through leave of absence granted by his employer or permitted by any law of this State* and he has *not* withdrawn his accumulated deductions [in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full], *his membership may continue, notwithstanding any provisions of this act* if such member returns to service *within a period of 5 years from the date of his discontinuance from service.* [and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.]

No credit for pension purposes shall be allowed to such member, covering the period of his [lay-off or] discontinuance, unless leave of absence was

granted by [the head of his department] *his employer* and the board, as provided for in section 39 of this act.

b. [Should] *If* an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act [be] *is* re-enrolled as a member of the retirement system [and pay], *he may purchase credit for all of his previous membership service by paying* into the annuity savings fund the [total] amount [as the board of trustees shall determine to be due] *required by applying the factor, supplied by the actuary, as being applicable to his age at the time of the purchase, to his salary at that time. Such purchase may be made in regular installments, equal to at least ½ the full normal contribution to the retirement system, over a maximum period of 10 years.* [in] *In* order to give to such person the same credit for such service as he had at the time of [leaving service, there] *withdrawal, his pension credit* shall be restored [his annuity credit, and in addition.] *as it was at the time of his withdrawal* upon *the* completion of 1 year [thereafter] *of membership after his election to make the purchase* and the payment of at least ½ [of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees] *the total amount due, except that in the case of retirement pursuant to sections 38, 41(b), 48 and 61, the credit granted for the service being purchased shall be in direct proportion as the amount paid bears to the total amount of the arrearage obligation.*

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

9. Any person other than a veteran who was in the employ of the State prior to [the effective date of this act,] *January 2, 1955,* and who did not join the former "State Employees' Retirement System," may join the retirement system at any time. [upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give

to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.] *Such person shall have the option of joining the retirement system as a new member upon proper application with no credit for previous service, or he may purchase membership credit for his previous service by paying into the annuity savings fund the amount required by applying the factor, supplied by the actuary, as being applicable to his age at the time of the purchase, to his salary at that time. Such purchase may be made in regular installments, equal to at least 1/2 the full normal contribution to the retirement system, over a maximum period of 10 years.*

In the case of any person coming under the provisions of this section, [full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and] full pension credit for [such] *the* period of employment *for which arrears are being paid* shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of *membership and the* making *of such* arrears payments, except *that* in the case of retirement *pursuant to sections 38, 41(b), 48 and 61* [for service, in which case] the total membership credit for such service shall be in direct proportion [to] *as* the amount paid [of] *bears to* the total amount of the arrearage obligation[, upon the completion of 1 year of making arrears payments].

5. Section 34 of the act of which this act is amendatory is amended to read as follows:

34. Any member who has at least 3 years of service *to his credit* for which he has contributed as a member [to his credit] may borrow from the retirement system, [with the approval of the retirement board,] an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with in-

terest thereon, can be repaid by additional deductions from [compensations] *compensation*, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid or in some other manner [and in such amounts as the retirement board shall approve,] but such installments shall be at least equal to the member's *full rate of* contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any [fiscal] *calendar* year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the time any benefit may become payable [before the attainment of age 60], shall be deducted from the benefit otherwise payable.

Loans may be made to a member from his accumulated deductions. In addition the board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members may be made. If such moneys are used for the purpose of making loans, the interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

[No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.]

6. Section 38 of the act of which this act is amendatory is amended to read as follows:

38. Should a member of the Public Employees' Retirement System, after having completed [20] *15* years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive:

(a) The payments provided for in section 41b of this act, if he so qualifies under said section, or;

(b) A deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service together with regular interest, and a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act *if he exercises such optional privilege at least 30 days before his attainment of the normal retirement age;* provided, [also] that such election is communicated by such member to the [board of trustees] *retirement system* in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in *this* subsection [(b)] may later elect: *(1)* [(a)] to receive the payments provided for in section 41b of this act, if he had qualified under that section at the time of leaving service, *except that in order to avail himself of the optional privileges pursuant to section 50, he must exercise such optional privilege at least 30 days before the effective date of his retirement* or; *(2)* [(b)] to withdraw his accumulated deductions *with interest as provided in section 41a* [or, if]. *If* such member shall die before attaining service retirement age then his accumulated deductions, *plus reg-*

ular interest, shall be paid [to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.] *in accordance with section 41c; or if such member shall die after attaining service retirement age and has not withdrawn his accumulated deductions, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the retirement system otherwise to the executor or administrator of the member's estate.*

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service as a member about to be retired, the [board of trustees] *retirement system* shall credit him with the time of all service rendered by him since he last became a member, and in addition [if a service certificate heretofore issued to him is in full force and effect,] with all the service [certified on the certificate,] *to which he is entitled* and with no other service. Except as otherwise provided in this act, [a service certificate or modified service certificate,] *such service credit* shall be final and conclusive for retirement purposes [as to service certified therein,] unless [in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render 2 additional years of service] *the member shall discontinue his service for more than 2 consecutive years* [in which case it shall be void].

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and a part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, *unless such absence was for a period of less than 3 months or* unless the *period of leave* [service was] *is* allowed for retirement purposes *within 1 year follow-*

ing his return to service after the termination of such leave, both by the [head of the employing department] *employer* and by the board of trustees, or unless the *period of leave* [service rendered to an employer other than the State or a political subdivision thereof] was *specifically* allowed for retirement purposes by the provisions of any law of this State. Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover [the contributions he would have paid for any service or compensation credited for] the period of such official leave of absence without pay[, unless the service rendered to an employer other than the State or political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State]. In computing the service or in computing final compensation no time during which a member was in employment, office, or position, for which the annual salary or remuneration was fixed at less than $500.00 shall be credited, except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955, in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than $300.00 and such service consisted of the performance of the full duties of such employment, office or position.

8. Section 41 of the act of which this act is amendatory is amended to read as follows:

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all[, or such part as he demands,] of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, plus regular interest, less any outstanding loan, except that for any period after June 30, 1944, the interest payable shall be such proportion of the interest determined at the regular rate of 2% per annum bears to the regular rate of interest, *and* except that no interest shall be payable on members' contributions made after December 30, 1954, in the case of [those members] *a member* who [resign from service with] *has* less than [5] *3* years of membership credit

for which *he has made* contributions [have been made]. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon [the date when] payment to him [on demand] of his accumulated deductions [exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund]. No [veteran] member shall be entitled to withdraw the [amount of his accumulated deductions] *amounts* contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having [completed] *established* 25 years of *creditable* service[,] before reaching [service retirement] age *60*, he may elect to receive, in lieu of the payment provided for above *but subject to the provisions of section 59 of this act,* an annuity which is the actuarial equivalent of his accumulated deductions together with regular interest, and in addition a pension which when added to the annuity will produce a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{60}$ of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus ⅙ of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act; provided, however, that upon the receipt of proper proofs of the death of such a member after [the member] *he* shall have reached 60 years of age there shall be paid to [such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate,] *his beneficiary* an amount equal to $\frac{3}{16}$ of the compensa-

tion [received] *upon which contributions* by the member *to the annuity savings fund were based* in the last year of creditable service.

c. Upon the receipt of proper [proof] *proofs* of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such [person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate;] *member's beneficiary:*

(1) [His] *The member's* accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation upon which [his] contributions [are based or received] by the member *to the annuity savings fund were based* in the last year of creditable service; provided, however, that if such death shall occur [on or after July 1, 1956, and] after the member shall have attained age 70, the amount payable shall equal 3/16 of [the] *such* compensation [received by the member in the last year of creditable service] instead of 1½ times such compensation.

[d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in one sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in one sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.]

9. Section 49 of the act of which this act is amendatory is amended to read as follows:

49. Upon the death of a member in active service as a result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a re-

port[, in a form acceptable to the board of trustees,] of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, [the board of trustees,] in addition to the payment of his accumulated deductions [as provided in section 41 of this act] *with regular interest,* [shall grant] an allowance of ½ of the final compensation of such employee, if the member was a male employee, *shall be payable* as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or [remarried] *remarries* before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, [divided in such manner as the board in its discretion shall determine] to continue until the youngest surviving child dies or attains age 18. If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to the amount stipulated under section 41(c) (2) of this act to his or her [estate or to such person as he or she shall have nominated by written designation duly acknowledged and filed with the board] *beneficiary.* In no case shall the accident death benefit under this section [payable to the widow or children] be less than that provided for ordinary death benefit under the provisions of section 41*(c) (2)*.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the [retirement] board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

10. Section 50 of chapter 84 of the laws of 1954 is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement [any] *a* member [may elect to] *shall* receive his benefits in a retirement allowance payable throughout life, or he may, on retirement, elect to receive the actuarial equivalent [at the time] of his [annuity, his pension or his] retirement allowance, in a [lesser annuity, or a lesser pension, or a] lesser retirement allowance[,] payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his [annuity, his pension or his] retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation acknowledged and filed with the [board of trustees at the time of his retirement] *retirement system*, either in a lump sum or by equal payments over a period of years at the option of the payee. *If the member shall have designated a natural person as the payee, said payee may elect to receive such payments in the form of a life annuity.*

Option 2. Upon his death, his [annuity, his pension or his] retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the [board of trustees] *retirement system* at the time of his retirement.

Option 3. Upon his death, ½ of his [annuity, his pension or] retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the [board of trustees] *retirement system* at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser [annuity, or lesser pension, or lesser] retirement allowance, shall be certified by the actuary to be of equivalent actuarial value [and

shall be approved by the board of trustees]. *In no case, however, shall the lesser retirement allowance be smaller than that provided under Option 2.*

Except in the case of members who have elected to receive (1) a deferred retirement allowance pursuant to section 38 or (2) early retirement allowances pursuant to section 41b after separation from service pursuant to section 38, if a member dies within 30 days after the date of retirement or the date of board approval, whichever is later, his retirement allowance shall not become effective and he shall be considered an active member at the time of death.

[No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.]

11. Section 61 of chapter 84 of the laws of 1954 is amended to read as follows:

61. a. [Any] *Subject to the provisions of section 59 of this act, any* public employee veteran member in office, position or employment of this State or of a county, municipality, *public agency,* or school district or board of education on January 2, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality, *public agency,* or school district or board of education, [satisfactory evidence of which service has been presented to the board of trustees,] shall have the privilege of retiring *for service* and of receiving, *instead of the retirement allowance provided under section 48 of this act,* a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. [Any] *Subject to the provisions of section 59 of this act, any* veteran becoming a member after January 2, 1955 who shall be in office, position or

employment of this State or of a county, municipality, *public agency, or* school district or board of education and who shall have attained 62 years of age and who [shall present to the board of trustees satisfactory evidence of] *has* 20 years of aggregate service *credit* in such office, position or employment, shall have the privilege of retiring *for service* and of receiving, *instead of the retirement allowance provided under section 48 of this act,* a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made with the optional privileges provided for in section 50 of this act. *The provisions of this subsection shall also apply to any veteran who was a member on January 2, 1955, but whose service was not continuous thereafter.*

c. [Any] *Subject to the provisions of section 59 of this act, any* public employee veteran member who has been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality, *public agency,* or school district or board of education as of [the effective date of this section] *January 2, 1955* shall have the privilege of retiring for ordinary disability and of receiving, *instead of the retirement allowance provided under section 45 of this act,* a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

d. The death benefit provided in subsection d of section 48 shall apply in the case of any member retiring under the provisions of subsections a and b of this section. The death benefit provided in section 45 shall apply in the case of any member retiring under the provisions of subsection c of this section.

12. Section 62 of the act of which this act is amendatory is amended to read as follows:

62. [a.] Where any county, [or] municipality *or public* agency of the State has previously been covered by the former "State Employees' Retirement System," such county, [or] municipality *or public agency* shall be covered under the provisions of this act and the employees of such county, [or] municipality *or public agency* shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System." [Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the [employee] *employ* of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.]

[b. Where any public agency of the State, as defined in section 71 of this act, has previously been recovered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."]

13. Section 63 of the act of which this act is amendatory is amended to read as follows:

63. Any [public employee] veteran *in office, position or employment of this State or* of a county, municipality, [or] school district or [board of education] *public agency* who on [the effective date of this section] *January 2, 1955* is in [a] *in office,* position *or employment* not covered by a retirement system to which [both he and his] *such* employer *and its employees* make monetary contributions, other than the old-age and survivors' insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a

member, shall be a member of the Public Employees' Retirement System as of [the effective date of this section] *January 2, 1955*; and any veteran [becoming an employee of] *taking office, position or employment in the service of this State or of* a county, municipality, [or] school district or [board of education in such a position,] *public agency, which office, position or employment is not covered by such a retirement system* after *January 2, 1955* [the effective date of this section], shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position[,] or employment of this State or of any county, municipality, [or] school district *or public agency* as are required of employers under the provisions of this act.

14. Section 64 of the act of which this act is amendatory is amended to read as follows:

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old-age and survivors' insurance provisions of Title II of the Federal Social Security Act as a public employee[, or his designated beneficiary,] shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), [and] 48(d) *and 57, except for the payment of accumulated deductions together with regular interest.*

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

65. *(a)* All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

(b) Notwithstanding the provisions of paragraph (a) of this section, every person becoming an employee of a public agency or organization of this State, which employs persons engaged in service to the public, after June 30, 1966, who is not eligible to become a member of any other retirement system, shall be required to participate in the Public Employees' Retirement System. Notwithstanding the provisions of paragraph (a) of this section, membership in the Public Employees' Retirement System shall be optional with any person in the employ of any such public agency or organization on June 30, 1966, provided such person is not required to be a member pursuant to another provision of this act, and provided further, that such person is not eligible to be a member of any other retirement system. The provisions of this subsection shall not apply to any person whose position is temporary or seasonal, nor to any person in office, position or employment for which the annual salary or remuneration is fixed at less than $500.00, nor to any person whose position is not covered by the old-age and survivors' insurance provisions of the Federal Social Security Act. The public agency or organization employing any such person who becomes a member of the retirement system pursuant to this paragraph shall contribute to the contingent reserve fund on account of such employees at the same rate per centum as would be paid by the State if the members were State employees.

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

66. *(a)* If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board, but not later than 6 months following such approval by the board of trustees of the retirement system. *In such event,* [All] *all* service rendered to the employer by its employees previous to the effective date of such participation *or previous to July 1, 1965, whichever is earlier,* shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior

service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after [such] *the* effective date *of such participation or after June 30, 1966, whichever is earlier.*

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

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

67. The chief fiscal officer of the employer [so consenting to the enrollment of its employees] shall submit to the [board of trustees] *retirement system* such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

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

68. The [board of trustees of the] Public Employees' Retirement System shall certify to the chief fiscal officer of the employer [so consenting] the rates of contributions payable by members, as if they were State employees. The [board] *system* shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability con-

tribution, payable by the employer [so consenting], shall be paid by the employer. The amount certified by the [board of trustees] *system* as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the [board of trustees] *system*. The treasurer or corresponding officer shall pay on July 1 in each year to the State Treasurer the amount of the employer's charges so certified. If payment of the full amount of such obligation is not made within 30 days after July 1, interest at the rate of 4% per annum shall commence to run against the unpaid balance thereof on the first day after such thirtieth day. The treasurer or corresponding officer shall also pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

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

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

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

75. *(a)* If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective *or on June 30, 1966, whichever is earlier,* in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to [a] prior service [certificate] covering service rendered to the county or municipality prior to *July 1, 1966 or prior to* the date this act so becomes effective, *whichever is earlier.* Membership shall be compulsory for all employees entering the service of the county or municipality *on July 1, 1966 or* after the date this act becomes effective, *whichever is earlier.* Where any such employee entering the service of the county or municipality after the date [of] this act so becomes effective has had prior service for which evidence satisfactory to the [board of trustees] *retirement system* is presented, as an employee in such county or municipality before the date upon which this act so becomes effective, *or July 1, 1966, whichever is earlier,* such employee shall be entitled to [a] prior service [certificate] covering service rendered to the county or municipality prior to the date this act so becomes effective, *or July 1, 1966, whichever is earlier.*

(b) Notwithstanding the provisions of section 74 of this act and subsection (a) of this section, every person, other than a nonveteran elected official, becoming an employee of a county, municipality or school district after June 30, 1966 who is not eligible to become a member of another retirement system, shall be required to become a member of the Public Employees' Retirement System. Notwithstanding the provisions of section 74 of this act and subsection (a) of this section, membership in the retirement system shall be optional with any elected official who is not a veteran, regardless of the

date he assumes office, and with any other person in the employ of any county, municipality or school district on June 30, 1966, provided such elected official or other person is not then a member and is not required to be a member of the retirement system pursuant to another provision of this act, and provided further that such person is not eligible to be a member of another retirement system. The provisions of this subsection shall not apply to any person whose position is temporary or seasonal, nor to any person in office, position or employment for which the annual salary or remuneration is fixed at less than $500.00, nor to any person whose position is not covered by the old age and survivors' insurance provisions of the Federal Social Security Act. No credit shall be allowed to any person becoming a member of the retirement system pursuant to this subsection for service rendered to the employer prior to July 1, 1966, until the provisions of section 74 of this act have been complied with, in which event such credit shall be allowed in accordance with the provisions of subsection (a) of this section.

21. Section 76 of the act of which this act is amendatory is amended to read as follows:

76. Any employee of any county, [or] municipality *or public agency which has* [whose voters have] adopted or shall hereafter adopt the retirement [act] *system* as provided in this act, who [was] *has entered* or shall hereafter [be inducted] *enter* into the *active air,* military or naval service of the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, *provided that, if an employee enters such service after January 1, 1955 and after the date upon which this act becomes effective with regard to his employer, such application is made within 3 months after entering such service or within 3 months after the date this act becomes effective with regard to his employer, whichever is later.* [and his] *His* regular salary deductions as determined by the [board of trustees] *retirement system* shall be paid to the [retirement] system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. *If he entered such*

service prior to January 2, 1955, and was a contributing member of the State Employees' Retirement System at that time, upon establishing his status as a veteran and contributing to the retirement system for a period of 90 days after his discharge from such service, he shall receive free prior service credit for all public employment prior to January 2, 1955. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

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

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than one municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 2, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

Any school district which is comprised of 2 or more municipalities may be deemed a municipality for the purposes of this act if all municipalities comprising such school district have not either adopted the provisions of chapter 15 of Title 43 of the Revised Statutes or complied with the provisions

of section 74 of this act. In any such case the board of education of such school district may direct that the question of adopting the retirement system shall be submitted to the qualified voters of the school district at a school election.

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

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

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

81. The [board of trustees of the] Public Employees' Retirement System shall certify to each employer the rates of contributions payable by members who are county, [or] municipal *or school district* employees, as if they were State employees. The [board] *system* shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county, [or] municipality *or school district* to the contingent reserve fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county, [or] municipality *or school district.* The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the county, [or] municipality *or school district* [adopting this act], shall be paid by the county, [or] municipality *or school district.* The amount certified by the [board of trustees] *system* as payable by the county, [or] municipality *or school district* to the contingent reserve fund shall be included in the next budget subsequent to the certifica-

tion by the [board of trustees] *system* and levied and collected as any other taxes are levied and collected. The treasurer or corresponding officer of any county, [or] municipality *or school district* shall pay on or before July 1 in each year to the State Treasurer the amount of the county, [or] municipal *or school district* charges so certified. If payment of the full amount of such obligation is not made within 30 days after July 1, interest at the rate of 4% per annum shall commence to run against the unpaid balance thereof on the first day after such thirtieth day. The treasurer or corresponding officer shall also pay to the State Treasurer the amount of deductions from the compensation of the members who are employees of the county, [or] municipality *or school district* in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

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

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

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

Except with regard to the payment of the member's accumulated deductions with regular interest and the payment, upon the death of a retirant after attaining the age of 60 years, of the death benefits provided in sections 41, 45, 46, 48, and 57 of the act to which this section is a supplement, a member may elect, by making written request to the retirement system, that the whole or any part of his death benefits be made payable in accordance with rules and regulations of the board of trustees to his beneficiary either as a life annuity or in equal annual installments over a period of years specified in such election, and may alter such election from time to time during his lifetime by again making such written request. In the event of a change of beneficiary, any previous arrangement by the member or retirant under this paragraph shall be void. The election set forth in this paragraph shall not apply or be available when the beneficiary is an estate, or a corporation, partnership, association, institution, trustee, or any fiduciary.

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

The provisions of this section shall be construed separately with respect to each of the death benefits for which a beneficiary is designated by the member or retirant.

26. a. Any veteran who was in the employ of the State, or of a county, municipality, public agency, school district or board of education of this State on January 2, 1955 and who elected not to become a member of the retirement system by notifying the system in writing of his desire not to become a member, may join the retirement system at any time during the continuation of such employment by filing an application for membership and agreeing to purchase membership credit for all service rendered after January 1, 1955. If such veteran becomes a member pursuant to this section, service rendered

by him prior to January 2, 1955 shall be credited to him in accordance with the provisions of paragraph a of section 60 of the act to which this section is a supplement. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all veteran accrued liabilities of the employer.

b. Any person other than a veteran who was in the employ of the State, or of a county, municipality, public agency, school district or board of education of this State on January 2, 1955 and who elected not to become a member of the retirement system by claiming a refund of his accumulated deductions may join the retirement system at any time during the continuation of such employment by filing an application for membership and agreeing to purchase membership credit for all service rendered subsequent to January 1, 1955. Any such member may also be permitted to purchase credit pursuant to any other applicable provision of the act to which this section is a supplement and to purchase credit for service previously established in the former "State Employees' Retirement System" in order to give such person the same credit for such service as he had at the time of withdrawing his membership.

c. The purchase of credit pursuant to this section shall be made by a member's paying into the retirement system the amount required by applying the factor supplied by the actuary as being applicable to the member's age at the time of his election to make the purchase to his salary at the time of such election. Such purchases may be made in regular installments equal to at least ½ of the full normal contribution to the retirement system over a maximum period of 10 years. In the event that such member retires before he completes the payment for all service for which he agreed to purchase credit, credit for such service shall be given in direct proportion as the amount paid bears to the total amount of the arrearage obligation, except that if any such veteran retires before he completes the purchase of credit for all service rendered by him subsequent to January 1, 1955, no credit for

service rendered by him prior to January 2, 1955 shall be considered for retirement purposes.

d. Notwithstanding any other provision of the act of which this section is a supplement, any person becoming a member of the retirement system pursuant to the provisions of this section shall not be allowed any of the death benefits established by sections 41, 45, 46, 48 and 57 of the act to which this section is a supplement unless he shall have furnished satisfactory evidence of insurability.

27. If a former member of the State Employees' Retirement System or the retirement system, who has been granted a retirement allowance for any cause other than disability, becomes employed again in a position which makes him eligible to be a member of the retirement system, the pension portion of his retirement allowance, together with any optional selection pursuant to section 50 of the act to which this section is a supplement and the right to any death benefit as a result of his former membership, shall be suspended until he again retires.

Such person shall be re-enrolled in the retirement system and shall contribute thereto at a rate based on his age at the time of re-enrollment. Such person shall be treated as an active member for determining disability or death benefits while in service and no benefits pursuant to an optional selection with respect to his former membership shall be paid if his death shall occur during the period of such re-enrollment.

Upon subsequent retirement of such member, the pension portion of his former retirement allowance shall, subject to the provisions of section 59 of the act to which this section is a supplement, be reinstated together with any optional selection, pursuant to section 50, based on his former membership. In addition, such member shall receive an additional retirement allowance, computed in accordance with applicable provisions of the act to which this section is a supplement including the reduction provided by section 59 and the optional privileges of section 50, provided, however, that his total retirement allowance upon such subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have

been entitled had he remained in service during the period of his prior retirement. Any death benefit to which such member shall be eligible shall be based on his latest retirement, but shall not be less than the death benefit that was applicable to his former retirement.

28. a. If any member of the retirement system receives periodic benefits payable under the Workmen's Compensation Law during the course of his active service, in lieu of his normal compensation, his regular salary deductions shall be paid to the retirement system by his employer. Such payments shall be computed at the full rate of contribution on the base salary subject to the retirement system, just prior to the receipt of the workmen's compensation benefits. The moneys paid by the employer shall be credited to the member's account in the annuity savings fund and shall be treated as employee contributions for all purposes. The employer will terminate the payment of these moneys when the periodic benefits payable under the Workmen's Compensation Law are terminated.

The member for whom the employer is making such payments, will be considered as if he were in the active service and shall be permitted to continue to make contributions to purchase the additional death benefit coverage provided by section 57 of the act to which this section is a supplement.

b. No application for retirement benefits may be approved by the board of trustees while the member, applying for such benefits, is in receipt of periodic benefits under the Workmen's Compensation Law.

29. Any member who held multiple positions in public employment covered by the retirement system, and who retired from one of these positions prior to the enactment of chapter 229, P. L. 1964, shall (a) not be required to enroll from any position covered by the retirement system, or (b) if enrolled, be permitted to withdraw from the retirement system upon waiver of his rights as an active member in the system.

30. a. Sections 12 and 78 of P. L. 1954, chapter 84 are repealed.

b. P. L. 1955, chapter 166 is repealed.

c. P. L. 1959, chapter 196 is repealed.

d. P. L. 1965, chapter 234 is repealed.

31. This act shall take effect immediately.

STATEMENT

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.

FISCAL NOTE TO

ASSEMBLY, No. 787

STATE OF NEW JERSEY

DATED: JUNE 13, 1966

Assembly Bill No. 787 amends and supplements the "Public Employees Retirement-Social Security Integration Act." It makes technical changes in order to recognize in the statute the many administrative changes that have taken place since the establishment of the system.

If this legislation is enacted, it is estimated that the cost would be $328,980.00 to the State, and that the cost would continue to be reflected in the normal contributions for the life of the system.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

43:15A-47 and 50 [redacted]

LEGISLATIVE HISTORY
of
N.J.S.A. 43: 15A-47 and 50
(Public Employees Retirement)

for continuation see pg 2

N.J.S.A. 43:15A-47 and 50 - Laws 1954, Chapter 84, sec. 47 - S-304.
Retirement for age - introduced May 24, 1954 by Messrs Dumont, Forbes, Vogel and Ridolfi. This bill had a statement. (Photostat enclosed.)

The report referred to in the statement above is:

974.90 Schanes, Steven E.
P418 A report on the improvement of the economic security benefits
1953a of New Jersey state employees. 1953.

Section 47 was not amended before passage. Section 50 was amended by the Senate, June 10, 1954 to add "either in a lump sum or by equal payments over a period of years at the option of the payee" at the end of Option 1.

N.J.S.A. 43:15A-50. Members option on retirement. Amended by Laws 1954, [illegible] section 8, S-379 - introduced November 15, 1954 by Messrs. Dumont, Forbes, Vogel and Ridolfi. This bill had no statement.

Section 50 was amended by this bill as follows:

In option 1, 2 and 3 the phrase "having an insurable interest in his life" is deleted after "person".

Section 50 of A-379 was not amended during passage.

You also asked for information on the following:

Chapter 185, Laws ~~1933~~.
Introduced as S-193 on February 27, 1933 by Mr. Reeves. ~~Photostat of this bill, with statement is enclosed.~~

A-431 (1958) Section 50 Not enacted (died in Senate).
Introduced April 7, 1958 by Mr. Stewart. This bill had a statement (~~Photostats enclosed~~)

Section 50 as introduced (~~photostat enclosed~~).

RS/jmg

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43:15A-1 et seq.

LEGISLATIVE HISTORY CHECKLIST

NJSA 43:15A-1 et seq.

Laws of 1954 Chapter 84

Bill No. S304

Sponsor(s) Dumont

Date Introduced May 24, 1954

Committee: Assembly -

Senate State, County & Municipal Gov't.

Amended during passage	Yes	No X	Senate Comm. amendments enclosed (original is 57 pages)
Date of passage: Assembly	~~June 21~~		
Senate	~~June 14~~		
Date of approval	~~June 24, 1954~~		

Following statements are attached if available:

Sponsor statement		Yes	No X
Committee Statement:	~~Assembly~~	Yes X	No
	Senate	Yes X	No
Fiscal Note		Yes X	No
Veto message		Yes X	No
Message on signing		Yes X	No

Following were printed:

Reports		Yes	No X
Hearings		Yes X	No

974.90 Schanes, Steven E.
p418 A report on the improvement of the economic security
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SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

ARTICLE I—Social Security

Section

1. Extension to governmental units having no retirement system.

2. Extension to employers of former members of State Employees' Retirement System.

3. Effective date of agreements.

ARTICLE II—Repealers and disposition of funds, protection of rights and benefits.

Section

4. Repeal of acts establishing State Employees' Retirement System.

5. Disposition of funds, benefits, etc.

ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

6. Definitions.
7. Membership of retirement system.
8. Restoration to membership of members discontinued from service; conditions.
9. Nonmember State employee may join upon payment of arrears.
10. State employees inducted into military or naval service before applying for enrollment.
11. Contributions covering temporary service.
12. Members serving State or Federal Government during war emergency; restoration of retirement rights.
13. Special benefits continued.
14. Transfer of membership from teachers' fund to retirement system.
15. Information required from department heads.
16. Classification of members.
17. Board of trustees.
18. Officers and employees; actuary; legal adviser.
19. Actuarial information and investigation; tables; rates of deduction and contribution.
20. Corporate powers.
21. Annual report.
22. Funds.
23. Expense fund.
24. Contingent reserve fund.
25. Annuity savings fund; deduction by department heads; recomputation of contribution rate; supplemental annuity.
26. Excess refundable; shortage deducted.

Section

27. Retirement reserve fund.

28. Members' death benefit fund.

29. Relation of new employees to fund.

30. Deductions for annuity purposes certified on payroll; credited to fund.

31. Records kept by State departments.

32. Management of funds.

33. Interest.

34. Borrowing from fund by members.

35. Custodian of fund; payments; vouchers.

36. Interest in fund by trustee or employee prohibited.

37. Obligations of State; basis of State's appropriation.

38. Vesting.

39. Service creditable toward allowances; rules and regulations; preserving annuity credit for period of leave of absence.

40. Transfer to State of municipal or county department; service of transferee computed.

41. Withdrawal; 25 year resignation; nonservice connected death benefit.

42. Ordinary disability retirement.

43. Accident disability retirement.

44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.

45. Allowance on ordinary disability retirement.

46. Allowance on accident disability retirement.

47. Retirement for age.

48. Allowance on service retirement.

49. Accidental death; allowance to dependents.

50. Member's option on retirement.

51. Monthly payments.

Section

52. Supervision of funds.

53. Benefits under chapter exempt from taxation and process; except repayment of loans.

54. Correction of errors.

55. Fraud against system a misdemeanor.

56. Renouncing other pension benefits.

57. Optional death benefit coverage.

58. Social Security contributions.

59. Social Security benefit offset.

60. Contributions and credits of veteran members.

61. Special retirement privileges of veteran members.

62. Effect upon political subdivisions previously under State Employees' Retirement System.

63. Membership of certain veteran public employees.

64. Effect of lack of Social Security coverage.

65. All employees of public agencies eligible to participate in retirement system; contributions.

66. Effective date of participation.

67. Duties of employer's chief fiscal officer.

68. Information as to rates, et cetera, certified to chief fiscal officer; payment of charge and contributions.

69. Member of any other governmental retirement system may not participate; default of employer; discontinuance of membership; application of reserve.

70. Limitation on liability of retirement system.

71. "Public agency or organization" defined.

72. Deductions from retirement allowance for hospital and medical insurance premiums.

73. Employees of Palisades Interstate Park Commission, Interstate Sanitation Commission and Delaware River Joint Toll Bridge Commission.

Section

74. State Retirement System extended to county and municipal employees; referendum.

75. Effective date; membership; prior service.

76. County or municipal employees inducted into military or naval service before applying for enrollment.

77. Employees of school district coterminous with municipality adopting law in first-class counties.

78. County attendance officers entitled to benefits under retirement system.

79. State employees paid by county or municipality in which chapter is adopted.

80. Information required.

81. Rates of contributions; budget requirements; payments to State Treasurer.

82. Benefits.

ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

83. Other pension laws not affected.

84. Short title.

85. Effect of invalidity.

86. Effective dates.

ARTICLE I

1. The State agency, established under chapter 253, laws of 1951, as amended, with the approval of the Governor, is hereby authorized and directed to enter, on behalf of the State, and of any county, municipality or school district and of any public department, board, body, commission, institution, agency, instrumentality or authority of, or in, the State and of, or in, any county, municipality or school district in the State, into an agreement with the U. S. Department of Health, Education, and Welfare for the purpose of extending the provisions of the Federal Old-Age and

Survivors Insurance system to all services performed by employees as members of any coverage group as defined in section 218 (b) (5) of the Social Security Act unless such services are already covered by an agreement under this act. The agreement shall conform with the terms and provisions of this act. Each employer subject to the provisions of this section shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Such employer shall have the option of including or excluding from coverage all employees in elective offices and positions. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received within the specified time, he shall be deemed to have decided not to cover employees in such elective offices and positions.

b. Such employer shall furnish the State agency within 10 days after the date of this enactment, the title of the official responsible for the local administration of the Social Security Program for the coverage group. If the employer fails to furnish this information within the specified time, the State agency shall deem that the employer has designated its chief fiscal officer to be the responsible official.

c. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

2. The State agency, with the approval of the Governor, is hereby authorized and directed to enter on behalf of the State into an agreement with the Secretary of the U.S. Department of Health, Education, and Welfare for the purposes of extending the provisions of the Federal Old-Age and Survivors Insurance system to services performed by employees in positions formerly covered by the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, hereinafter referred to as the State Employees' Retirement System, provided, however:

a. That such employees are members of a coverage group as defined in section 218 (b) (5) of the Social Security Act;

b. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

The agreement made under this section shall be consistent with the terms and provisions of this act. It shall cover all employment for each employer in the State participating in the State Employees' Retirement System on the date of this enactment and each such employer shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Where the employer has covered the services of at least 1 employee in any elective office or position under the provisions of the State Employees' Retirement System, all employees in such elective positions shall be included in the Social Security Coverage Group.

b. Where the employer has covered none of the services of employees in any elective office or position under the provisions of the State Employees' Retirement System, such employers shall have the option of either including or excluding the services of all such employees from Social Security coverage. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received by the State agency within the specified time, the employer shall be deemed to have decided to exclude the services of employees in elective offices and positions.

c. Each employer in the State subject to the provisions of this section shall furnish the State agency the title of the official responsible for the local administration of the Social Security Program for the coverage group within 10 days after the date of this enactment. If the employer fails to furnish this information within the specified time, the State agency shall deem that such employer has designated its chief fiscal officer to be the responsible official.

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be January 1, 1955.

ARTICLE II

4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amendments and supplements thereto, designated as the "State Employees' Retirement System of New Jersey" are repealed as of the effective date of this section.

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such

chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14-29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries

entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable, shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

(m) The State Treasurer through such agency, division, or bureau of his department as he may direct is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or

exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.

ARTICLE III

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in this act.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made by a member for the 5 years immediately preceding his retirement, or, at the option of such member, it shall mean the average annual compensation for which contributions are made by a member during any 5 consecutive years of his or her membership, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement.

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under the management of the board of trustees of said system. By that name all of its business shall be transacted, its funds invested, warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.

k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, marine or nurse who served in any army or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable,

in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an

actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) Emergency, at any time after June 23, 1950, and prior to the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

7. There is hereby established the Public Employees' Retirement System of New Jersey. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as of the effective date of this act; who shall not have claimed for refund their accumulated deductions in said system as provided in this section.

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a

member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

8. If a member of the former "State Employees' Retirement System" or the retirement system has been discontinued from service and he has withdrawn his accumulated deductions in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full, if such member returns to service and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.

No credit for pension purposes shall be allowed to such member, covering the period of his lay-off or discontinuance, unless leave of absence was granted by the head of his department and the board, as provided for in section 39 of this act.

Should an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act be re-enrolled as a member of the retirement system and pay into the annuity savings fund the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service, there shall be restored his annuity credit, and in addition, upon completion of 1 year thereafter and the payment of at least ½ of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees.

9. Any person other than a veteran who was in the employ of the State prior to the effective date of this act, and who did not join the former

"State Employees' Retirement System," may join the retirement system at any time upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.

In the case of any person coming under the provisions of this section, full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and full pension credit for such period of employment shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of making arrears payments, except in the case of retirement for service, in which case the total membership credit for such service shall be in direct proportion to the amount paid of the total amount of the arrearage obligation, upon the completion of 1 year of making arrears payments.

10. Any State employee who had entered or shall hereafter enter into the active air, military or naval service of the United States before making application for enrollment in the retirement system shall be accepted as a member upon his filing application, provided such application is made within 3 months after entry into such active air, military or naval service, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by the employing department as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

11. Any person employed temporarily by the State and whose temporary employment resulted in permanent employment shall be permitted to make contributions covering this temporary service in accordance with the

rules and regulations of the board of trustees and receive the same annuity and pension credits as if he had been a member during his temporary service.

12. Any State employee who was a member of the former "State Employees' Retirement System" and whose services were or have been made available by this State to the Federal Government may, if and when he or she has returned or shall return to service with this State, or if he or she has retired or been retired under the said system, contribute to the annuity savings fund provided for in section 25 of this act, such sum or sums, either in 1 payment or in installments, as determined by the board of trustees to be sufficient to cover the amount which would have been contributed by such individual had he or she remained a member of said system, together with such interest thereon as shall be determined to be just by the board of trustees; any board, body or commission of this State which has, had, or shall have, moneys contributed by the Federal Government for that purpose shall pay into such system such amount or amounts as would have been contributed by it on account of said services had not such services been made available to the Federal Government, together with such interest as shall be determined to be just by the board of trustees. The board of trustees is hereby authorized and required to receive said contributions, both for annuity and pension purposes, it being the intention hereby to restore, if and where possible, all retirement rights of such members lapsed or lost while rendering services to the Federal Government in and during the emergency of World War II.

13. The special benefits payable under the former "State Employees' Retirement System" under acts repealed by this act as they were in effect on June 30, 1953, which acts granted special privileges to certain employees, shall be continued for members or beneficiaries of the retirement system as of the effective date of this section as if such acts had not been repealed.

14. A person who has been a member of the teachers' retirement fund and who has taken or shall take office, position or employment in the State

service in any capacity and is a member of the Public Employees' Retirement System shall be entitled, upon application therefor, to prior service credit for the length of his membership in such fund in the Public Employees' Retirement System or who shall become a member of the Teachers' Pension and Annuity Fund, and who has taken or shall take office, position or employment in the State service in any capacity, shall be entitled, upon application therefor, to membership in the retirement system, upon transferring his interests from the Teachers' Pension and Annuity Fund to the retirement system. If he has withdrawn his interests from the Teachers' Pension and Annuity Fund, he shall be entitled to membership in the retirement system upon paying into the latter fund such sum as shall be required by the trustees therefor for that purpose. For the purpose of carrying out the provisions of this section, the board of trustees may make all necessary rules and regulations.

15. The head of a department or branch of the State service not included in a department employing a member shall submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth and length of service of the member and any other information the board requires.

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$ of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final compensation for each year of service as a member.

On and after the effective date of this section, each new member shall be placed in "Class B."

17. The general administration and responsibility for the proper operation of the Public Employees' Retirement System and for making effective the provisions of this act shall be vested in the board of trustees. Subject to the limitations of the law, the board shall, from time to time, establish rules and regulations for the administration and transaction of its business and for the control of the funds created by this subtitle and shall perform any other functions required for the execution of this act. The membership of the board shall consist of the following:

a. Two trustees appointed by the Governor, who shall serve at the pleasure of the Governor and until their successors are appointed.

b. The State Treasurer.

c. Three trustees elected for a term of 3 years from among and by the member employees of the State in a manner prescribed by the board of trustees.

d. One trustee elected for a term of 3 years from among and by the member employees of counties and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for county representatives.

e. Two trustees elected for a term of 3 years from among and by the member employees of municipalities and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives; provided, however, at the first election for municipal representation, 1 trustee shall be elected to serve for a term of 2 years and the other trustee shall be elected to serve for a term of 3 years.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to 1 vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed from the expense fund for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board. The compensation for all persons employed by the board shall be fixed by it, within the limits of appropriations made available to the board.

For the purpose of organizing the Public Employees' Retirement System, the members of the board of trustees of the former "State Employees' Retirement System," as of the effective date of the repeal of that system, shall constitute the initial membership of the board of trustees of the Public Employees' Retirement System, for the remainder of the terms for which they were appointed or elected as the case may be.

18. The board shall elect from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary, an actuary and any technical employees as may be necessary for the transaction of the business of the retirement system.

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

19. The actuary appointed by the board shall recommend, and the board shall keep in convenient form, such data as shall be necessary for actuarial valuation of the various funds created by this act. Once in every 5-year period after the effective date of this section, the actuary shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members and beneficiaries as defined in this chapter and shall make a valuation of the assets and liabilities of the various funds created by this act. Upon the basis of such investigation and valuation the board shall:

a. Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary;

b. Certify the rates of deduction from compensation computed to be necessary to pay the annuities authorized under the provisions of this act; and;

c. Certify the rates of contribution, expressed as a proportion of the compensation of members which shall be made by the State to the contingent reserve fund.



20. The retirement system shall, for the purposes of this act, possess the powers and privileges of a corporation.

21. The board shall publish annually a report showing a valuation of the assets and liabilities of the funds created by this act, certifying as to the accumulated cash and securities of the funds and stating any other facts, recommendations and data which may be of use in the advancement of knowledge concerning employees' pensions and annuities. The board shall submit the report to the Governor and furnish a copy to the officers of each State department for use of the employees and the public.

22. Under this act there shall be the contingent reserve fund, annuity savings fund, retirement reserve fund, and the members' death benefit fund.

23. The expenses of administration of the retirement system on behalf of State employee members shall be paid by the State of New Jersey.

The administration fees hereafter paid by participating employers other than the State, shall be used to pay the expenses of administration of the retirement system on behalf of all members other than State employees.

24. The contingent reserve fund shall be the fund in which shall be credited contributions made by the State.

a. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute annually the amount of contribution, expressed as a proportion of the compensation paid to all employees, which if paid monthly during the entire prospective service of the employees, will be sufficient to provide for the pension reserves required at the time of discontinuance of active service to cover all pensions to which they may be entitled or which are payable on their account and to provide for the amount of the death benefits payable on their account by the State, which are not covered by accrued liability contributions, to be made as provided in paragraph b. hereof, and the funds in hand available for such benefits.

b. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute, annually, the amount of the liability which has accrued by reason of allowances to be granted on account of services rendered by State employee veteran members as provided in section 60 of this act prior to the establishment of the retirement system, which has not already been covered by State contributions to the former "State Employees' Retirement System." Using the total amount of this liability remaining as a basis, he shall compute the amount of the flat annual payment, which, if paid in each succeeding fiscal year commencing with July 1, 1956, for a period of 30 years, will provide for this liability.

c. Any accumulated reserves in the contingent reserve fund of the former "State Employees' Retirement System," which have not been set aside in a trust fund designated as Fund B as provided in section 5 of this act shall be transferred to the contingent reserve fund of the retirement system.

d. The board shall estimate and certify annually the aggregate amount payable to the contingent reserve fund in the ensuing year, which amount shall be equal to the sum of the proportion of the earnable compensation of all members, computed as described in paragraph a. hereof and of the State's accrued liability contribution, payable in the ensuing fiscal year, as described in paragraph b. hereof. The State shall pay into the contingent reserve fund during the ensuing year the amount so determined. The cash death benefits, payable as a result of contribution by the State under the provisions of this chapter upon the death of a member in active service, shall be paid from the contingent reserve fund.

e. Any other provision of this act notwithstanding, no payment shall be made by the State to the contingent reserve fund on behalf of service of State employee veteran members until the fiscal year commencing July 1, 1956. This shall not affect the payment of benefits to, and on behalf of, State employee veteran members prior to said date, and any such disbursements for benefits not covered by reserves in the system on account of veterans shall be met by direct contributions of the **State.**

25. The annuity savings fund shall be the fund in which shall be accumulated deductions from the compensation of members to provide for their annuities and withdrawal allowances. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall determine for each member the proportion of compensation, exclusive of the rate for any additional death benefit provided under section 57 of this act, which, when deducted from each payment of his prospective earnable compensation prior to service retirement and accumulated at regular interest until he retires, shall be computed to be sufficient to provide, at that time, an annuity equal to ½ of the retirement allowance then allowable for service as a member after the establishment of the retirement system.

Any member who was contributing to the former "State Employees' Retirement System" shall continue to pay the proportion of compensation

applicable to the age at enrollment, which proportion shall not be increased during the continuation of membership other than as provided in section 58, and shall make any special payments either as lump sums or as installment payments required as a result of election by the member to obtain additional service credit. Members enrolling on and after the effective date of this section shall contribute at the proportions applicable to group 2 members of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members thereafter, new proportions of compensation to be determined as provided in the preceding paragraph. No member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him other than as provided in section 58.

The board of trustees shall certify to each State department or subdivision thereof, and to the head of each branch of the State service not included in a State department, the proportion of each member's compensation to be deducted in accordance with rules and regulations established by the board, and to facilitate the making of deductions the board of trustees may modify the deduction required by a member by such an amount as shall not exceed $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to be made.

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

26. Any contributions made by a member of the former "State Employees' Retirement System" prior to June 30, 1953, which are in excess of those required shall be refundable with regular interest to the member on demand or used at retirement to provide an annuity of equivalent actuarial value which shall be in addition to his regular retirement allowance. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction.

Any surplus or deficit developing in the retirement reserve fund shall be adjusted from time to time by transfer to or from the contingent reserve fund by appropriate action of the board of trustees.

28. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

29. Upon the employment of a person to whom this act may apply, his employer shall inform him of his duties and obligations under this act as a condition of his employment.

30. In accordance with the regular rate of contribution and the extra salary deductions certified by the retirement system, each department head and the head of any branch of State service not within a department shall certify to the State Treasurer the regular and extra deductions to be made for the retirement system. The State Treasurer shall pay each of the amounts so deducted to the retirement system, and he shall transfer to the board of trustees monthly or at such intervals as the board designates a detailed statement of all amounts so paid. The secretary of the board shall cause each of the amounts so deducted to be credited to the account of the member from whose compensation the deduction was made.

31. Each State department and branch of the State service not included in a department shall keep such records and, from time to time, furnish such information as the board of trustees in the discharge of its duties may require.

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of the fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

34. Any member who has at least 3 years of service as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the

time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

The board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members shall be made, and such moneys shall be the only source from which loans shall be made to members. The interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

35. The State Treasurer shall be the custodian of the funds created by this act.

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

36. Except as otherwise herein provided, no trustee and no employee of the board of trustees shall have any direct interest in the gains or profits of any investments made by the board of trustees; nor shall any trustee or employee of the board directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or employee of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the board of trustees.

37. Regular interest charges payable, the creation and maintenance of reserves in the contingent reserve fund, the maintenance of retirement reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the board of trustees under the provisions of this act are hereby made obligations of the State. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of these obligations of the State.

Upon the basis of each actuarial determination and appraisal provided for in this act, the board of trustees shall prepare and submit to the Governor in each year an itemized estimate of the amounts necessary to be appropriated by the State to the various funds to provide for payment in full during the ensuing fiscal year of the obligations of the State accruing during that year. The Legislature shall make an appropriation sufficient to provide for such obligations of the State. The amounts so appropriated shall be paid into the various funds created by this act.

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section 41 (2) of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service, and a pension which when added to the annuity will produce a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{80}$ of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the

board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41 b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him to the State since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render to the State 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service was allowed for retirement purposes, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees. Any such member shall be required to

contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay.

40. When heretofore there has been or hereafter shall be effected a transfer to the service of the State of a department or unit, from the service of a municipality or county within this State, the period of such service in the county or municipality shall, for the purpose of this chapter, be computed as if the whole period of employment of such officers or employees had been in the service of the State.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, except any loan outstanding except that for any period after June 30, 1944, prior to the effective date of this section, the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation received by the member in the last year of creditable service.

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

42. A member, who shall have been an employee in each of the 10 years next preceding his retirement, shall, upon the application of the head of the department in which he shall have been employed or upon his own application or the application of one acting in his behalf, be retired for ordinary disability by the board of trustees, on a regular disability allowance if he is under 60 years of age and on a service allowance if he has reached or passed that age. The physician or physicians designated by the board shall have first made a medical examination of him at his residence or at any other place mutually agreed upon and shall have certified to the board that the member is physically or mentally incapacitated for the performance of duty and should be retired.

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit of any person, or to a delay in the manifestation of the incapacity, or to

any other reasonable cause or excuse, and (3) that the application for retirement was filed in good faith and the circumstances justify its favorable consideration.

Before consideration of the application by the board of trustees, the physician or physicians designated by the board shall have first made a medical examination of the member at his residence or at any other place mutually agreed upon and shall have certified to the board that he is physically or mentally incapacitated for the performance of duty, and should be retired, and the appointing authority shall have certified to the board that an accident arising out of and in the course of his employment was the natural and proximate cause of the disability, the time and place where the duty causing the disability was performed, that the disability was not the result of his willful negligence and that the member should be retired.

This section shall apply to all applicants for disability retirement hereafter filed and in addition thereto the retirement board is expressly authorized to reconsider any application for accident disability allowance which application had been previously denied upon the ground that a report of the accident in a form acceptable to the retirement board was not filed within 60 days next following the accident.

44. Once each year the board of trustees may, and upon his application shall, require any disability beneficiary who is under the age of 60 years to undergo medical examination by a physician or physicians designated by the board. The examination shall be made at the residence of the beneficiary or any other place mutually agreed upon. If the physician or physicians thereupon report and certify to the board that the disability beneficiary is not totally incapacitated either physically or mentally for the performance of duty and that he is engaged in or is able to engage in a gainful occupation, and if the board concurs in the report, then the amount of his pension shall be reduced to an amount which, when added to the amount then earnable by him, shall not exceed the amount of his final compensation. If subsequent medical examination of such a beneficiary shows that his earning capacity has changed

since the date of his last examination, then the amount of his pension may be further altered; but the new pension shall not exceed the amount of pension originally granted or an amount which, when added to the amount earnable by the beneficiary, shall not exceed the amount of his final compensation.

If a disability beneficiary, while under age of 60 years, refuses to submit to at least 1 medical examination in any year by a physician or physicians designated by the board, his pension shall be discontinued until withdrawal of his refusal, and if his refusal continues for 1 year, all his rights in and to the pension shall be forfeited.

Upon application to the head of the department in which he was employed at the time of his retirement, any beneficiary, while under the age of 60 years, may, in the discretion of the head of the department, be restored to active service as an employee. No disability beneficiary entering the employ of the State shall be compelled or permitted to become a member of the retirement system, or to receive any benefits other than those previously awarded to him, as long as his annual rate of compensation is less than his final compensation at the time of his retirement. Any beneficiary under the age of 60 years, who is restored to active service at an annual rate of compensation equal to or greater than his final compensation at the time of his retirement, or whose annual rate of compensation is increased at any time after his restoration to service, to a rate equal to or greater than his final compensation at the time of his retirement, shall thereupon again become a member of the retirement system. His retirement allowance shall be canceled, and notwithstanding anything in this act to the contrary, his annuity reserve shall be transferred from the retirement reserve fund to his individual account in the annuity savings fund. Deductions shall be made from his compensation at the rate applicable to him prior to his retirement. Any service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and he shall be credited with all service as a member standing to his credit at the time of his retirement; except that such a beneficiary again becoming a member after having

attained the age of 50 years shall receive a pension on subsequent retirement based on all his service as a member since his last return to membership, and in addition he shall receive a pension equal to the pension on which he was retired at the time of his last retirement, but the total pension upon subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement.

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement; and

b. A pension, in addition to the annuity, of ⅜ of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

47. Retirement from service shall be as follows:

a. A member who shall have reached 60 years of age may retire from service by filing with the board of trustees a written statement, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 30 days after the date so specified as the board finds advisable.

b. A member who shall have reached 70 years of age shall be retired by the board for service forthwith, or at such time within 90 days thereafter as it deems advisable, except that an employee reaching 70 years of age may be continued in service from time to time upon written notice to the board of trustees by the head of the department where the employee is employed.

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of

1/140 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

49. Upon the death of a member in active service as the result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the board of trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was due to an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of ½ of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18.

If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to 1½ times the amount of his or her final compensation to his or her estate or to such person having an insurable interest in his or her life as he or she shall have nominated by written designation duly acknowledged and filed wtih the board.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written desig-

nation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

51. A pension, an annuity or a retirement allowance granted under the provisions of this act shall be paid in equal monthly installments and shall not be decreased, increased, revoked or repealed, except as otherwise provided in this act; provided, however, that at the time any benefit becomes payable any unpaid balance of a loan or arrearage outstanding shall be deducted from any benefit otherwise payable.

52. The various funds created by this act shall be subject to periodic examination by the State Department of Banking and Insurance.

53. The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, any benefit or right accrued or accruing to a person under the provisions of this act and the moneys in the various funds created under this act, shall be exempt from any State or municipal tax and from levy and sale, garnishment, attachment or any other process arising out of any State or Federal court and, except as in this act otherwise provided, shall be unassignable.

54. If any change or error in records results in an employee or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, then on discovery of the error, the board of trustees shall correct it and, so far as practicable,

adjust the payments in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

55. A person who knowingly makes a false statement, or falsifies or permits to be falsified any record of this retirement system, in an attempt to defraud the system as a result of such act shall be guilty of a misdemeanor.

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are entitled to receive pensions under the provisions of any law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

57. a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $^3/_{16}$ of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the

member's estate, an amount equal to $^{3}/_{16}$ of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

58. Prior to January 1, 1960, contributions to the Social Security Fund by members of the retirement system shall be deducted from the contributions required to be paid to the retirement system by such members as provided in section 25 of this act.

Contributions by members of the retirement system to the Social Security Fund shall be made in the manner prescribed by the State Agency for Social Security. Contributions to the Social Security Fund shall not be subject to any provisions of this act, dealing with the withdrawal of contributions, loans, or the payment of any annuities, pensions, disability or death benefits. Any change in the rate of contribution to the Social Security Fund after December 31, 1959, shall result in a corresponding change in the amount of contributions payable by the members.

59. Upon attainment of age 65 by a retired member or upon retirement of a member after the attainment of age 65, the board of trustees shall reduce such member's retirement allowance by the amount of the old age insurance benefit under Title II of the Social Security Act payable to him. Mem

bership in the retirement system shall presume the member's acceptance of and consent to, such reduction. However, such reduction shall be subject to the following limitations:

a. The amount of the old age insurance benefit shall be computed in the same manner as computed by the Federal Social Security Administration, except that in determining such benefit amount only wages or compensation for services performed in the employ of the State, 1 or more of its instrumentalities, 1 or more of its political subdivisions, or 1 or more instrumentalities of its political subdivisions, shall be included.

b. The retirement allowance shall not be reduced below the amount of the annuity portion of the retirement allowance being paid at the time of his retirement.

c. The reduction shall apply in the following cases only:

(1) Retirement for age.

(2) Retirement for disability.

(3) Retirement for age on a deferred retirement allowance, as provided in section 38 of this act.

(4) Where an allowance is being paid upon resignation after 25 years of service, as provided in section 41 of this act.

d. Any increase in the amount of the old age insurance benefit under Title II of the Social Security Act to take effect after December 31, 1959, shall be disregarded in determining the amount of reduction from the retirement allowance of a member.

e. Whenever the amount of reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of a retirement allowance, except that any decrease in the amount of the old age insurance benefit under Title II of the Social Security Act shall result in a corresponding decrease in the amount of reduction from the retirement allowance, and except that any error may be corrected, as provided in section 54 of this act.

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, or school district or board of education by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member.

b. The accrued liability on behalf of State employee veteran members shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran

member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable to him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

61. a. Any public employee veteran member in service who has or shall have attained the age of 62 years and who has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment for which contributions are made with the optional privileges provided for in section 50 of this act.

b. Any public employee veteran member who has been for 20 years continuously or in the aggregate in office, position or employment of this State

or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment for which contributions are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

62. a. Where any county or municipality of the State has previously been covered by the former "State Employees' Retirement System," such county or municipality shall be covered under the provisions of this act and the employees of such county or municipality shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System." Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the employ of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.

b. Where any public agency of the State, as defined in section 71 of this act, has previously been covered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."

63. Any public employee veteran of a county, municipality or school district or board of education who on the effective date of this section is in a position not covered by a retirement system to which both he and his employer make monetary contributions, other than the old-age and survivors

insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a member, shall be a member of the Public Employees' Retirement System as of the effective date of this section; and any veteran becoming an employee of a county, municipality or school district or board of education in such a position, after the effective date of this section, shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position, or employment of this State or of any county, municipality or school district as are required of employers under the provisions of this act.

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old-age and survivors insurance provisions of Title II of the Federal Social Security Act as a public employee, or his designated beneficiary, shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), and 48(d).

65. All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

66. If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board but not later than 6 months following such approval by the board of trustees of the retirement system. All service rendered to the employer by its employees pre-

vious to the effective date of such participation shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after such effective date.

67. The chief fiscal officer of the employer so consenting to the enrollment of its employees shall submit to the board of trustees such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

68. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the employer so consenting the rates of contributions payable by members, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the employer so consenting, shall be paid by the employer. The amount certified by the board of trustees as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees. The treasurer or corresponding officer shall pay on December 27 in each year to the State Treasurer the amount of the employer's charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

69. An employee of such employer who, by reason of his service, is a member of any other governmental retirement system shall not participate in this retirement system on that part of his compensation so covered. Should such employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees' membership in the retirement system then such employer shall be deemed to be in default and a certificate to this effect shall be sent by the board of trustees to the employer and to the State Commissioner of Banking and Insurance. All members of the retirement system, who were employees of such employer at the time of default, shall thereupon be entitled to discontinue membership in the retirement system and to a refund of their previous contributions upon demand made within 90 days thereafter. As of a date 90 days following the date of such certificate of default, the actuary of the retirement system shall determine by actuarial valuation the amount of the reserves held on account of each active member and pensioner of such employer and shall credit to each such member and pensioner the amount of reserve so held. The reserve so credited, together with the amount of the accumulated deductions of each active member shall be used to provide a paid up deferred annuity beginning at age 60 for him, and the reserve of each pensioner shall be used in providing such part of his existing pension as the reserve so held will provide, which pension, together with his annuity, shall thereafter be payable to him. The rights and privileges of both active members and pensioners of such employer shall thereupon terminate except as to the payment of the deferred annuities so provided for the previous active members and the annuities and the pensions, or parts thereof, provided for the pensioners.

70. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this article, for which reserves have not been previously created from funds, contributed by such employer or its employees for such benefits.

71. The words "public agency or organization" as used in this act shall be construed to mean and include any agency or organization which operates public works or is engaged in service to the public for 1 or more municipalities, local boards of health, or counties, and whose revenue is derived from other than State funds, but shall not be construed to include any subdivision of any county, municipality, school district, privately owned public utility or service or any religious, educational or charitable organization.

72. Whenever any member of the Public Employees' Retirement System of New Jersey who has retired or shall retire from active service shall, in writing, request the board of trustees to make deductions from his retirement allowance for the payment of premiums for any hospital service plan or medical surgical plan or both, the board of trustees may make such deductions and transmit the sum so deducted to the company carrying the policy or policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement

System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted.

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service. Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

76. Any employee of any county or municipality whose voters have adopted or shall hereafter adopt the retirement act as provided in this act, who was or shall hereafter be inducted into the military or naval service of

the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 1, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

78. All county attendance officers who have been appointed, or hereafter shall be appointed, by the terms of section 18:14–47 of the Revised Statutes, in counties in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted, shall be entitled to receive the same benefits in the Public Employees' Retirement System as employees of the county are

entitled to receive, and the county superintendent of schools and the county treasurer shall be charged with the duty of paying out of State school moneys apportioned to the county the contributions of such county attendance officers to the Public Employees' Retirement System in the same manner as the county pays such contributions for its employees under this act.

The county superintendent shall include in the apportionment made under the terms of section 18:14–48 of the Revised Statutes a sufficient sum of money to meet the obligations incurred in this act.

79. All employees of the State whose compensation is paid by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

80. The chief fiscal officer of the county or municipality adopting this act shall submit to the board of trustees of the Public Employees' Retirement System such information and shall cause to be performed in respect to each of the employees of the county or municipality such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

81. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the county or municipality adopting this act the rates of contributions payable by members who are county or municipal employees, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county or municipality to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county or municipality. The initial actuarial ex-

pense incident to the determination of the accrued liability contribution, payable by the county or municipality adopting this act, shall be paid by the county or municipality. The amount certified by the board of trustees as payable by the county or municipality to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees and levied and collected as any other taxes are levied and collected. The treasurer or corresponding officer of any county or municipality shall pay on December 27 in each year to the State Treasurer the amount of the county or municipal charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the county or municipality in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

82. Public employees of the counties or municipalities on behalf of whom contributions are so paid, shall be entitled to benefits under the Public Employees' Retirement System as though they were State employees.

Article IV

83. Nothing contained in this act shall affect any policeman, fireman or county or municipal employee contributing to any pension fund operating under any other law.

84. This act shall be known and may be cited as the "Public Employees' Retirement-Social Security Integration Act."

85. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December 31, 1954. All other sections of this act shall take effect January 2, 1955.

STATEMENT

This bill provides for:

1. The repeal of the State Employees' Retirement System;

2. The extension of Federal Social Security coverage to the former members of the retirement system, and to certain other public employees in positions not covered by an existing retirement system; and

3. The establishment of Public Employees' Retirement System, with a membership consisting of the membership of the former retirement system and public employee veterans in positions not covered by any other retirement system.

The above procedure conforms to the requirements of the Federal Social Security Act governing the extension of Social Security coverage to public employees.

This bill would improve the retirement and death benefits of veteran and nonveteran public employees, while, at the same time resolving the financial problems attached to the present noncontributory Veterans' Retirement Act. The benefits of Federal Social Security would be integrated with those of the new retirement system, so that public employees would receive substantial increase in survivorship benefits. In addition the bill provides for increased death benefits under the retirement system, and the vesting of the members' interest in the State's contributions after 20 years of service. Public employee veterans would receive free credit in the retirement system for past service.

The cost to the employer on behalf of the existing membership would fall within the present cost of the retirement system. The obligations on behalf of public employee veterans would be met over a 30-year period. These total obligations would be no greater than those under the present free Veterans' Retirement Act.

This bill conforms to the recommendations contained in "A Report on the Improvement of the Economic Security Benefits of New Jersey State Employees," dated November, 1953.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 304

STATE OF NEW JERSEY

ADOPTED JUNE 10, 1954

Amend page 4, Analysis section 73, line 100, after "of" insert "New Jersey Turnpike Authority, New Jersey Highway Authority,".

Amend page 8, section 3, line 2, omit "January 1, 1955", insert "December 31, 1954".

Amend page 12, section 6, subdivision l, line 42, after "sailor," insert "airman,".

Amend page 12, section 6, subdivision l, line 43, after "army" insert ", air force".

Amend page 12, section 6, subdivision l, line 45, after "army" insert ", air force".

Amend page 14, section 7, subdivision a, line 4, after "enrolled" insert "as such".

Amend page 14, section 7, subdivision a, line 4, after "as of" omit "the effective date of this act;", insert "December 29, 1954,".

Amend page 14, section 7, subdivision a, line 6, after "section" omit the period, insert a semicolon.

Amend page 7, section 2, line 20, omit "a", insert "(1)".

Amend page 7, section 2, line 24, omit "b", insert "(2)".

Amend page 7, section 2, line 33, omit "c", insert "(3)".

Amend page 30, section 38, line 5, after "section" delete "41 (2)", insert "41. b.".

Amend page 32, section 41, line 5, before "except" insert ",".

Amend page 40, section 50, line 12, before the "." insert ", either in a lump sum or by equal payments over a period of years at the option of the payee".

Amend page 46, section 60, line 10, after "member." insert "Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State."

Amend page 47, section 60, line 34, after "payable" delete "to", insert "by".

Amend page 47, section 61, line 1, omit "in service", insert "in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and".

Amend page 47, section 61, line 2, omit "62", insert "60".

Amend page 47, section 61, line 2, omit "for", insert "upon"; after "contributions" insert "to the annuity savings fund and contingent reserve fund".

Amend page 47, section 61, after line 8A, insert:

"b. Any veteran becoming a member after January 1, 1955, shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act."

Amend page 47, section 61, line 9, omit "b", insert "c".

Amend page 48, section 61, line 14, omit "for", insert "upon"; after "contributions" insert "to the annuity savings fund and contingent reserve fund".

Amend page 52, section 73, line 1, after "73.", insert "a.".

Amend page 52, section 73, line 12, after ".", add a new paragraph to read as follows:

"b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and non-veterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees."

Amend page 56, section 86, line 2, omit "31", insert "30".

Amend page 56, section 86, line 3, omit "2", insert "1".

[OFFICIAL COPY REPRINT]

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

ARTICLE I—Social Security

Section

1. Extension to governmental units having no retirement system.

2. Extension to employers of former members of State Employees' Retirement System.

3. Effective date of agreements.

ARTICLE II—Repealers and disposition of funds, protection of rights and benefits.

Section

4. Repeal of acts establishing State Employees' Retirement System.

5. Disposition of funds, benefits, etc.

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

ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

6. Definitions.
7. Membership of retirement system.
8. Restoration to membership of members discontinued from service; conditions.
9. Nonmember State employee may join upon payment of arrears.
10. State employees inducted into military or naval service before applying for enrollment.
11. Contributions covering temporary service.
12. Members serving State or Federal Government during war emergency; restoration of retirement rights.
13. Special benefits continued.
14. Transfer of membership from teachers' fund to retirement system.
15. Information required from department heads.
16. Classification of members.
17. Board of trustees.
18. Officers and employees; actuary; legal adviser.
19. Actuarial information and investigation; tables; rates of deduction and contribution.
20. Corporate powers.
21. Annual report.
22. Funds.
23. Expense fund.
24. Contingent reserve fund.
25. Annuity savings fund; dedaction by department heads; recomputation of contribution rate; supplemental annuity.
26. Excess refundable; shortage deducted.

	Section	
41	27.	Retirement reserve fund.
42	28.	Members' death benefit fund.
43	29.	Relation of new employees to fund.
44	30.	Deductions for annuity purposes certified on payroll; cred-
45–46		ited to fund.
47	31.	Records kept by State departments.
48	32.	Management of funds.
49	33.	Interest.
50	34.	Borrowing from fund by members.
51	35.	Custodian of fund; payments; vouchers.
52	36.	Interest in fund by trustee or employee prohibited.
53	37.	Obligations of State; basis of State's appropriation.
54	38.	Vesting.
55	39.	Service creditable toward allowances; rules and regulations;
56		preserving annuity credit for period of leave of absence.
57	40.	Transfer to State of municipal or county department; serv-
58		ice of transferee computed.
59	41.	Withdrawal; 25 year resignation; nonservice connected death
60		benefit.
61	42.	Ordinary disability retirement.
62	43.	Accident disability retirement.
63	44.	Annual examination of disability beneficiary; alteration of
64		pension; refusal to be examined; restoration to service.
65	45.	Allowance on ordinary disability retirement.
66	46.	Allowance on accident disability retirement.
67	47.	Retirement for age.
68	48.	Allowance on service retirement.
69	49.	Accidental death; allowance to dependents.
70	50.	Member's option on retirement.
71	51.	Monthly payments.

Section

52. Supervision of funds.

53. Benefits under chapter exempt from taxation and process; except repayment of loans.

54. Correction of errors.

55. Fraud against system a misdemeanor.

56. Renouncing other pension benefits.

57. Optional death benefit coverage.

58. Social Security contributions.

59. Social Security benefit offset.

60. Contributions and credits of veteran members.

61. Special retirement privileges of veteran members.

62. Effect upon political subdivisions previously under State Employees' Retirement System.

63. Membership of certain veteran public employees.

64. Effect of lack of Social Security coverage.

65. All employees of public agencies eligible to participate in retirement system; contributions.

66. Effective date of participation.

67. Duties of employer's chief fiscal officer.

68. Information as to rates, et cetera, certified to chief fiscal officer; payment of charge and contributions.

69. Member of any other governmental retirement system may not participate; default of employer; discontinuance of membership; application of reserve.

70. Limitation on liability of retirement system.

71. "Public agency or organization" defined.

72. Deductions from retirement allowance for hospital and medical insurance premiums.

73. Employees of *New Jersey Turnpike Authority, New Jersey Highway Authority,* Palisades Interstate Park Commission, Interstate Sanitation Commission and Delaware River Joint Toll Bridge Commission.

Section

74. State Retirement System extended to county and municipal employees; referendum.

75. Effective date; membership; prior service.

76. County or municipal employees inducted into military or naval service before applying for enrollment.

77. Employees of school district coterminous with municipality adopting law in first-class counties.

78. County attendance officers entitled to benefits under retirement system.

79. State employees paid by county or municipality in which chapter is adopted.

80. Information required.

81. Rates of contributions; budget requirements; payments to State Treasurer.

82. Benefits.

ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

83. Other pension laws not affected.

84. Short title.

85. Effect of invalidity.

86. Effective dates.

ARTICLE I

1. The State agency, established under chapter 253, laws of 1951, as amended, with the approval of the Governor, is hereby authorized and directed to enter, on behalf of the State, and of any county, municipality or school district and of any public department, board, body, commission, institution, agency, instrumentality or authority of, or in, the State and of, or in, any county, municipality or school district in the State, into an agreement with the U. S. Department of Health, Education, and Welfare for the purpose of extending the provisions of the Federal Old-Age and

Survivors Insurance system to all services performed by employees as members of any coverage group as defined in section 218 (b) (5) of the Social Security Act unless such services are already covered by an agreement under this act. The agreement shall conform with the terms and provisions of this act. Each employer subject to the provisions of this section shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Such employer shall have the option of including or excluding from coverage all employees in elective offices and positions. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received within the specified time, he shall be deemed to have decided not to cover employees in such elective offices and positions.

b. Such employer shall furnish the State agency within 10 days after the date of this enactment, the title of the official responsible for the local administration of the Social Security Program for the coverage group. If the employer fails to furnish this information within the specified time, the State agency shall deem that the employer has designated its chief fiscal officer to be the responsible official.

c. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

2. The State agency, with the approval of the Governor, is hereby authorized and directed to enter on behalf of the State into an agreement with the Secretary of the U.S. Department of Health, Education, and Welfare for the purposes of extending the provisions of the Federal Old-Age and Survivors Insurance system to services performed by employees in positions formerly covered by the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, hereinafter referred to as the State Employees' Retirement System, provided, however:

a. That such employees are members of a coverage group as defined in section 218 (b) (5) of the Social Security Act;

b. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

The agreement made under this section shall be consistent with the terms and provisions of this act. It shall cover all employment for each employer in the State participating in the State Employees' Retirement System on the date of this enactment and each such employer shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

[a.] *(1)* Where the employer has covered the services of at least 1 employee in any elective office or position under the provisions of the State Employees' Retirement System, all employees in such elective positions shall be included in the Social Security Coverage Group.

[b.] *(2)* Where the employer has covered none of the services of employees in any elective office or position under the provisions of the State Employees' Retirement System, such employers shall have the option of either including or excluding the services of all such employees from Social Security coverage. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received by the State agency within the specified time, the employer shall be deemed to have decided to exclude the services of employees in elective offices and positions.

[c.] *(3)* Each employer in the State subject to the provisions of this section shall furnish the State agency the title of the official responsible for the local administration of the Social Security Program for the coverage group within 10 days after the date of this enactment. If the employer fails to furnish this information within the specified time, the State agency shall deem that such employer has designated its chief fiscal officer to be the responsible official.

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [January 1, 1955] *December 31, 1954.*

ARTICLE II

4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amendments and supplements thereto, designated as the "State Employees' Retirement System of New Jersey" are repealed as of the effective date of this section.

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such

chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14-29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries

entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable, shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

(m) The State Treasurer through such agency, division, or bureau of his department as he may direct is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or

exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.

ARTICLE III

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in this act.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made by a member for the 5 years immediately preceding his retirement, or, at the option of such member, it shall mean the average annual compensation for which contributions are made by a member during any 5 consecutive years of his or her membership, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement.

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under the management of the board of trustees of said system. By that name all of its business shall be transacted, its funds invested, warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.



k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, *airman*, marine or nurse who served in any army, *air force* or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army, *air force* or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable,

in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an

actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) Emergency, at any time after June 23, 1950, and prior to the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

7. There is hereby established the Public Employees' Retirement System of New Jersey. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled *as such* as of [the effective date of this act] *December 29, 1954*; who shall not have claimed for refund their accumulated deductions in said system as provided in this section [.] ;

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a

member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

8. If a member of the former "State Employees' Retirement System" or the retirement system has been discontinued from service and he has withdrawn his accumulated deductions in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full, if such member returns to service and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.

No credit for pension purposes shall be allowed to such member, covering the period of his lay-off or discontinuance, unless leave of absence was granted by the head of his department and the board, as provided for in section 39 of this act.

Should an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act be re-enrolled as a member of the retirement system and pay into the annuity savings fund the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service, there shall be restored his annuity credit, and in addition, upon completion of 1 year thereafter and the payment of at least ½ of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees.

9. Any person other than a veteran who was in the employ of the State prior to the effective date of this act, and who did not join the former

"State Employees' Retirement System," may join the retirement system at any time upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.

In the case of any person coming under the provisions of this section, full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and full pension credit for such period of employment shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of making arrears payments, except in the case of retirement for service, in which case the total membership credit for such service shall be in direct proportion to the amount paid of the total amount of the arrearage obligation, upon the completion of 1 year of making arrears payments.

10. Any State employee who had entered or shall hereafter enter into the active air, military or naval service of the United States before making application for enrollment in the retirement system shall be accepted as a member upon his filing application, provided such application is made within 3 months after entry into such active air, military or naval service, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by the employing department as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

11. Any person employed temporarily by the State and whose temporary employment resulted in permanent employment shall be permitted to make contributions covering this temporary service in accordance with the

rules and regulations of the board of trustees and receive the same annuity and pension credits as if he had been a member during his temporary service.

12. Any State employee who was a member of the former "State Employees' Retirement System" and whose services were or have been made available by this State to the Federal Government may, if and when he or she has returned or shall return to service with this State, or if he or she has retired or been retired under the said system, contribute to the annuity savings fund provided for in section 25 of this act, such sum or sums, either in 1 payment or in installments, as determined by the board of trustees to be sufficient to cover the amount which would have been contributed by such individual had he or she remained a member of said system, together with such interest thereon as shall be determined to be just by the board of trustees; any board, body or commission of this State which has, had, or shall have, moneys contributed by the Federal Government for that purpose shall pay into such system such amount or amounts as would have been contributed by it on account of said services had not such services been made available to the Federal Government, together with such interest as shall be determined to be just by the board of trustees. The board of trustees is hereby authorized and required to receive said contributions, both for annuity and pension purposes, it being the intention hereby to restore, if and where possible, all retirement rights of such members lapsed or lost while rendering services to the Federal Government in and during the emergency of World War II.

13. The special benefits payable under the former "State Employees' Retirement System" under acts repealed by this act as they were in effect on June 30, 1953, which acts granted special privileges to certain employees, shall be continued for members or beneficiaries of the retirement system as of the effective date of this section as if such acts had not been repealed.

14. A person who has been a member of the teachers' retirement fund and who has taken or shall take office, position or employment in the State

service in any capacity and is a member of the Public Employees' Retirement System shall be entitled, upon application therefor, to prior service credit for the length of his membership in such fund in the Public Employees' Retirement System or who shall become a member of the Teachers' Pension and Annuity Fund, and who has taken or shall take office, position or employment in the State service in any capacity, shall be entitled, upon application therefor, to membership in the retirement system, upon transferring his interests from the Teachers' Pension and Annuity Fund to the retirement system. If he has withdrawn his interests from the Teachers' Pension and Annuity Fund, he shall be entitled to membership in the retirement system upon paying into the latter fund such sum as shall be required by the trustees therefor for that purpose. For the purpose of carrying out the provisions of this section, the board of trustees may make all necessary rules and regulations.

15. The head of a department or branch of the State service not included in a department employing a member shall submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth and length of service of the member and any other information the board requires.

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$ of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final compensation for each year of service as a member.

On and after the effective date of this section, each new member shall be placed in "Class B."

17. The general administration and responsibility for the proper operation of the Public Employees' Retirement System and for making effective the provisions of this act shall be vested in the board of trustees. Subject to the limitations of the law, the board shall, from time to time, establish rules and regulations for the administration and transaction of its business and for the control of the funds created by this subtitle and shall perform any other functions required for the execution of this act. The membership of the board shall consist of the following:

a. Two trustees appointed by the Governor, who shall serve at the pleasure of the Governor and until their successors are appointed.

b. The State Treasurer.

c. Three trustees elected for a term of 3 years from among and by the member employees of the State in a manner prescribed by the board of trustees.

d. One trustee elected for a term of 3 years from among and by the member employees of counties and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for county representatives.

e. Two trustees elected for a term of 3 years from among and by the member employees of municipalities and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives; provided, however, at the first election for municipal representation, 1 trustee shall be elected to serve for a term of 2 years and the other trustee shall be elected to serve for a term of 3 years.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to 1 vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed from the expense fund for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board. The compensation for all persons employed by the board shall be fixed by it, within the limits of appropriations made available to the board.

For the purpose of organizing the Public Employees' Retirement System, the members of the board of trustees of the former "State Employees' Retirement System," as of the effective date of the repeal of that system, shall constitute the initial membership of the board of trustees of the Public Employees' Retirement System, for the remainder of the terms for which they were appointed or elected as the case may be.

18. The board shall elect from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary, an actuary and any technical employees as may be necessary for the transaction of the business of the retirement system.

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

19. The actuary appointed by the board shall recommend, and the board shall keep in convenient form, such data as shall be necessary for actuarial valuation of the various funds created by this act. Once in every 5-year period after the effective date of this section, the actuary shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members and beneficiaries as defined in this chapter and shall make a valuation of the assets and liabilities of the various funds created by this act. Upon the basis of such investigation and valuation the board shall:

a. Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary;

b. Certify the rates of deduction from compensation computed to be necessary to pay the annuities authorized under the provisions of this act; and;

c. Certify the rates of contribution, expressed as a proportion of the compensation of members which shall be made by the State to the contingent reserve fund.

20. The retirement system shall, for the purposes of this act, possess the powers and privileges of a corporation.

21. The board shall publish annually a report showing a valuation of the assets and liabilities of the funds created by this act, certifying as to the accumulated cash and securities of the funds and stating any other facts, recommendations and data which may be of use in the advancement of knowledge concerning employees' pensions and annuities. The board shall submit the report to the Governor and furnish a copy to the officers of each State department for use of the employees and the public.

22. Under this act there shall be the contingent reserve fund, annuity savings fund, retirement reserve fund, and the members' death benefit fund.

23. The expenses of administration of the retirement system on behalf of State employee members shall be paid by the State of New Jersey.

The administration fees hereafter paid by participating employers other than the State, shall be used to pay the expenses of administration of the retirement system on behalf of all members other than State employees.

24. The contingent reserve fund shall be the fund in which shall be credited contributions made by the State.

a. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute annually the amount of contribution, expressed as a proportion of the compensation paid to all employees, which if paid monthly during the entire prospective service of the employees, will be sufficient to provide for the pension reserves required at the time of discontinuance of active service to cover all pensions to which they may be entitled or which are payable on their account and to provide for the amount of the death benefits payable on their account by the State, which are not covered by accrued liability contributions, to be made as provided in paragraph b. hereof, and the funds in hand available for such benefits.

b. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute, annually, the amount of the liability which has accrued by reason of allowances to be granted on account of services rendered by State employee veteran members as provided in section 60 of this act prior to the establishment of the retirement system, which has not already been covered by State contributions to the former "State Employees' Retirement System." Using the total amount of this liability remaining as a basis, he shall compute the amount of the flat annual payment, which, if paid in each succeeding fiscal year commencing with July 1, 1956, for a period of 30 years, will provide for this liability.

c. Any accumulated reserves in the contingent reserve fund of the former "State Employees' Retirement System," which have not been set aside in a trust fund designated as Fund B as provided in section 5 of this act shall be transferred to the contingent reserve fund of the retirement system.

d. The board shall estimate and certify annually the aggregate amount payable to the contingent reserve fund in the ensuing year, which amount shall be equal to the sum of the proportion of the earnable compensation of all members, computed as described in paragraph a. hereof and of the State's accrued liability contribution, payable in the ensuing fiscal year, as described in paragraph b. hereof. The State shall pay into the contingent reserve fund during the ensuing year the amount so determined. The cash death benefits, payable as a result of contribution by the State under the provisions of this chapter upon the death of a member in active service, shall be paid from the contingent reserve fund.

e. Any other provision of this act notwithstanding, no payment shall be made by the State to the contingent reserve fund on behalf of service of State employee veteran members until the fiscal year commencing July 1, 1956. This shall not affect the payment of benefits to, and on behalf of, State employee veteran members prior to said date, and any such disbursements for benefits not covered by reserves in the system on account of veterans shall be met by direct contributions of the State.

25. The annuity savings fund shall be the fund in which shall be accumulated deductions from the compensation of members to provide for their annuities and withdrawal allowances. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall determine for each member the proportion of compensation, exclusive of the rate for any additional death benefit provided under section 57 of this act, which, when deducted from each payment of his prospective earnable compensation prior to service retirement and accumulated at regular interest until he retires, shall be computed to be sufficient to provide, at that time, an annuity equal to ½ of the retirement allowance then allowable for service as a member after the establishment of the retirement system.

Any member who was contributing to the former "State Employees' Retirement System" shall continue to pay the proportion of compensation

applicable to the age at enrollment, which proportion shall not be increased during the continuation of membership other than as provided in section 58, and shall make any special payments either as lump sums or as installment payments required as a result of election by the member to obtain additional service credit. Members enrolling on and after the effective date of this section shall contribute at the proportions applicable to group 2 members of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members thereafter, new proportions of compensation to be determined as provided in the preceding paragraph. No member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him other than as provided in section 58.

The board of trustees shall certify to each State department or subdivision thereof, and to the head of each branch of the State service not included in a State department, the proportion of each member's compensation to be deducted in accordance with rules and regulations established by the board, and to facilitate the making of deductions the board of trustees may modify the deduction required by a member by such an amount as shall not exceed $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to be made.

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

26. Any contributions made by a member of the former "State Employees' Retirement System" prior to June 30, 1953, which are in excess of those required shall be refundable with regular interest to the member on demand or used at retirement to provide an annuity of equivalent actuarial value which shall be in addition to his regular retirement allowance. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction.

Any surplus or deficit developing in the retirement reserve fund shall be adjusted from time to time by transfer to or from the contingent reserve fund by appropriate action of the board of trustees.

28. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

29. Upon the employment of a person to whom this act may apply, his employer shall inform him of his duties and obligations under this act as a condition of his employment.

30. In accordance with the regular rate of contribution and the extra salary deductions certified by the retirement system, each department head and the head of any branch of State service not within a department shall certify to the State Treasurer the regular and extra deductions to be made for the retirement system. The State Treasurer shall pay each of the amounts so deducted to the retirement system, and he shall transfer to the board of trustees monthly or at such intervals as the board designates a detailed statement of all amounts so paid. The secretary of the board shall cause each of the amounts so deducted to be credited to the account of the member from whose compensation the deduction was made.

31. Each State department and branch of the State service not included in a department shall keep such records and, from time to time, furnish such information as the board of trustees in the discharge of its duties may require.

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of the fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

34. Any member who has at least 3 years of service as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the

time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

The board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members shall be made, and such moneys shall be the only source from which loans shall be made to members. The interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

35. The State Treasurer shall be the custodian of the funds created by this act.

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

36. Except as otherwise herein provided, no trustee and no employee of the board of trustees shall have any direct interest in the gains or profits of any investments made by the board of trustees; nor shall any trustee or employee of the board directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or employee of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the board of trustees.

37. Regular interest charges payable, the creation and maintenance of reserves in the contingent reserve fund, the maintenance of retirement reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the board of trustees under the provisions of this act are hereby made obligations of the State. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of these obligations of the State.

Upon the basis of each actuarial determination and appraisal provided for in this act, the board of trustees shall prepare and submit to the Governor in each year an itemized estimate of the amounts necessary to be appropriated by the State to the various funds to provide for payment in full during the ensuing fiscal year of the obligations of the State accruing during that year. The Legislature shall make an appropriation sufficient to provide for such obligations of the State. The amounts so appropriated shall be paid into the various funds created by this act.

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section [41 (2)] *41. b.* of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service, and a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the

board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41 b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him to the State since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render to the State 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service was allowed for retirement purposes, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees. Any such member shall be required to

contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay.

40. When heretofore there has been or hereafter shall be effected a transfer to the service of the State of a department or unit, from the service of a municipality or county within this State, the period of such service in the county or municipality shall, for the purpose of this chapter, be computed as if the whole period of employment of such officers or employees had been in the service of the State.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, except any loan outstanding, except that for any period after June 30, 1944, prior to the effective date of this section, the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation received by the member in the last year of creditable service.

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

42. A member, who shall have been an employee in each of the 10 years next preceding his retirement, shall, upon the application of the head of the department in which he shall have been employed or upon his own application or the application of one acting in his behalf, be retired for ordinary disability by the board of trustees, on a regular disability allowance if he is under 60 years of age and on a service allowance if he has reached or passed that age. The physician or physicians designated by the board shall have first made a medical examination of him at his residence or at any other place mutually agreed upon and shall have certified to the board that the member is physically or mentally incapacitated for the performance of duty and should be retired.

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit of any person, or to a delay in the manifestation of the incapacity, or to

any other reasonable cause or excuse, and (3) that the application for retirement was filed in good faith and the circumstances justify its favorable consideration.

Before consideration of the application by the board of trustees, the physician or physicians designated by the board shall have first made a medical examination of the member at his residence or at any other place mutually agreed upon and shall have certified to the board that he is physically or mentally incapacitated for the performance of duty, and should be retired, and the appointing authority shall have certified to the board that an accident arising out of and in the course of his employment was the natural and proximate cause of the disability, the time and place where the duty causing the disability was performed, that the disability was not the result of his willful negligence and that the member should be retired.

This section shall apply to all applicants for disability retirement hereafter filed and in addition thereto the retirement board is expressly authorized to reconsider any application for accident disability allowance which application had been previously denied upon the ground that a report of the accident in a form acceptable to the retirement board was not filed within 60 days next following the accident.

44. Once each year the board of trustees may, and upon his application shall, require any disability beneficiary who is under the age of 60 years to undergo medical examination by a physician or physicians designated by the board. The examination shall be made at the residence of the beneficiary or any other place mutually agreed upon. If the physician or physicians thereupon report and certify to the board that the disability beneficiary is not totally incapacitated either physically or mentally for the performance of duty and that he is engaged in or is able to engage in a gainful occupation, and if the board concurs in the report, then the amount of his pension shall be reduced to an amount which, when added to the amount then earnable by him, shall not exceed the amount of his final compensation. If subsequent medical examination of such a beneficiary shows that his earning capacity has changed

since the date of his last examination, then the amount of his pension may be further altered; but the new pension shall not exceed the amount of pension originally granted or an amount which, when added to the amount earnable by the beneficiary, shall not exceed the amount of his final compensation.

If a disability beneficiary, while under age of 60 years, refuses to submit to at least 1 medical examination in any year by a physician or physicians designated by the board, his pension shall be discontinued until withdrawal of his refusal, and if his refusal continues for 1 year, all his rights in and to the pension shall be forfeited.

Upon application to the head of the department in which he was employed at the time of his retirement, any beneficiary, while under the age of 60 years, may, in the discretion of the head of the department, be restored to active service as an employee. No disability beneficiary entering the employ of the State shall be compelled or permitted to become a member of the retirement system, or to receive any benefits other than those previously awarded to him, as long as his annual rate of compensation is less than his final compensation at the time of his retirement. Any beneficiary under the age of 60 years, who is restored to active service at an annual rate of compensation equal to or greater than his final compensation at the time of his retirement, or whose annual rate of compensation is increased at any time after his restoration to service, to a rate equal to or greater than his final compensation at the time of his retirement, shall thereupon again become a member of the retirement system. His retirement allowance shall be canceled, and notwithstanding anything in this act to the contrary, his annuity reserve shall be transferred from the retirement reserve fund to his individual account in the annuity savings fund. Deductions shall be made from his compensation at the rate applicable to him prior to his retirement. Any service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and he shall be credited with all service as a member standing to his credit at the time of his retirement; except that such a beneficiary again becoming a member after having

attained the age of 50 years shall receive a pension on subsequent retirement based on all his service as a member since his last return to membership, and in addition he shall receive a pension equal to the pension on which he was retired at the time of his last retirement, but the total pension upon subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement.

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement; and

b. A pension, in addition to the annuity, of ⅔ of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

47. Retirement from service shall be as follows:

a. A member who shall have reached 60 years of age may retire from service by filing with the board of trustees a written statement, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 30 days after the date so specified as the board finds advisable.

b. A member who shall have reached 70 years of age shall be retired by the board for service forthwith, or at such time within 90 days thereafter as it deems advisable, except that an employee reaching 70 years of age may be continued in service from time to time upon written notice to the board of trustees by the head of the department where the employee is employed.

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/80 of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of

1/140 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

49. Upon the death of a member in active service as the result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the board of trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was due to an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of 1/2 of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18.

If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to 1½ times the amount of his or her final compensation to his or her estate or to such person having an insurable interest in his or her life as he or she shall have nominated by written designation duly acknowledged and filed wtih the board.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written desig-

nation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

51. A pension, an annuity or a retirement allowance granted under the provisions of this act shall be paid in equal monthly installments and shall not be decreased, increased, revoked or repealed, except as otherwise provided in this act; provided, however, that at the time any benefit becomes payable any unpaid balance of a loan or arrearage outstanding shall be deducted from any benefit otherwise payable.

52. The various funds created by this act shall be subject to periodic examination by the State Department of Banking and Insurance.

53. The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, any benefit or right accrued or accruing to a person under the provisions of this act and the moneys in the various funds created under this act, shall be exempt from any State or municipal tax and from levy and sale, garnishment, attachment or any other process arising out of any State or Federal court and, except as in this act otherwise provided, shall be unassignable.

54. If any change or error in records results in an employee or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, then on discovery of the error, the board of trustees shall correct it and, so far as practicable,

adjust the payments in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

55. A person who knowingly makes a false statement, or falsifies or permits to be falsified any record of this retirement system, in an attempt to defraud the system as a result of such act shall be guilty of a misdemeanor.

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are entitled to receive pensions under the provisions of any law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

57. a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the

member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

58. Prior to January 1, 1960, contributions to the Social Security Fund by members of the retirement system shall be deducted from the contributions required to be paid to the retirement system by such members as provided in section 25 of this act.

Contributions by members of the retirement system to the Social Security Fund shall be made in the manner prescribed by the State Agency for Social Security. Contributions to the Social Security Fund shall not be subject to any provisions of this act, dealing with the withdrawal of contributions, loans, or the payment of any annuities, pensions, disability or death benefits. Any change in the rate of contribution to the Social Security Fund after December 31, 1959, shall result in a corresponding change in the amount of contributions payable by the members.

59. Upon attainment of age 65 by a retired member or upon retirement of a member after the attainment of age 65, the board of trustees shall reduce such member's retirement allowance by the amount of the old age insurance benefit under Title II of the Social Security Act payable to him. Mem-

bership in the retirement system shall presume the member's acceptance of and consent to, such reduction. However, such reduction shall be subject to the following limitations:

a. The amount of the old age insurance benefit shall be computed in the same manner as computed by the Federal Social Security Administration, except that in determining such benefit amount only wages or compensation for services performed in the employ of the State, 1 or more of its instrumentalities, 1 or more of its political subdivisions, or 1 or more instrumentalities of its political subdivisions, shall be included.

b. The retirement allowance shall not be reduced below the amount of the annuity portion of the retirement allowance being paid at the time of his retirement.

c. The reduction shall apply in the following cases only:

(1) Retirement for age.

(2) Retirement for disability.

(3) Retirement for age on a deferred retirement allowance, as provided in section 38 of this act.

(4) Where an allowance is being paid upon resignation after 25 years of service, as provided in section 41 of this act.

d. Any increase in the amount of the old age insurance benefit under Title II of the Social Security Act to take effect after December 31, 1959, shall be disregarded in determining the amount of reduction from the retirement allowance of a member.

e. Whenever the amount of reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of a retirement allowance, except that any decrease in the amount of the old age insurance benefit under Title II of the Social Security Act shall result in a corresponding decrease in the amoumay be corrected, as provided in section lowance, and except that any error nt of reduction from the retirement al- 54 of this act.

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, or school district or board of education by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member. Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State.

b. The accrued liability on behalf of State employee veteran members shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office

with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable [to] *by* him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

61. a. Any public employee veteran member [in service] *in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and* who has or shall have attained the age of [62] *60* years and who has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school

district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January 1, 1955 shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of 1/2 of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

[b.] *c.* Any public employee veteran member who has been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

62. a. Where any county or municipality of the State has previously been covered by the former "State Employees' Retirement System," such county or municipality shall be covered under the provisions of this act and the employees of such county or municipality shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees'

Retirement System." Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the employ of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.

b. Where any public agency of the State, as defined in section 71 of this act, has previously been covered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."

63. Any public employee veteran of a county, municipality or school district or board of education who on the effective date of this section is in a position not covered by a retirement system to which both he and his employer make monetary contributions, other than the old-age and survivors insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a member, shall be a member of the Public Employees' Retirement System as of the effective date of this section; and any veteran becoming an employee of a county, municipality or school district or board of education in such a position, after the effective date of this section, shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position, or employment of this State or of any county, municipality or school district as are required of employers under the provisions of this act.

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old age and survivors in-

surance provisions of Title II of the Federal Social Security Act as a public employee, or his designated beneficiary, shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), and 48(d).

65. All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

66. If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board but not later than 6 months following such approval by the board of trustees of the retirement system. All service rendered to the employer by its employees previous to the effective date of such participation shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after such effective date.

67. The chief fiscal officer of the employer so consenting to the enrollment of its employees shall submit to the board of trustees such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

68. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the employer so consenting the rates

of contributions payable by members, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the employer so consenting, shall be paid by the employer. The amount certified by the board of trustees as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees. The treasurer or corresponding officer shall pay on December 27 in each year to the State Treasurer the amount of the employer's charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

69. An employee of such employer who, by reason of his service, is a member of any other governmental retirement system shall not participate in this retirement system on that part of his compensation so covered. Should such employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees' membership in the retirement system then such employer shall be deemed to be in default and a certificate to this effect shall be sent by the board of trustees to the employer and to the State Commissioner of Banking and Insurance. All members of the retirement system, who were employees of such employer at the time of default, shall thereupon be entitled to discontinue membership in the retirement system and to a refund of their previous contributions upon demand made within 90 days thereafter. As of a date 90 days following the date of such certificate of default, the actuary of the retire-

ment system shall determine by actuarial valuation the amount of the reserves held on account of each active member and pensioner of such employer and shall credit to each such member and pensioner the amount of reserve so held. The reserve so credited, together with the amount of the accumulated deductions of each active member shall be used to provide a paid up deferred annuity beginning at age 60 for him, and the reserve of each pensioner shall be used in providing such part of his existing pension as the reserve so held will provide, which pension, together with his annuity, shall thereafter be payable to him. The rights and privileges of both active members and pensioners of such employer shall thereupon terminate except as to the payment of the deferred annuities so provided for the previous active members and the annuities and the pensions, or parts thereof, provided for the pensioners.

70. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this article, for which reserves have not been previously created from funds, contributed by such employer or its employees for such benefits.

71. The words "public agency or organization" as used in this act shall be construed to mean and include any agency or organization which operates public works or is engaged in service to the public for 1 or more municipalities, local boards of health, or counties, and whose revenue is derived from other than State funds, but shall not be construed to include any subdivision of any county, municipality, school district, privately owned public utility or service or any religious, educational or charitable organization.

72. Whenever any member of the Public Employees' Retirement System of New Jersey who has retired or shall retire from active service shall, in writing, request the board of trustees to make deductions from his retirement allowance for the payment of premiums for any hospital service plan or medical surgical plan or both, the board of trustees may make such deductions and transmit the sum so deducted to the company carrying the policy

or policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. *a.* The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted.

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service. Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

76. Any employee of any county or municipality whose voters have adopted or shall hereafter adopt the retirement act as provided in this act, who was or shall hereafter be inducted into the military or naval service of the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 1, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

78. All county attendance officers who have been appointed, or hereafter shall be appointed, by the terms of section 18:14-47 of the Revised Statutes, in counties in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted, shall be entitled to receive the same benefits in the Public Employees' Retirement System as employees of the county are entitled to receive, and the county superintendent of schools and the county treasurer shall be charged with the duty of paying out of State school moneys apportioned to the county the contributions of such county attendance officers to the Public Employees' Retirement System in the same manner as the county pays such contributions for its employees under this act.

The county superintendent shall include in the apportionment made

under the terms of section 18:14-48 of the Revised Statutes a sufficient sum of money to meet the obligations incurred in this act.

79. All employees of the State whose compensation is paid by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

80. The chief fiscal officer of the county or municipality adopting this act shall submit to the board of trustees of the Public Employees' Retirement System such information and shall cause to be performed in respect to each of the employees of the county or municipality such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

81. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the county or municipality adopting this act the rates of contributions payable by members who are county or municipal employees, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county or municipality to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county or municipality. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the county or municipality adopting this act, shall be paid by the county or municipality. The amount certified by the board of trustees as payable by the county or municipality to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees and levied and collected as any other taxes are levied and collected.

The treasurer or corresponding officer of any county or municipality shall pay on December 27 in each year to the State Treasurer the amount of the county or municipal charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the county or municipality in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

82. Public employees of the counties or municipalities on behalf of whom contributions are so paid, shall be entitled to benefits under the Public Employees' Retirement System as though they were State employees.

ARTICLE IV

83. Nothing contained in this act shall affect any policeman, fireman or county or municipal employee contributing to any pension fund operating under any other law.

84. This act shall be known and may be cited as the "Public Employees' Retirement-Social Security Integration Act."

85. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [31,] *30*, 1954. All other sections of this act shall take effect January [2,] *1*, 1955.

(CORRECTED COPY)

[OFFICIAL COPY REPRINT]

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

ARTICLE I—Social Security

Section

1. Extension to governmental units having no retirement system.

2. Extension to employers of former members of State Employees' Retirement System.

3. Effective date of agreements.

ARTICLE II—Repealers and disposition of funds, protection of rights and benefits.

Section

4. Repeal of acts establishing State Employees' Retirement System.

5. Disposition of funds, benefits, etc.

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

ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

6. Definitions.
7. Membership of retirement system.
8. Restoration to membership of members discontinued from service; conditions.
9. Nonmember State employee may join upon payment of arrears.
10. State employees inducted into military or naval service before applying for enrollment.
11. Contributions covering temporary service.
12. Members serving State or Federal Government during war emergency; restoration of retirement rights.
13. Special benefits continued.
14. Transfer of membership from teachers' fund to retirement system.
15. Information required from department heads.
16. Classification of members.
17. Board of trustees.
18. Officers and employees; actuary; legal adviser.
19. Actuarial information and investigation; tables; rates of deduction and contribution.
20. Corporate powers.
21. Annual report.
22. Funds.
23. Expense fund.
24. Contingent reserve fund.
25. Annuity savings fund; deduction by department heads; recomputation of contribution rate; supplemental annuity.
26. Excess refundable; shortage deducted.

Section

27. Retirement reserve fund.

28. Members' death benefit fund.

29. Relation of new employees to fund.

30. Deductions for annuity purposes certified on payroll; credited to fund.

31. Records kept by State departments.

32. Management of funds.

33. Interest.

34. Borrowing from fund by members.

35. Custodian of fund; payments; vouchers.

36. Interest in fund by trustee or employee prohibited.

37. Obligations of State; basis of State's appropriation.

38. Vesting.

39. Service creditable toward allowances; rules and regulations; preserving annuity credit for period of leave of absence.

40. Transfer to State of municipal or county department; service of transferee computed.

41. Withdrawal; 25 year resignation; nonservice connected death benefit.

42. Ordinary disability retirement.

43. Accident disability retirement.

44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.

45. Allowance on ordinary disability retirement.

46. Allowance on accident disability retirement.

47. Retirement for age.

48. Allowance on service retirement.

49. Accidental death; allowance to dependents.

50. Member's option on retirement.

51. Monthly payments.

Section

52. Supervision of funds.

53. Benefits under chapter exempt from taxation and process; except repayment of loans.

54. Correction of errors.

55. Fraud against system a misdemeanor.

56. Renouncing other pension benefits.

57. Optional death benefit coverage.

58. Social Security contributions.

59. Social Security benefit offset.

60. Contributions and credits of veteran members.

61. Special retirement privileges of veteran members.

62. Effect upon political subdivisions previously under State Employees' Retirement System.

63. Membership of certain veteran public employees.

64. Effect of lack of Social Security coverage.

65. All employees of public agencies eligible to participate in retirement system; contributions.

66. Effective date of participation.

67. Duties of employer's chief fiscal officer.

68. Information as to rates, et cetera, certified to chief fiscal officer; payment of charge and contributions.

69. Member of any other governmental retirement system may not participate; default of employer; discontinuance of membership; application of reserve.

70. Limitation on liability of retirement system.

71. "Public agency or organization" defined.

72. Deductions from retirement allowance for hospital and medical insurance premiums.

73. Employees of *New Jersey Turnpike Authority, New Jersey Highway Authority,* Palisades Interstate Park Commission, Interstate Sanitation Commission and Delaware River Joint Toll Bridge Commission.

Section

74. State Retirement System extended to county and municipal employees; referendum.

75. Effective date; membership; prior service.

76. County or municipal employees inducted into military or naval service before applying for enrollment.

77. Employees of school district coterminous with municipality adopting law in first-class counties.

78. County attendance officers entitled to benefits under retirement system.

79. State employees paid by county or municipality in which chapter is adopted.

80. Information required.

81. Rates of contributions; budget requirements; payments to State Treasurer.

82. Benefits.

ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

83. Other pension laws not affected.

84. Short title.

85. Effect of invalidity.

86. Effective dates.

ARTICLE I

1. The State agency, established under chapter 253, laws of 1951, as amended, with the approval of the Governor, is hereby authorized and directed to enter, on behalf of the State, and of any county, municipality or school district and of any public department, board, body, commission, institution, agency, instrumentality or authority of, or in, the State and of, or in, any county, municipality or school district in the State, into an agreement with the U. S. Department of Health, Education, and Welfare for the purpose of extending the provisions of the Federal Old-Age and

Survivors Insurance system to all services performed by employees as members of any coverage group as defined in section 218 (b) (5) of the Social Security Act unless such services are already covered by an agreement under this act. The agreement shall conform with the terms and provisions of this act. Each employer subject to the provisions of this section shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

a. Such employer shall have the option of including or excluding from coverage all employees in elective offices and positions. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received within the specified time, he shall be deemed to have decided not to cover employees in such elective offices and positions.

b. Such employer shall furnish the State agency within 10 days after the date of this enactment, the title of the official responsible for the local administration of the Social Security Program for the coverage group. If the employer fails to furnish this information within the specified time, the State agency shall deem that the employer has designated its chief fiscal officer to be the responsible official.

c. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

2. The State agency, with the approval of the Governor, is hereby authorized and directed to enter on behalf of the State into an agreement with the Secretary of the U. S. Department of Health, Education, and Welfare for the purposes of extending the provisions of the Federal Old-Age and Survivors Insurance system to services performed by employees in positions formerly covered by the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, hereinafter referred to as the State Employees' Retirement System, provided, however:

a. That such employees are members of a coverage group as defined in section 218 (b) (5) of the Social Security Act;

b. The agreement shall not be made applicable to services in such positions so long as said positions are barred from coverage by the provisions of the Social Security Act.

The agreement made under this section shall be consistent with the terms and provisions of this act. It shall cover all employment for each employer in the State participating in the State Employees' Retirement System on the date of this enactment and each such employer shall be deemed to have submitted a plan in accordance with the provisions of section 5 of chapter 253, laws of 1951, as amended, except that:

[a.] *(1)* Where the employer has covered the services of at least 1 employee in any elective office or position under the provisions of the State Employees' Retirement System, all employees in such elective positions shall be included in the Social Security Coverage Group.

[b.] *(2)* Where the employer has covered none of the services of employees in any elective office or position under the provisions of the State Employees' Retirement System, such employers shall have the option of either including or excluding the services of all such employees from Social Security coverage. The employer shall notify the State agency of his decision within 10 days after the date of this enactment. If no notice has been received by the State agency within the specified time, the employer shall be deemed to have decided to exclude the services of employees in elective offices and positions.

[c.] *(3)* Each employer in the State subject to the provisions of this section shall furnish the State agency the title of the official responsible for the local administration of the Social Security Program for the coverage group within 10 days after the date of this enactment. If the employer fails to furnish this information within the specified time, the State agency shall deem that such employer has designated its chief fiscal officer to be the responsible official.

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [January 1, 1955] *December 31, 1954.*

ARTICLE II

4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amendments and supplements thereto, designated as the "State Employees' Retirement System of New Jersey" are repealed as of the effective date of this section.

5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes of the State of New Jersey and all amendments and supplements thereto is subject to the following provisos:

(a) Any person retired for service under any of the provisions of either of said chapters and receiving or entitled to receive benefits thereunder prior to their repeal shall continue to receive the same benefits or shall continue to be entitled to receive the same benefits to the same extent and in the same manner as if such chapters had not been repealed. If any such person shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters, as if such chapters had not been repealed.

(b) Any beneficiary receiving an allowance as a result of an election made by a person retiring under such chapters shall continue to receive such allowance as provided under such chapters.

(c) Any person electing to have deductions for medical and hospitalization insurance subtracted from his retirement allowance shall continue to have such deductions subtracted as if such chapters had not been repealed.

(d) Any person retired for disability under such chapters and receiving benefits or entitled to receive benefits thereunder and any person receiving accidental death benefits as the result of the death of a member in service under such chapters, prior to their repeal, including any person covered by R. S. 43:14–30 to R. S. 43:14–34, R. S. 43:14–37 and R. S. 43:15–5, shall, so long as he continues to meet the tests therefor prescribed in such

chapters, continue to receive the same or shall continue to be entitled to receive to the same extent and in the same manner as if such chapters had not been repealed. At such time as he shall cease to meet such requirements his benefits shall cease and as to him the chapters shall have no further application. If any person retired for disability under such chapters and receiving benefits thereunder prior to their repeal shall have elected to take his retirement benefit under one of the options of such chapters, his beneficiary shall, upon the death of the retirant, receive such amount as was provided under such chapters.

(e) Any person who, as of the effective date of this section meets the requirements for retirement under chapters 14 and 15 of Title 43 of the Revised Statutes but who has not made application for benefits under such chapters may make such application and be retired on or before the effective date of this section, as if such chapters had not been repealed. He shall thereafter receive benefits to the same extent and in the same manner as if such chapters had not been repealed.

(f) If any person having made contributions under such chapters dies prior to their repeal but before retiring, his accumulated deductions shall be paid out as he shall have directed in writing; provided, however, that in the case of a contributor who dies with credit for 20 or more years of total service, the provisions of R. S. 43:14–29 shall apply. In the absence of such written direction, his accumulated deductions shall be paid to his estate. This paragraph shall apply also to any person dying subsequent to repeal but before receiving his contributions.

(g) Any person who contracted for a loan under such chapters shall continue to repay the loan as if such chapters had not been repealed.

(h) Interest on members' accumulated deductions shall cease as of the effective date of this section.

(i) The accumulated deductions of the members constituting the Annuity Savings Fund shall be set aside in a trust fund designated as Fund A to be held for refund, upon demand, to the respective persons or beneficiaries

entitled thereto; no further interest shall be allowed after the effective date of this section. Until refunded or otherwise disposed of, such funds, interests therein, and rights thereto shall not be subject to judicial process.

(j) The accumulated reserves in the Contingent Reserve Fund established under such chapters which are required to meet pension and death benefits allowable, shall be set aside in the State treasury as a trust fund and expended for no other purpose except for the payment of such benefits. Such fund shall be designated as Fund B.

(k) The accumulated reserves constituting the Retirement Reserve Fund shall be set aside in a trust fund designated as Fund C to be held for payment of all pension and death benefits allowed. Such funds, interests therein and rights thereto, shall not be subject to judicial process.

(l) All moneys in the Expense Fund shall be set aside in a trust fund designated as Fund D, to be held for the purpose of administering the payment of benefits under the provisions of this section. Such moneys, interest therein and rights thereto shall not be subject to judicial process.

(m) The State Treasurer through such agency, division, or bureau of his department as he may direct is hereby authorized and directed to administer the payment of benefits and the return of accumulated deductions under the State Employees' Retirement System abolished by this act.

The State Treasurer is hereby constituted the custodian of the securities, funds and investments of the former "State Employees' Retirement System of New Jersey." For the purpose of this section only, the title "State Employees' Retirement System of New Jersey" may be used in order to hold title to, sell, assign, transfer or otherwise dispose of any such securities, funds or investments. All functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale or exchange of any of such securities, funds or investments, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented; provided, however, that before any such investment, reinvestment, purchase, sale or

exchange may be made by said director pursuant to the provisions of this section, he shall submit the details thereof to the State Treasurer, who shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to him, file with the director a written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange, for, on behalf of, and with respect to such fund, unless there shall have been filed with him a written rejection thereof by the State Treasurer as herein provided.

ARTICLE III

6. As used in this act:

a. "Accumulated deductions" means the sum of all the amounts, deducted from the compensation of a member or contributed by him, standing to the credit of his individual account in the annuity savings fund.

b. "Annuity" means payments for life derived from contributions made by a member as provided in this act.

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

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

e. "Final compensation" means the average annual compensation for which contributions are made by a member for the 5 years immediately preceding his retirement, or, at the option of such member, it shall mean the average annual compensation for which contributions are made by a member during any 5 consecutive years of his or her membership, within which period of 5 consecutive years he was entitled to retirement for service, said 5 years to be selected by the applicant prior to the date of retirement.

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

g. "Pension" means payments for life derived from appropriations made by the employer as formerly provided in chapters 14 and 15 of Title 43 of the Revised Statutes, or in this act.

h. "Pension reserve" means the present value of all payments to be made on account of any pension or benefit in lieu of a pension formerly granted under the provisions of chapters 14 and 15 of Title 43 of the Revised Statutes, or as provided in this act, computed on the basis of such mortality tables as the board of trustees adopts, with regular interest.

i. "Public Employees' Retirement System of New Jersey," hereinafter referred to as the "retirement system," is the corporate name of the arrangement for the payment of retirement allowances and other benefits under the provisions of this act and for the system including the several funds created and placed under the management of the board of trustees of said system. By that name all of its business shall be transacted, its funds invested, warrants for money drawn and payments made and all of its cash and securities and other property held.

j. "Regular interest" shall mean interest as determined from time to time by the board of trustees. The regular interest rate shall be limited to a minimum of 3% and a maximum of 4%.

k. "Retirement allowance" means the pension plus the annuity.

l. "Veteran" means any honorably discharged officer, soldier, sailor, *airman*, marine or nurse who served in any army, *air force* or navy of the allies of the United States in World War I, between July 14, 1914, and November 11, 1918, or who served in any army, *air force* or navy of the allies of the United States in World War II, between September 1, 1939, and September 2, 1945, and who was inducted into such service through voluntary enlistment, and was a citizen of the United States at the time of such enlistment, and who did not, during or by reason of such service, renounce or lose his United States citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field clerk, who has served in the active military or naval service of the United States and has or shall be discharged or released therefrom under conditions other than dishonorable,

in any of the following wars, uprisings, insurrections, expeditions, or emergencies, and who has presented to the board of trustees evidence of such record of service in form and content satisfactory to said board of trustees:

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

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

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

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

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

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

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

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

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

(10) World War II, between September 16, 1940, and September 2, 1945, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies any part of which 90 days was served between said dates; provided, that any person receiving an

actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

(11) Emergency, at any time after June 23, 1950, and prior to the date of termination, suspension or revocation of the proclamation of the existence of a national emergency issued by the President of the United States on December 16, 1950, or date of termination of the existence of such national emergency by appropriate action of the President or the Congress of the United States, who shall have served at least 90 days in such active service, exclusive of any period he was assigned (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program which course was a continuation of his civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided, that any person receiving an actual service incurred injury or disability shall be classed as a veteran whether or not he has completed the 90-day service as herein provided.

7. There is hereby established the Public Employees' Retirement System of New Jersey. The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled *as such* as of [the effective date of this act] *December 29, 1954*; who shall not have claimed for refund their accumulated deductions in said system as provided in this section [.] ;

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a

member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

8. If a member of the former "State Employees' Retirement System" or the retirement system has been discontinued from service and he has withdrawn his accumulated deductions in either of said systems, his prior service credit and membership credit at the time of leaving service shall be restored in full, if such member returns to service and deposits in the retirement system the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service. Subject to the rules and regulations of the board such deposit may be paid in regular installments. Subsequent normal contributions shall be at the rate determined by the board of trustees.

If such member has not withdrawn his accumulated contributions his membership may continue in the retirement system, notwithstanding any provisions of this act, but such continuance shall not extend beyond a period of 5 years from the date of his discontinuance from service.

No credit for pension purposes shall be allowed to such member, covering the period of his lay-off or discontinuance, unless leave of absence was granted by the head of his department and the board, as provided for in section 39 of this act.

Should an employee who has withdrawn his accumulated deductions from the former "State Employees' Retirement System" or the retirement system as provided in section 41 of this act be re-enrolled as a member of the retirement system and pay into the annuity savings fund the total amount as the board of trustees shall determine to be due in order to give to such person the same credit for such service as he had at the time of leaving service, there shall be restored his annuity credit, and in addition, upon completion of 1 year thereafter and the payment of at least ½ of such obligation, his pension credit shall be restored as it was at the time of his withdrawal. Subsequent normal contributions shall be at the rate determined by the board of trustees.

9. Any person other than a veteran who was in the employ of the State prior to the effective date of this act, and who did not join the former

"State Employees' Retirement System," may join the retirement system at any time upon paying into the retirement system such arrears over a period of not more than 10 years in regular installments, with interest, as the board of trustees shall determine to be due, in order to give to such person the same standing as a member of the retirement system as other members who joined the former "State Employees' Retirement System" when the law providing for such retirement system first applied to them, or he shall have the option of joining as a new member upon proper application to the board of trustees, with no credit for previous service.

In the case of any person coming under the provisions of this section, full annuity credit for the period of employment for which arrears are being paid shall be given upon the payment of the total amount due, and full pension credit for such period of employment shall be given upon the payment of at least ½ of the total arrearage obligation and the completion of 1 year of making arrears payments, except in the case of retirement for service, in which case the total membership credit for such service shall be in direct proportion to the amount paid of the total amount of the arrearage obligation, upon the completion of 1 year of making arrears payments.

10. Any State employee who had entered or shall hereafter enter into the active air, military or naval service of the United States before making application for enrollment in the retirement system shall be accepted as a member upon his filing application, provided such application is made within 3 months after entry into such active air, military or naval service, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by the employing department as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

11. Any person employed temporarily by the State and whose temporary employment resulted in permanent employment shall be permitted to make contributions covering this temporary service in accordance with the

rules and regulations of the board of trustees and receive the same annuity and pension credits as if he had been a member during his temporary service.

12. Any State employee who was a member of the former "State Employees' Retirement System" and whose services were or have been made available by this State to the Federal Government may, if and when he or she has returned or shall return to service with this State, or if he or she has retired or been retired under the said system, contribute to the annuity savings fund provided for in section 25 of this act, such sum or sums, either in 1 payment or in installments, as determined by the board of trustees to be sufficient to cover the amount which would have been contributed by such individual had he or she remained a member of said system, together with such interest thereon as shall be determined to be just by the board of trustees; any board, body or commission of this State which has, had, or shall have, moneys contributed by the Federal Government for that purpose shall pay into such system such amount or amounts as would have been contributed by it on account of said services had not such services been made available to the Federal Government, together with such interest as shall be determined to be just by the board of trustees. The board of trustees is hereby authorized and required to receive said contributions, both for annuity and pension purposes, it being the intention hereby to restore, if and where possible, all retirement rights of such members lapsed or lost while rendering services to the Federal Government in and during the emergency of World War II.

13. The special benefits payable under the former "State Employees' Retirement System" under acts repealed by this act as they were in effect on June 30, 1953, which acts granted special privileges to certain employees, shall be continued for members or beneficiaries of the retirement system as of the effective date of this section as if such acts had not been repealed.

14. A person who has been a member of the teachers' retirement fund and who has taken or shall take office, position or employment in the State

service in any capacity and is a member of the Public Employees' Retirement System shall be entitled, upon application therefor, to prior service credit for the length of his membership in such fund in the Public Employees' Retirement System or who shall become a member of the Teachers' Pension and Annuity Fund, and who has taken or shall take office, position or employment in the State service in any capacity, shall be entitled, upon application therefor, to membership in the retirement system, upon transferring his interests from the Teachers' Pension and Annuity Fund to the retirement system. If he has withdrawn his interests from the Teachers' Pension and Annuity Fund, he shall be entitled to membership in the retirement system upon paying into the latter fund such sum as shall be required by the trustees therefor for that purpose. For the purpose of carrying out the provisions of this section, the board of trustees may make all necessary rules and regulations.

15. The head of a department or branch of the State service not included in a department employing a member shall submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth and length of service of the member and any other information the board requires.

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$ of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final compensation for each year of service as a member.

On and after the effective date of this section, each new member shall be placed in "Class B."

17. The general administration and responsibility for the proper operation of the Public Employees' Retirement System and for making effective the provisions of this act shall be vested in the board of trustees. Subject to the limitations of the law, the board shall, from time to time, establish rules and regulations for the administration and transaction of its business and for the control of the funds created by this subtitle and shall perform any other functions required for the execution of this act. The membership of the board shall consist of the following:

a. Two trustees appointed by the Governor, who shall serve at the pleasure of the Governor and until their successors are appointed.

b. The State Treasurer.

c. Three trustees elected for a term of 3 years from among and by the member employees of the State in a manner prescribed by the board of trustees.

d. One trustee elected for a term of 3 years from among and by the member employees of counties and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for county representatives.

e. Two trustees elected for a term of 3 years from among and by the member employees of municipalities and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives; provided, however, at the first election for municipal representation, 1 trustee shall be elected to serve for a term of 2 years and the other trustee shall be elected to serve for a term of 3 years.

A vacancy occurring during a term shall be filled for the unexpired term by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to 1 vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed from the expense fund for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board. The compensation for all persons employed by the board shall be fixed by it, within the limits of appropriations made available to the board.

For the purpose of organizing the Public Employees' Retirement System, the members of the board of trustees of the former "State Employees' Retirement System," as of the effective date of the repeal of that system, shall constitute the initial membership of the board of trustees of the Public Employees' Retirement System, for the remainder of the terms for which they were appointed or elected as the case may be.

18. The board shall elect from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4-2 and 11:4-3 of the Revised Statutes, a secretary, an actuary and any technical employees as may be necessary for the transaction of the business of the retirement system.

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

19. The actuary appointed by the board shall recommend, and the board shall keep in convenient form, such data as shall be necessary for actuarial valuation of the various funds created by this act. Once in every 5-year period after the effective date of this section, the actuary shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members and beneficiaries as defined in this chapter and shall make a valuation of the assets and liabilities of the various funds created by this act. Upon the basis of such investigation and valuation the board shall:

a. Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary;

b. Certify the rates of deduction from compensation computed to be necessary to pay the annuities authorized under the provisions of this act; and;

c. Certify the rates of contribution, expressed as a proportion of the compensation of members which shall be made by the State to the contingent reserve fund.

20. The retirement system shall, for the purposes of this act, possess the powers and privileges of a corporation.

21. The board shall publish annually a report showing a valuation of the assets and liabilities of the funds created by this act, certifying as to the accumulated cash and securities of the funds and stating any other facts, recommendations and data which may be of use in the advancement of knowledge concerning employees' pensions and annuities. The board shall submit the report to the Governor and furnish a copy to the officers of each State department for use of the employees and the public.

22. Under this act there shall be the contingent reserve fund, annuity savings fund, retirement reserve fund, and the members' death benefit fund.

23. The expenses of administration of the retirement system on behalf of State employee members shall be paid by the State of New Jersey. The administration fees hereafter paid by participating employers other than the State, shall be used to pay the expenses of administration of the retirement system on behalf of all members other than State employees.

24. The contingent reserve fund shall be the fund in which shall be credited contributions made by the State.

a. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute annually the amount of contribution, expressed as a proportion of the compensation paid to all employees, which if paid monthly during the entire prospective service of the employees, will be sufficient to provide for the pension reserves required at the time of discontinuance of active service to cover all pensions to which they may be entitled or which are payable on their account and to provide for the amount of the death benefits payable on their account by the State, which are not covered by accrued liability contributions, to be made as provided in paragraph b. hereof, and the funds in hand available for such benefits.

b. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall compute, annually, the amount of the liability which has accrued by reason of allowances to be granted on account of services rendered by State employee veteran members as provided in section 60 of this act prior to the establishment of the retirement system, which has not already been covered by State contributions to the former "State Employees' Retirement System." Using the total amount of this liability remaining as a basis, he shall compute the amount of the flat annual payment, which, if paid in each succeeding fiscal year commencing with July 1, 1956, for a period of 30 years, will provide for this liability.

c. Any accumulated reserves in the contingent reserve fund of the former "State Employees' Retirement System," which have not been set aside in a trust fund designated as Fund B as provided in section 5 of this act shall be transferred to the contingent reserve fund of the retirement system.

d. The board shall estimate and certify annually the aggregate amount payable to the contingent reserve fund in the ensuing year, which amount shall be equal to the sum of the proportion of the earnable compensation of all members, computed as described in paragraph a. hereof and of the State's accrued liability contribution, payable in the ensuing fiscal year, as described in paragraph b. hereof. The State shall pay into the contingent reserve fund during the ensuing year the amount so determined. The cash death benefits, payable as a result of contribution by the State under the provisions of this chapter upon the death of a member in active service, shall be paid from the contingent reserve fund.

e. Any other provision of this act notwithstanding, no payment shall be made by the State to the contingent reserve fund on behalf of service of State employee veteran members until the fiscal year commencing July 1, 1956. This shall not affect the payment of benefits to, and on behalf of, State employee veteran members prior to said date, and any such disbursements for benefits not covered by reserves in the system on account of veterans shall be met by direct contributions of the State.

25. The annuity savings fund shall be the fund in which shall be accumulated deductions from the compensation of members to provide for their annuities and withdrawal allowances. Upon the basis of such tables as the board adopts, and regular interest, the actuary of the board shall determine for each member the proportion of compensation, exclusive of the rate for any additional death benefit provided under section 57 of this act, which, when deducted from each payment of his prospective earnable compensation prior to service retirement and accumulated at regular interest until he retires, shall be computed to be sufficient to provide, at that time, an annuity equal to ½ of the retirement allowance then allowable for service as a member after the establishment of the retirement system.

Any member who was contributing to the former "State Employees' Retirement System" shall continue to pay the proportion of compensation

applicable to the age at enrollment, which proportion shall not be increased during the continuation of membership other than as provided in section 58, and shall make any special payments either as lump sums or as installment payments required as a result of election by the member to obtain additional service credit. Members enrolling on and after the effective date of this section shall contribute at the proportions applicable to group 2 members of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members thereafter, new proportions of compensation to be determined as provided in the preceding paragraph. No member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable by him other than as provided in section 58.

The board of trustees shall certify to each State department or subdivision thereof, and to the head of each branch of the State service not included in a State department, the proportion of each member's compensation to be deducted in accordance with rules and regulations established by the board, and to facilitate the making of deductions the board of trustees may modify the deduction required by a member by such an amount as shall not exceed $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to be made.

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

26. Any contributions made by a member of the former "State Employees' Retirement System" prior to June 30, 1953, which are in excess of those required shall be refundable with regular interest to the member on demand or used at retirement to provide an annuity of equivalent actuarial value which shall be in addition to his regular retirement allowance. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction. Any surplus or deficit developing in the retirement reserve fund shall be adjusted from time to time by transfer to or from the contingent reserve fund by appropriate action of the board of trustees.

28. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

29. Upon the employment of a person to whom this act may apply, his employer shall inform him of his duties and obligations under this act as a condition of his employment.

30. In accordance with the regular rate of contribution and the extra salary deductions certified by the retirement system, each department head and the head of any branch of State service not within a department shall certify to the State Treasurer the regular and extra deductions to be made for the retirement system. The State Treasurer shall pay each of the amounts so deducted to the retirement system, and he shall transfer to the board of trustees monthly or at such intervals as the board designates a detailed statement of all amounts so paid. The secretary of the board shall cause each of the amounts so deducted to be credited to the account of the member from whose compensation the deduction was made.

31. Each State department and branch of the State service not included in a department shall keep such records and, from time to time, furnish such information as the board of trustees in the discharge of its duties may require.

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall, within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided.

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of the fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

34. Any member who has at least 3 years of service as a member to his credit may borrow from the retirement system, with the approval of the retirement board, an amount equal to not more than 50% of the amount of his accumulated deductions, but not less than $50.00; provided, that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from compensations, not in excess of 25% of the member's compensation, made at the same time compensation is paid to the member, but not after the attainment of age 60. The amount so borrowed, together with interest at the rate of 4% per annum on any unpaid balance thereof, shall be repaid to the retirement system in equal installments by deduction from the compensation of the member at the time the compensation is paid and in such amounts as the retirement board shall approve, but such installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest thereon by the time the member attains age 60. Not more than 2 loans may be granted to any member in any fiscal year. Notwithstanding any other law affecting the salary or compensation of any person or persons to whom this act applies or shall apply, the additional deductions required to repay the loan shall be made. Any unpaid balance of a loan at the

time any benefit may become payable before the attainment of age 60, shall be deducted from the benefit otherwise payable.

The board of trustees is hereby authorized to set aside moneys within the contingent reserve fund from which loans to members shall be made, and such moneys shall be the only source from which loans shall be made to members. The interest earned on such loans shall be treated in the same manner as interest earned from investments of the retirement system.

No loans to members shall be granted until 3 months after the establishment of the Public Employees' Retirement System; provided, however, that loans outstanding as of the effective date of the repeal of the former "State Employees' Retirement System" shall have the identical status in the Public Employees' Retirement System and that the repayment of loans from the former "State Employees' Retirement System" shall continue to be made to the Public Employees' Retirement System in accordance with rules established by the board of trustees.

35. The State Treasurer shall be the custodian of the funds created by this act.

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

36. Except as otherwise herein provided, no trustee and no employee of the board of trustees shall have any direct interest in the gains or profits of any investments made by the board of trustees; nor shall any trustee or employee of the board directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or employee of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the board of trustees.

37. Regular interest charges payable, the creation and maintenance of reserves in the contingent reserve fund, the maintenance of retirement reserves as provided for in this act and the payment of all retirement allowances and other benefits granted by the board of trustees under the provisions of this act are hereby made obligations of the State. All income, interest and dividends derived from deposits and investments authorized by this act shall be used for the payment of these obligations of the State.

Upon the basis of each actuarial determination and appraisal provided for in this act, the board of trustees shall prepare and submit to the Governor in each year an itemized estimate of the amounts necessary to be appropriated by the State to the various funds to provide for payment in full during the ensuing fiscal year of the obligations of the State accruing during that year. The Legislature shall make an appropriation sufficient to provide for such obligations of the State. The amounts so appropriated shall be paid into the various funds created by this act.

38. Should a member of the Public Employees' Retirement System, after having completed 20 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for cause on charges of misconduct or delinquency, such person may elect to receive: (a) the payments provided for in section [41 (2)] *41. b.* of this act, if he so qualifies under said section, or; (b) a deferred retirement allowance, beginning at the retirement age, which shall be made up of an annuity derived from the accumulated deductions standing to the credit of the individual member's account in the annuity savings fund at the time of his severance from the service, and a pension which when added to the annuity will produce a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{60}$ of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 of this act, with optional privileges provided for in section 50 of this act; provided, also that such election is communicated by such member to the

board of trustees in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided further, that such member, as referred to in subsection (b) may later elect: (a) to receive the payments provided for in section 41 b. of this act, if he had qualified under that section at the time of leaving service, or; (b) to withdraw his accumulated deductions or, if such member shall die before attaining service retirement age then his accumulated deductions shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees otherwise to the executor or administrator of the member's estate.

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him to the State since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render to the State 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service was allowed for retirement purposes, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees. Any such member shall be required to

contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay.

40. When heretofore there has been or hereafter shall be effected a transfer to the service of the State of a department or unit, from the service of a municipality or county within this State, the period of such service in the county or municipality shall, for the purpose of this chapter, be computed as if the whole period of employment of such officers or employees had been in the service of the State.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall receive all, or such part as he demands, of the accumulated deductions standing to the credit of his individual account in the annuity savings fund, except any loan outstanding, except that for any period after June 30, 1944, prior to the effective date of this section, the interest payable shall be such proportion of the interest determined at the regular rate as 2% per annum bears to the regular rate of interest. Except as provided for in sections 8 and 38 of this act, he shall cease to be a member 2 years from the date he discontinued service as an employee, or, if prior thereto, upon the date when payment to him on demand of his accumulated deductions exceeds ½ of the accumulated deductions. The board of trustees may, in its discretion, withhold, for not more than 1 year after a member ceases to be an employee, all or part of his accumulated deductions, if he previously withdrew from the annuity savings fund all or part of his accumulated deductions and failed to redeposit that amount to the credit of his individual account in the fund. No veteran member shall be entitled to withdraw the amount of his accumulated deductions contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having completed 25 years of service, before reaching service retirement age, he may elect to receive, in lieu of the payment provided for above, an annuity which is the actuarial equivalent of his accumulated deductions, and in addition a pension which when added to the annuity will produce a total retirement allowance of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service, reduced by ½ of 1% for each month that the member lacks of being age 60, except that in the case of a member who has not attained age 53 the reduction is equal to 42% plus 1/6 of 1% for each month the member lacks of being age 53, and with the optional privileges provided for in section 50 of this act.

c. Upon the receipt of proper proof of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate:

(1) His accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to 1½ times the compensation received by the member in the last year of creditable service.

d. A member may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested written new nomination of the payee of the death benefit provided under this section. Such member may also file, and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

42. A member, who shall have been an employee in each of the 10 years next preceding his retirement, shall, upon the application of the head of the department in which he shall have been employed or upon his own application or the application of one acting in his behalf, be retired for ordinary disability by the board of trustees, on a regular disability allowance if he is under 60 years of age and on a service allowance if he has reached or passed that age. The physician or physicians designated by the board shall have first made a medical examination of him at his residence or at any other place mutually agreed upon and shall have certified to the board that the member is physically or mentally incapacitated for the performance of duty and should be retired.

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit of any person, or to a delay in the manifestation of the incapacity, or to

any other reasonable cause or excuse, and (3) that the application for retirement was filed in good faith and the circumstances justify its favorable consideration.

Before consideration of the application by the board of trustees, the physician or physicians designated by the board shall have first made a medical examination of the member at his residence or at any other place mutually agreed upon and shall have certified to the board that he is physically or mentally incapacitated for the performance of duty, and should be retired, and the appointing authority shall have certified to the board that an accident arising out of and in the course of his employment was the natural and proximate cause of the disability, the time and place where the duty causing the disability was performed, that the disability was not the result of his willful negligence and that the member should be retired.

This section shall apply to all applicants for disability retirement hereafter filed and in addition thereto the retirement board is expressly authorized to reconsider any application for accident disability allowance which application had been previously denied upon the ground that a report of the accident in a form acceptable to the retirement board was not filed within 60 days next following the accident.

44. Once each year the board of trustees may, and upon his application shall, require any disability beneficiary who is under the age of 60 years to undergo medical examination by a physician or physicians designated by the board. The examination shall be made at the residence of the beneficiary or any other place mutually agreed upon. If the physician or physicians thereupon report and certify to the board that the disability beneficiary is not totally incapacitated either physically or mentally for the performance of duty and that he is engaged in or is able to engage in a gainful occupation, and if the board concurs in the report, then the amount of his pension shall be reduced to an amount which, when added to the amount then earnable by him, shall not exceed the amount of his final compensation. If subsequent medical examination of such a beneficiary shows that his earning capacity has changed

since the date of his last examination, then the amount of his pension may be further altered; but the new pension shall not exceed the amount of pension originally granted or an amount which, when added to the amount earnable by the beneficiary, shall not exceed the amount of his final compensation.

If a disability beneficiary, while under age of 60 years, refuses to submit to at least 1 medical examination in any year by a physician or physicians designated by the board, his pension shall be discontinued until withdrawal of his refusal, and if his refusal continues for 1 year, all his rights in and to the pension shall be forfeited.

Upon application to the head of the department in which he was employed at the time of his retirement, any beneficiary, while under the age of 60 years, may, in the discretion of the head of the department, be restored to active service as an employee. No disability beneficiary entering the employ of the State shall be compelled or permitted to become a member of the retirement system, or to receive any benefits other than those previously awarded to him, as long as his annual rate of compensation is less than his final compensation at the time of his retirement. Any beneficiary under the age of 60 years, who is restored to active service at an annual rate of compensation equal to or greater than his final compensation at the time of his retirement, or whose annual rate of compensation is increased at any time after his restoration to service, to a rate equal to or greater than his final compensation at the time of his retirement, shall thereupon again become a member of the retirement system. His retirement allowance shall be canceled, and notwithstanding anything in this act to the contrary, his annuity reserve shall be transferred from the retirement reserve fund to his individual account in the annuity savings fund. Deductions shall be made from his compensation at the rate applicable to him prior to his retirement. Any service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and he shall be credited with all service as a member standing to his credit at the time of his retirement; except that such a beneficiary again becoming a member after having

attained the age of 50 years shall receive a pension on subsequent retirement based on all his service as a member since his last return to membership, and in addition he shall receive a pension equal to the pension on which he was retired at the time of his last retirement, but the total pension upon subsequent retirement shall not be a greater proportion of his final compensation than the proportion to which he would have been entitled had he remained in service during the period of his prior retirement.

45. Subject to the provisions of section 59 of this act, a member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a total retirement allowance of 9/10 of the sum of 1/70 of his final compensation for each year of service credited as Class A service and 1/60 of his final compensation for each year of service credited as Class B service; provided, however, that in no event shall the allowance be based upon less than 17 years of service, unless the member would have had less than 17 years of service at age 60, in which event he shall be given credit for the years to age 60.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

46. Subject to the provisions of section 59 of this act, a member upon retirement for accident disability shall receive a service retirement allowance if he has attained the age of 70; otherwise he shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement; and

b. A pension, in addition to the annuity, of % of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon the receipt of proper proofs of the death of a member who has retired on an accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $\frac{1}{10}$ of the compensation received by the member in the last year of creditable service.

47. Retirement from service shall be as follows:

a. A member who shall have reached 60 years of age may retire from service by filing with the board of trustees a written statement, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 30 days after the date so specified as the board finds advisable.

b. A member who shall have reached 70 years of age shall be retired by the board for service forthwith, or at such time within 90 days thereafter as it deems advisable, except that an employee reaching 70 years of age may be continued in service from time to time upon written notice to the board of trustees by the head of the department where the employee is employed.

48. Subject to the provisions of section 59 of this act, a member, upon retirement for service, shall receive a retirement allowance consisting of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement;

b. A pension which, when added to the annuity, will produce a retirement allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as Class A service and $\frac{1}{80}$ of his final compensation for each year of service credited as Class B service.

c. If in the case of a member who was age 60 or over on June 30, 1953, who if he had retired immediately would have had an annuity in excess of

1/40 of his final compensation for each year of membership service credited as a Class A member and 1/120 of his final compensation for each year of membership service credited as a Class B member, the amount of such excess annuity determined as of such date shall not be used in determining the pension on immediate or subsequent retirement.

d. Upon the receipt of proper proofs of the death of a member who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 3/10 of the compensation received by the member in the last year of creditable service.

49. Upon the death of a member in active service as the result of an accident arising out of and in the course of his employment and not as the result of his willful negligence, an accident death benefit shall be payable, if a report, in a form acceptable to the board of trustees, of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. Evidence must be submitted to the board of trustees proving that the natural and proximate cause of his death was due to an accident arising out of and in the course of employment at some definite time and place.

Upon application by or on behalf of the dependents of such deceased member, the board of trustees, in addition to the payment of his accumulated deductions as provided in section 41 of this act, shall grant an allowance of ½ of the final compensation of such employee, if the member was a male employee, as a pension to his widow, to continue during her widowhood; or, if no widow, or in case the widow dies or remarried before the youngest child of such deceased member attains age 18, or if the member was a married female employee, then to the child or children of such member under age 18, divided in such manner as the board in its discretion shall determine to continue until the youngest surviving child dies or attains age 18.

If there be no widow or child under age 18 surviving such member, or if the member was never married, then there shall be paid a cash sum equal to 1½ times the amount of his or her final compensation to his or her estate or to such person having an insurable interest in his or her life as he or she shall have nominated by written designation duly acknowledged and filed wtih the board.

No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; but the retirement board may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action.

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person having an insurable interest in his life as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written desig-

nation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

51. A pension, an annuity or a retirement allowance granted under the provisions of this act shall be paid in equal monthly installments and shall not be decreased, increased, revoked or repealed, except as otherwise provided in this act; provided, however, that at the time any benefit becomes payable any unpaid balance of a loan or arrearage outstanding shall be deducted from any benefit otherwise payable.

52. The various funds created by this act shall be subject to periodic examination by the State Department of Banking and Insurance.

53. The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, any benefit or right accrued or accruing to a person under the provisions of this act and the moneys in the various funds created under this act, shall be exempt from any State or municipal tax and from levy and sale, garnishment, attachment or any other process arising out of any State or Federal court and, except as in this act otherwise provided, shall be unassignable.

54. If any change or error in records results in an employee or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, then on discovery of the error, the board of trustees shall correct it and, so far as practicable,

adjust the payments in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

55. A person who knowingly makes a false statement, or falsifies or permits to be falsified any record of this retirement system, in an attempt to defraud the system as a result of such act shall be guilty of a misdemeanor.

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4-1, 43:4-2 and 43:4-3 of the Revised Statutes. All other employees in the classified civil service of the State who are not veterans and who are entitled to receive pensions under the provisions of any law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

57. a. Within 1 year after the effective date of this section or after the effective date of membership, whichever date is later, each member shall have the right to select additional death benefit coverage as follows:

(1) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on a service retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to $\frac{1}{10}$ of the compensation received by the member in the last year of creditable service.

(2) Upon the receipt of proper proofs of the death of a member selecting coverage under this section who has retired on an ordinary or accident disability retirement allowance, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the

member's estate, an amount equal to 3/16 of the compensation received by the member in the last year of creditable service.

(3) Upon the receipt of proper proof of the death in service of a member who selected coverage under this section, there shall be paid to such person, if living, as he shall have nominated by written designation duly executed and filed with the board of trustees, otherwise to the executor or administrator of the member's estate, an amount equal to 1½ times the compensation received by the member in the last year of creditable service.

b. Each member selecting the additional death benefit coverage under this section shall agree to the deduction of a percentage of his compensation in addition to that required under section 25. The actuary of the retirement system shall determine the percentage of contribution which, if deducted from each payment of the prospective earnable compensation throughout active service of all members selecting coverage under this section, is computed to be sufficient to provide for all benefits of this section.

c. The percentage rate of contribution payable by members selecting coverage under this section shall be subject to adjustment from time to time by the board of trustees on the basis of annual actuarial valuations and experience investigations as provided under section 19, so that the value of future contributions of members selecting the additional death benefit coverage under this section when taken with present assets held for such additional death benefits shall be equal to the value of prospective benefit payments.

d. All other provisions of this section notwithstanding, this section and the benefits provided under this section shall not come into effect until a required percentage of the members shall have applied for the additional death benefit coverage under this section. This required percentage shall be fixed by the board of trustees. Such application shall be made with the secretary of the board of trustees in such manner and upon such forms as the board of trustees shall provide.

e. Any other provision of this act notwithstanding, the additional contributions of members selecting the additional death benefit coverage under this section shall not be returnable to the member or his beneficiary in any manner, or for any reason whatsoever, nor shall such contributions be included in any annuity payable to any such member or his beneficiary.

f. A member selecting the additional death benefit coverage under this section may file with the board of trustees, and alter from time to time during his lifetime, as desired, a duly attested, written new nomination of the payee of the death benefit provided under this section. Such member may also file and alter from time to time during his lifetime, as desired, a request with the board of trustees directing payment of said benefit in 1 sum or in equal annual installments over a period of years or as a life annuity. Upon the death of such a member, a beneficiary to whom a benefit is payable in 1 sum may elect to receive the amount payable in equal annual installments over a period of years or as a life annuity.

58. Prior to January 1, 1960, contributions to the Social Security Fund by members of the retirement system shall be deducted from the contributions required to be paid to the retirement system by such members as provided in section 25 of this act.

Contributions by members of the retirement system to the Social Security Fund shall be made in the manner prescribed by the State Agency for Social Security. Contributions to the Social Security Fund shall not be subject to any provisions of this act, dealing with the withdrawal of contributions, loans, or the payment of any annuities, pensions, disability or death benefits. Any change in the rate of contribution to the Social Security Fund after December 31, 1959, shall result in a corresponding change in the amount of contributions payable by the members.

59. Upon attainment of age 65 by a retired member or upon retirement of a member after the attainment of age 65, the board of trustees shall reduce such member's retirement allowance by the amount of the old age insurance benefit under Title II of the Social Security Act payable to him. Mem-

bership in the retirement system shall presume the member's acceptance of and consent to, such reduction. However, such reduction shall be subject to the following limitations:

a. The amount of the old age insurance benefit shall be computed in the same manner as computed by the Federal Social Security Administration, except that in determining such benefit amount only wages or compensation for services performed in the employ of the State, 1 or more of its instrumentalities, 1 or more of its political subdivisions, or 1 or more instrumentalities of its political subdivisions, shall be included.

b. The retirement allowance shall not be reduced below the amount of the annuity portion of the retirement allowance being paid at the time of his retirement.

c. The reduction shall apply in the following cases only:

(1) Retirement for age.

(2) Retirement for disability.

(3) Retirement for age on a deferred retirement allowance, as provided in section 38 of this act.

(4) Where an allowance is being paid upon resignation after 25 years of service, as provided in section 41 of this act.

d. Any increase in the amount of the old age insurance benefit under Title II of the Social Security Act to take effect after December 31, 1959, shall be disregarded in determining the amount of reduction from the retirement allowance of a member.

e. Whenever the amount of reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of a retirement allowance, except that any decrease in the amount of the old age insurance benefit under Title II of the Social Security Act shall result in a corresponding decrease in the amount of reduction from the retirement allowance, and except that any error may be corrected, as provided in section 54 of this act.

60. a. Each public employee veteran member shall have returned to him his accumulated deductions as of the effective date of this section. All service rendered in office, position, or employment of this State or of a county, municipality, or school district or board of education by such veteran member previous to the effective date of this section, for which evidence satisfactory to the board of trustees is presented within 6 months of the effective date of this section, shall be credited to him as a "Class B" member and such credit shall be known as prior service credit and the obligation of the employer on account of such credit shall be known as the accrued liability on behalf of such veteran member. Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State.

b. The accrued liability on behalf of State employee veteran members shall be paid by the State as provided in section 24. The accrued liability on behalf of other public employee veteran members shall be paid by their employers, as of the effective date of this section, in the same manner as provided in the case of State employee veteran members in section 24. The board of trustees shall certify to the chief fiscal officer of the employer the accrued liability contribution payable by such employer on behalf of veteran members as if they were State employees.

c. Each public employee veteran member shall make contributions to the retirement system at the proportions applicable to Class B members of group 2 of the former "State Employees' Retirement System" as of June 30, 1949, except that the board of trustees may from time to time adopt for employees becoming members after the effective date of this section new proportions of compensation to be determined as provided in section 25. Each public employee veteran member shall pay the proportion of compensation applicable to his age at the commencement of employment, position or office

with the State, any county, municipality or school district or board of education, except that where such service has not been continuous the public employee veteran member shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of service from his age as of the effective date of this section. No public employee veteran member shall be required during the continuation of his membership to increase the proportion of compensation certified at the time of becoming a member as payable [to] *by* him, except as required by changes in the rate of contributions to the Social Security Fund.

d. In the event that a public employee veteran who prior to the effective date of this section rendered service in office, position or employment of this State or of a county, municipality, or school district or board of education but who is not in such office, position or employment on the effective date of this section shall later become a member of the retirement system, such public employee veteran shall receive prior service credit for service rendered prior to the effective date of this section, for which evidence satisfactory to the board of trustees is presented, in the same manner as received by other public employee veteran members and shall pay the proportion of compensation applicable to the age resulting from the subtraction of his years of such prior service from his age on the date of his becoming a member of the retirement system. The employer of such public employee veteran on the date of his becoming a member shall pay the accrued liability on behalf of such prior service and such accrued liability shall be paid in such a manner that the total obligation will be met within the period of time fixed for the liquidation of all accrued liabilities of the employer.

61. a. Any public employee veteran member [in service] *in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and* who has or shall have attained the age of [62] *60* years and who has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school

district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January 1, 1955 shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of 1/2 of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

[b.] c. Any public employee veteran member who has been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment [for] *upon* which contributions *to the annuity savings fund and contingent reserve fund* are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

62. a. Where any county or municipality of the State has previously been covered by the former "State Employees' Retirement System," such county or municipality shall be covered under the provisions of this act and the employees of such county or municipality shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees'

Retirement System." Any veteran becoming an employee of such county, municipality or public agency after the effective date of this section, and every public employee veteran in the employ of such county, municipality or public agency on the effective date of this section who shall not have notified the board of trustees, within 30 days of such date, that he does not desire to become a member, shall become a member of the Public Employees' Retirement System.

b. Where any public agency of the State, as defined in section 71 of this act, has previously been covered by the former "State Employees' Retirement System" such public agency shall be covered under the provisions of this act and the employees of such public agency shall have the same rights and obligations with regard to becoming members of the Public Employees' Retirement System as they had with regard to the former "State Employees' Retirement System."

63. Any public employee veteran of a county, municipality or school district or board of education who on the effective date of this section is in a position not covered by a retirement system to which both he and his employer make monetary contributions, other than the old-age and survivors insurance provisions of Title II of the Federal Social Security Act, unless he shall have notified the board of trustees that he does not desire to become a member, shall be a member of the Public Employees' Retirement System as of the effective date of this section; and any veteran becoming an employee of a county, municipality or school district or board of education in such a position, after the effective date of this section, shall be a member of the Public Employees' Retirement System. The employer of such public employee veterans shall make such contributions to the retirement system on behalf of all service rendered by such employees in office, position, or employment of this State or of any county, municipality or school district as are required of employers under the provisions of this act.

64. Any other provision of this act notwithstanding, any member of the retirement system who is not covered under the old-age and survivors in-

surance provisions of Title II of the Federal Social Security Act as a public employee, or his designated beneficiary, shall not be eligible for the death benefit provisions of sections 41, 45(c), 46(c), and 48(d).

65. All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System provided, the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by the State if the members were State employees.

66. If the employer shall so consent to the enrollment of its employees and the board of trustees shall so approve, participation in the retirement system shall become effective on the date fixed by such board but not later than 6 months following such approval by the board of trustees of the retirement system. All service rendered to the employer by its employees previous to the effective date of such participation shall be credited to its employees who file application for membership within 1 year from such effective date, and such credit to its employees shall be known as prior service credit, and the obligation of the employer on account of such credit shall be known as the accrued liability. Membership shall be compulsory for all employees entering the service of the employer after such effective date.

67. The chief fiscal officer of the employer so consenting to the enrollment of its employees shall submit to the board of trustees such information and shall cause to be performed in respect to each of the employees of the employer such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

68. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the employer so consenting the rates

of contributions payable by members, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the employer to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the employer. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the employer so consenting, shall be paid by the employer. The amount certified by the board of trustees as payable by such employer to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees. The treasurer or corresponding officer shall pay on December 27 in each year to the State Treasurer the amount of the employer's charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the employer in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

69. An employee of such employer who, by reason of his service, is a member of any other governmental retirement system shall not participate in this retirement system on that part of his compensation so covered. Should such employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees' membership in the retirement system then such employer shall be deemed to be in default and a certificate to this effect shall be sent by the board of trustees to the employer and to the State Commissioner of Banking and Insurance. All members of the retirement system, who were employees of such employer at the time of default, shall thereupon be entitled to discontinue membership in the retirement system and to a refund of their previous contributions upon demand made within 90 days thereafter. As of a date 90 days following the date of such certificate of default, the actuary of the retire-

ment system shall determine by actuarial valuation the amount of the reserves held on account of each active member and pensioner of such employer and shall credit to each such member and pensioner the amount of reserve so held. The reserve so credited, together with the amount of the accumulated deductions of each active member shall be used to provide a paid up deferred annuity beginning at age 60 for him, and the reserve of each pensioner shall be used in providing such part of his existing pension as the reserve so held will provide, which pension, together with his annuity, shall thereafter be payable to him. The rights and privileges of both active members and pensioners of such employer shall thereupon terminate except as to the payment of the deferred annuities so provided for the previous active members and the annuities and the pensions, or parts thereof, provided for the pensioners.

70. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this article, for which reserves have not been previously created from funds, contributed by such employer or its employees for such benefits.

71. The words "public agency or organization" as used in this act shall be construed to mean and include any agency or organization which operates public works or is engaged in service to the public for 1 or more municipalities, local boards of health, or counties, and whose revenue is derived from other than State funds, but shall not be construed to include any subdivision of any county, municipality, school district, privately owned public utility or service or any religious, educational or charitable organization.

72. Whenever any member of the Public Employees' Retirement System of New Jersey who has retired or shall retire from active service shall, in writing, request the board of trustees to make deductions from his retirement allowance for the payment of premiums for any hospital service plan or medical surgical plan or both, the board of trustees may make such deductions and transmit the sum so deducted to the company carrying the policy

or policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. *a.* The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted.

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service. Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

76. Any employee of any county or municipality whose voters have adopted or shall hereafter adopt the retirement act as provided in this act, who was or shall hereafter be inducted into the military or naval service of the United States before making application for enrollment in the retirement system, shall be accepted as a member upon his filing application, and his regular salary deductions as determined by the board of trustees shall be paid to the retirement system by his employer, as provided by chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of 1942. This provision shall not apply to any employee whose appointment is temporary or seasonal.

In addition to any prior service credit authorized in this act, such member shall be entitled to prior service credit from the date of his induction to the effective date of this section.

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January 1, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.

78. All county attendance officers who have been appointed, or hereafter shall be appointed, by the terms of section 18:14–47 of the Revised Statutes, in counties in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted, shall be entitled to receive the same benefits in the Public Employees' Retirement System as employees of the county are entitled to receive, and the county superintendent of schools and the county treasurer shall be charged with the duty of paying out of State school moneys apportioned to the county the contributions of such county attendance officers to the Public Employees' Retirement System in the same manner as the county pays such contributions for its employees under this act.

The county superintendent shall include in the apportionment made

under the terms of section 18:14-48 of the Revised Statutes a sufficient sum of money to meet the obligations incurred in this act.

79. All employees of the State whose compensation is paid by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

80. The chief fiscal officer of the county or municipality adopting this act shall submit to the board of trustees of the Public Employees' Retirement System such information and shall cause to be performed in respect to each of the employees of the county or municipality such duties as would be performed in the State service by the head of a department of the State employing members of the retirement system.

81. The board of trustees of the Public Employees' Retirement System shall certify to the chief fiscal officer of the county or municipality adopting this act the rates of contributions payable by members who are county or municipal employees, as if they were State employees. The board shall further certify the contributions, including the accrued liability contribution similar to the State accrued liability contribution, payable by the county or municipality to the Contingent Reserve Fund on behalf of these members, as if they were State employees, and a pro rata share of the cost of the administration of the retirement system, based upon the payroll of the members who are employees of the county or municipality. The initial actuarial expense incident to the determination of the accrued liability contribution, payable by the county or municipality adopting this act, shall be paid by the county or municipality. The amount certified by the board of trustees as payable by the county or municipality to the Contingent Reserve Fund shall be included in the next budget subsequent to the certification by the board of trustees and levied and collected as any other taxes are levied and collected.

The treasurer or corresponding officer of any county or municipality shall pay on December 27 in each year to the State Treasurer the amount of the county or municipal charges so certified, and shall pay to the State Treasurer the amount of the deductions from the compensation of the members who are employees of the county or municipality in accordance with the rules and regulations established by the board of trustees. The State Treasurer shall credit these amounts to the appropriate fund or account.

82. Public employees of the counties or municipalities on behalf of whom contributions are so paid, shall be entitled to benefits under the Public Employees' Retirement System as though they were State employees.

ARTICLE IV

83. Nothing contained in this act shall affect any policeman, fireman or county or municipal employee contributing to any pension fund operating under any other law.

84. This act shall be known and may be cited as the "Public Employees' Retirement-Social Security Integration Act."

85. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [31,] *30,* 1954. All other sections of this act shall take effect January [2,] *1,* 1955.

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein," approved June 28, 1954 (P. L. 1954, c. 84).

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

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

7. There is hereby established the Public Employees' Retirement System of New Jersey *in the Division of Investment of the Department of the Treasury.* The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December 29, 1954; who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section [who shall not have notified] *who is not a member of any other retirement system supported wholly or partly by the State, provided, however, that such person may divest himself of membership by notifying* the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

2. Section 16 of the act of which this act is amendatory is amended to read as follows:

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/140 of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/120 of his final compensation for each year of service as a member.

[On and after the effective date of this section, each new member] *Any new member after the effective date of this section* shall be placed in "Class B."

3. Section 18 of the act of which this act is amendatory is amended to read as follows:

18. The board shall elect *annually* from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary **[**,**]** *and* an actuary **[**and any technical employees as may be necessary for the transaction of the business of the retirement system**]**. *The board may by its rules and regulations provide for the establishment of an executive committee which shall be vested with all the powers and responsibilities vested in such committee under the laws of this State relating to general corporations, provided, however, that the membership of such executive committee shall at all times be at least 6 in number and the action of such committee shall at all times require the affirmative vote of 5 members.*

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

4. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of

trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall *itself or by its executive committee,* within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided. *The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to the State Treasurer.*

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

5. Section 33 of the act of which this act is amendatory is amended to read as follows:

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of [the] *said* fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

6. Section 35 of the act of which this act is amendatory is amended to read as follows:

35. The State Treasurer shall be the custodian of the funds created by this act, *shall select all depositories and custodians and shall negotiate and execute custody agreements in connection with the assets or investments of any of said funds.*

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him [to the State] since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render [to the State] 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service *rendered to an employer other than the State or a political subdivision thereof* was allowed for retirement purposes [, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees] *by the provisions of any law of this State.* Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board

of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, *unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State.*

8. Section 50 of the act of which this act is amendatory is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person [having an insurable interest in his life] as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

9. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to [periodic] examination by the [State Department] *Commissioner* of Banking and Insurance. *The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act shall be completed by July 1, 1956, and shall cover the period from January 1, 1955, to December 31, 1955.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature. The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to

the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

10. Section 56 of the act of which this act is amendatory is amended to read as follows:

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are [entitled to receive pensions] *in any office or employment covered by a noncontributory pension* [under the provisions of any] law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

11. Section 61 of the act of which this act is amendatory is amended to read as follows:

61. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January 1, 1955 *who shall be in office, position or employment of this State or of a county, municipality*

or school district or board of education [shall, upon attaining] *and who shall have attained* 62 years of age and [presentation] *who shall present* to the board of trustees [of] satisfactory evidence of 20 years of [continuous or] aggregate service in *such* office, position or employment [of this State or of a county, municipality or school district or board of education], shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

c. Any public employee veteran member who has been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

12. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in [the] said retirement system*; those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.*

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

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

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted. *Any employee of any such county or municipality who prior to July 1, 1955, has filed an application covering service rendered to such county or municipality prior to the date upon which chapter 15 of Title 43 of the Revised Statutes became effective therein shall be entitled to a prior service certificate covering such service.*

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

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in

the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. [Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service.] Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

15. Section 79 of the act of which this act is amendatory is amended to read as follows:

79. All employees of the State whose compensation is paid *in whole or in part* by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

16. This act shall take effect January 1, 1955.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 379

STATE OF NEW JERSEY

ADOPTED NOVEMBER 22, 1954

Amend page 1, section 1, line 7, after "December" delete "29" and insert in lieu thereof "30".

Amend page 9, section 11, line 5, after "January" delete "1" and insert in lieu thereof "2".

Amend page 9, section 11, line 15, after "January" delete "1" and insert in lieu thereof "2".

Amend page 12, section 16, line 1, delete entire section and substitute the following:

"16. Section 3 of the act of which this act is amendatory is amended to read as follows:

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [December 31, 1954] *January 1, 1955.*"

Amend page 12, section 16, line 1, after "16" add the following sections:

"17. Section 77 of the act of which this act is amendatory is amended to read as follows:

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits

as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January **[**1**]** *2*, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later."

"18. Section 86 of the act of which this act is amendatory is amended to read as follows:

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December **[**30**]** *31*, 1954. All other sections of this act shall take effect January **[**1**]** *2*, 1955."

"19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955."

[OFFICIAL COPY REPRINT]

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein," approved June 28, 1954 (P. L. 1954, c. 84).

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

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

7. There is hereby established the Public Employees' Retirement System of New Jersey *in the Division of Investment of the Department of the Treasury.* The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December **[**29**]** *30*, 1954; who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section **[**who shall not have notified**]** *who is not a member of any other retirement system supported wholly or partly by the State, provided, however, that such person may divest himself of membership by notifying* the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

2. Section 16 of the act of which this act is amendatory is amended to read as follows:

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/140 of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/120 of his final compensation for each year of service as a member.

[On and after the effective date of this section, each new member] *Any new member after the effective date of this section* shall be placed in "Class B."

3. Section 18 of the act of which this act is amendatory is amended to read as follows:

18. The board shall elect *annually* from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary **[**,**]** *and* an actuary **[**and any technical employees as may be necessary for the transaction of the business of the retirement system**]**. *The board may by its rules and regulations provide for the establishment of an executive committee which shall be vested with all the powers and responsibilities vested in such committee under the laws of this State relating to general corporations, provided, however, that the membership of such executive committee shall at all times be at least 6 in number and the action of such committee shall at all times require the affirmative vote of 5 members.*

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

4. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of

trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall *itself or by its executive committee,* within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided. *The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to the State Treasurer.*

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

5. Section 33 of the act of which this act is amendatory is amended to read as follows:

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of **[**the**]** *said* fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

6. Section 35 of the act of which this act is amendatory is amended to read as follows:

35. The State Treasurer shall be the custodian of the funds created by this act, *shall select all depositories and custodians and shall negotiate and execute custody agreements in connection with the assets or investments of any of said funds.*

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him **[**to the State**]** since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render **[**to the State**]** 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service *rendered to an employer other than the State or a political subdivision thereof* was allowed for retirement purposes **[**, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees**]** *by the provisions of any law of this State.* Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board

of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, *unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State.*

8. Section 50 of the act of which this act is amendatory is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person **[**having an insurable interest in his life**]** as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person **[**having an insurable interest in his life**]** as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person **[**having an insurable interest in his life**]** as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

9. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to [periodic] examination by the [State Department] *Commissioner* of Banking and Insurance. *The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act shall be completed by July 1, 1956, and shall cover the period from January 1, 1955, to December 31, 1955.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature. The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to

the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

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56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are **[**entitled to receive pensions**]** *in any office or employment covered by a noncontributory pension* **[**under the provisions of any**]** law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

11. Section 61 of the act of which this act is amendatory is amended to read as follows:

61. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district or board of education on January **[**1**]** *2*, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years **[**continuously or**]** in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund **[**and**]** *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January **[**1**]** *2*, 1955 *who shall be in office, position or employment of this State or of a county, municipality*

or school district or board of education [shall, upon attaining] *and who shall have attained* 62 years of age and [presentation] *who shall present* to the board of trustees [of] satisfactory evidence of 20 years of [continuous or] aggregate service in *such* office, position or employment [of this State or of a county, municipality or school district or board of education], shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

c. Any public employee veteran member who has been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

12. Section 73 of the act of which this act is amendatory is amended to read as follows:

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in [the] said retirement system*; those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.*

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

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

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted. *Any employee of any such county or municipality who prior to July 1, 1955, has filed an application covering service rendered to such county or municipality prior to the date upon which chapter 15 of Title 43 of the Revised Statutes became effective therein shall be entitled to a prior service certificate covering such service.*

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

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in

the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. [Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service.] Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

15. Section 79 of the act of which this act is amendatory is amended to read as follows:

79. All employees of the State whose compensation is paid *in whole or in part* by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

[16. This act shall take effect January 1, 1955.] *16. Section 3 of the act of which this act is amendatory is amended to read as follows:*

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [*December 31, 1954*] *January 1, 1955.*

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

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January [*1*] *2, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.*

18. Section 86 of the act of which this act is amendatory is amended to read as follows:

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [*30*] *31, 1954. All other sections of this act shall take effect January* [*1*] *2, 1955.*

19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 379

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

ADOPTED DECEMBER 6, 1954

Amend page 4, section 3, line 9, after the "." delete the remainder of the line.

Amend page 4, section 3, lines 10 to 15, delete all of lines 10 through 15.

Amend page 5, section 4, line 13, after "shall" strike out "itself or by its executive com-".

Amend page 5, section 4, line 14, strike "mittee,".

Amend page 13, section 19, delete entire section and substitute:

"19. This act shall take effect immediately."

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein," approved June 28, 1954 (P. L. 1954, c. 84).

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

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

7. There is hereby established the Public Employees' Retirement System of New Jersey *in the Division of Investment of the Department of the Treasury.* The membership of the retirement system shall include:

a. The members of the former "State Employees' Retirement System of New Jersey" enrolled as such as of December **[**29**]** *30,* 1954; who shall not have claimed for refund their accumulated deductions in said system as provided in this section;

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

b. Any person becoming a permanent employee of the State after the effective date of this section; and

c. Every State employee veteran in the employ of the State on the effective date of this section [who shall not have notified] *who is not a member of any other retirement system supported wholly or partly by the State, provided, however, that such person may divest himself of membership by notifying* the board of trustees within 30 days of such date that he does not desire to become a member.

The board may deny the right to become members of the retirement system to any class of elected officials or to any class of persons other than veterans not within the classified civil service, but any person who has been a member of the former "State Employees' Retirement System" for 1 or more years and who has been or may hereafter be appointed to an office or position in the unclassified service shall be eligible to become a member of the retirement system and entitled to all the rights and privileges thereunder, if he so elects. The board of trustees may deny the right to become members of the retirement system to any class of persons whose compensation is only partly paid by the State, or it may, in its discretion, make optional with persons in any such class their individual entrance into membership. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible to membership in this retirement system. Notwithstanding any other law to the contrary all other persons accepting permanent employment in the classified service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

Membership of any person in the retirement system shall cease if, in any 4-year period which elapses after his last becoming a member, he renders to the State less than 2 years of service, but not otherwise except as provided in this act.

The accumulated deductions of the members of the former "State Employees' Retirement System" which have been set aside in a trust fund designated as Fund A as provided in section 5 of this act and which have not been claimed for refund within 30 days after the effective date of this section shall be transferred from said Fund A to the annuity savings fund of the retirement system, provided for in section 25 of this act. Each member whose accumulated deductions are so transferred shall receive the same prior service credit, pension credit, and membership credit in the retirement system as he previously had in the former "State Employees' Retirement System" and shall have such accumulated deductions credited to his individual account in the annuity savings fund. Any outstanding obligation of such member shall be continued.

2. Section 16 of the act of which this act is amendatory is amended to read as follows:

16. The board of trustees shall classify the members in such group or groups by occupation or sex as it may determine for actuarial purposes.

The board shall further classify the membership by benefit rates as Class A or Class B members, as follows:

"Class A" shall include those members whose annuity shall be based on a per centum of salary, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/140 of his final compensation for each year of service as a member.

"Class B" shall include those members who have elected or who shall hereafter elect to contribute to the annuity savings fund at a higher rate per centum, computed to be sufficient, with regular interest, to procure for the member, on retirement for service, an annuity equal to 1/120 of his final compensation for each year of service as a member.

[On and after the effective date of this section, each new member] *Any new member after the effective date of this section* shall be placed in "Class B."

3. Section 18 of the act of which this act is amendatory is amended to read as follows:

18. The board shall elect *annually* from its membership a chairman and may also elect a vice-chairman, who shall have all the power and authority of the chairman in the event of the death, absence or disability of the chairman. It shall appoint, subject to the provisions of sections 11:4–2 and 11:4–3 of the Revised Statutes, a secretary **[**,**]** *and* an actuary **[**and any technical employees as may be necessary for the transaction of the business of the retirement system**]**. **[***The board may by its rules and regulations provide for the establishment of an executive committee which shall be vested with all the powers and responsibilities vested in such committee under the laws of this State relating to general corporations, provided, however, that the membership of such executive committee shall at all times be at least 6 in number and the action of such committee shall at all times require the affirmative vote of 5 members.***]**

The actuary shall be the technical adviser of the board on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

The Attorney-General shall be the legal adviser of the retirement system.

4. Section 32 of the act of which this act is amendatory is amended to read as follows:

32. The board of trustees shall be and are hereby constituted trustees of the various funds and accounts established by this act; provided however, that all functions, powers and duties relating to the investment or reinvestment of moneys of, and purchase, sale, or exchange of any investments or securities, of or for any fund or account established under this act, shall be exercised and performed by the Director of the Division of Investment in accordance with the provisions of chapter 270, P. L. 1950, as amended and supplemented. Before any such investment, reinvestment, purchase, sale or exchange shall be made by said director for or on behalf of the board of

trustees, the Director of the Division of Investment shall submit the details thereof to such board of trustees, which shall [*itself or by its executive committee,*] within 48 hours, exclusive of Sundays and public holidays, after such submission to it, file with the director its written acceptance or rejection of such proposed investment, reinvestment, purchase, sale or exchange; and the director shall have authority to make such investment, reinvestment, purchase, sale or exchange for or on behalf of such board of trustees, unless there shall have been filed with him a written rejection thereof by such board of trustees as herein provided. *The board of trustees shall determine from time to time the cash requirements of the various funds and accounts established by this act and the amount available for investment, all of which shall be certified to the State Treasurer.*

A member of the board of trustees to be designated by a majority vote thereof shall serve on the State Investment Council as a representative of said board of trustees, for a term of 1 year and until his successor is elected and qualified.

5. Section 33 of the act of which this act is amendatory is amended to read as follows:

33. The board of trustees at the end of each fiscal year shall allow interest on the balance of the annuity savings fund, contingent reserve fund, the retirement reserve fund and the members' death benefit fund as of the beginning of [the] *said* fiscal year at the regular interest rate applicable thereto to cover the interest creditable to the respective funds for the year. The amount so allowed shall be due and payable to said funds and shall be credited annually thereto by the board.

6. Section 35 of the act of which this act is amendatory is amended to read as follows:

35. The State Treasurer shall be the custodian of the funds created by this act, *shall select all depositories and custodians and shall negotiate and execute custody agreements in connection with the assets or investments of any of said funds.*

All payments from the funds shall be made by him only upon voucher signed by the chairman and countersigned by the secretary of the board of trustees. No voucher shall be drawn, except upon the authority of the board duly entered in the record of its proceedings.

7. Section 39 of the act of which this act is amendatory is amended to read as follows:

39. In computing for retirement purposes the total service of a member about to be retired, the board of trustees shall credit him with the time of all service rendered by him [to the State] since he last became a member, and in addition if a service certificate heretofore issued to him is in full force and effect, with all the service certified on the certificate, and with no other service. Except as otherwise provided in this act, a service certificate or modified service certificate, shall be final and conclusive for retirement purposes as to service certified therein, unless in any 4-year period which elapses subsequent to its issuance the member to whom it was issued fails to render [to the State] 2 additional years of service, in which case it shall be void.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and part of a year of service. Not more than 1 year shall be credited for all service in a calendar year. In computing the service or in computing final compensation, no time during which a member was absent on leave without pay shall be credited, unless such leave of absence was for 3 months or less, or unless the service *rendered to an employer other than the State or a political subdivision thereof* was allowed for retirement purposes [, both by the head of the department, or other branch of the State service not included in a department in which the member was employed, and the board of trustees] *by the provisions of any law of this State.* Any such member shall be required to contribute, either in a lump sum or by installment payments, an amount calculated, in accordance with the rules and regulations of the board

of trustees, to cover the contributions he would have paid for any service or compensation credited for the period of such official leave of absence without pay, *unless the service rendered to an employer other than the State or a political subdivision thereof was allowed for retirement purposes by the provisions of any law of this State.*

8. Section 50 of the act of which this act is amendatory is amended to read as follows:

50. Subject to the provisions of section 59 of this act, at the time of his retirement any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may on retirement elect to receive the actuarial equivalent at the time of his annuity, his pension or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provision that:

Option 1. If he dies before he has received in payments the present value of his annuity, his pension or his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person [having an insurable interest in his life] as he shall nominate by written designation acknowledged and filed with the board of trustees at the time of his retirement, either in a lump sum or by equal payments over a period of years at the option of the payee.

Option 2. Upon his death, his annuity, his pension or his retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 3. Upon his death, ½ of his annuity, his pension or retirement allowance shall be continued throughout the life of and paid to such person [having an insurable interest in his life] as he shall nominate by written designation duly acknowledged and filed with the board of trustees at the time of his retirement.

Option 4. Some other benefit or benefits shall be paid either to the member or to whomever he nominates, if such other benefit or benefits, together with the lesser annuity, or lesser pension, or lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value and shall be approved by the board of trustees.

No optional selection shall be effective in case a beneficiary dies within 30 days after retirement and such a beneficiary shall be considered an active member at the time of death until the first payment on account of any benefit becomes normally due.

9. Section 52 of the act of which this act is amendatory is amended to read as follows:

52. The various funds created by this act shall be subject to [periodic] examination by the [State Department] *Commissioner* of Banking and Insurance. *The Commissioner of Banking and Insurance shall have the power, whenever he deems the same expedient, to make or cause to be made an examination of all the assets and liabilities, method of conducting business and all other affairs of the retirement system and shall make such examination at least once every 2 years. His first examination after the effective date of this act shall be completed by July 1, 1956, and shall cover the period from January 1, 1955, to December 31, 1955.*

For the purpose of such examination the Commissioner of Banking and Insurance may employ such persons to conduct the same or to assist therein as he may deem advisable. For the purpose of such examination all securities, books, papers or other documents, owned by, in the possession of, or relating to the retirement system shall be made available on demand for the inspection of the commissioner or any of his duly authorized assistants. The reasonable expenses of such examination shall be fixed and determined by the Commissioner of Banking and Insurance and he shall collect the same from the retirement system, which shall pay the same when appropriated by the Legislature. The report on such examination shall be filed in the Department of Banking and Insurance and a copy thereof shall be transmitted to

the trustees of the system and to the Governor. Neither the commissioner nor any appointee thereof shall be liable for any statement included therein.

10. Section 56 of the act of which this act is amendatory is amended to read as follows:

56. No public employee veteran eligible for membership in the Public Employees' Retirement System shall be eligible for, or receive, retirement benefits under sections 43:4–1, 43:4–2 and 43:4–3 of the Revised Statutes.

All other employees in the classified civil service of the State who are not veterans and who are [entitled to receive pensions] *in any office or employment covered by a noncontributory pension* [under the provisions of any] law of this State providing for the payment of pensions to State employees may, by written application to the board of trustees created under this act, renounce the benefits as therein provided for, in the manner prescribed by the board of trustees, and may be admitted to membership in the fund created under this act in the same manner as other State employees.

11. Section 61 of the act of which this act is amendatory is amended to read as follows:

61. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district or board of education on January [1] *2*, 1955, who remains in such service thereafter and who has or shall have attained the age of 60 years and who has or shall have been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education, satisfactory evidence of which service has been presented to the board of trustees, shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

b. Any veteran becoming a member after January [1] *2*, 1955 *who shall be in office, position or employment of this State or of a county, municipality*

or school district or board of education [shall, upon attaining] *and who shall have attained* 62 years of age and [presentation] *who shall present* to the board of trustees [of] satisfactory evidence of 20 years of [continuous or] aggregate service in *such* office, position or employment [of this State or of a county, municipality or school district or board of education], shall have the privilege of retiring and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act.

c. Any public employee veteran member who has been for 20 years [continuously or] in the aggregate in office, position or employment of this State or of a county, municipality or school district or board of education as of the effective date of this section shall have the privilege of retiring for ordinary disability and of receiving a retirement allowance of ½ of the compensation received during the last year of employment upon which contributions to the annuity savings fund [and] *or* contingent reserve fund are made with the optional privileges provided for in section 50 of this act. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

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73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the Public Employees' Retirement System employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in [the] said retirement system; *those employees of such agencies or instrumentalities who are members of the Public Employees' Retirement System by virtue of section 7 of this act are not required to file application for membership in said retirement system.*

In the case of the Delaware River Joint Toll Bridge Commission, the employees shall be only those who are employed on the free bridges across the Delaware river, under the control of said commission.

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.

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74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been adopted. *Any employee of any such county or municipality who prior to July 1, 1955, has filed an application covering service rendered to such county or municipality prior to the date upon which chapter 15 of Title 43 of the Revised Statutes became effective therein shall be entitled to a prior service certificate covering such service.*

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

75. If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in

the Public Employees' Retirement System shall be optional with the employees of the county or municipality in the service on the day the act so becomes effective in such county or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within 1 year after this act so takes effect shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective. [Any person who prior to July 1, 1955, has filed an application covering service rendered to the county or municipality prior to the date this act so becomes effective shall be entitled to a prior service certificate covering such service.] Membership shall be compulsory for all employees entering the service of the county or municipality after the date this act becomes effective. Where any such employee entering the service of the county or municipality after the date of this act so becomes effective has had prior service for which evidence satisfactory to the board of trustees is presented, as an employee in such county or municipality before the date upon which this act so becomes effective such employee shall be entitled to a prior service certificate covering service rendered to the county or municipality prior to the date this act so becomes effective.

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79. All employees of the State whose compensation is paid *in whole or in part* by any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been, or in which this act is, adopted shall be entitled to receive the same benefits as employees of such county or municipality are entitled to receive and the county or municipality paying such compensation shall have the same obligations with respect to such employees of the State as it has to its own employees under this act.

[16. This act shall take effect January 1, 1955.] *16. Section 3 of the act of which this act is amendatory is amended to read as follows:*

3. The effective date of the Social Security agreements under the provisions of sections 1 and 2 above shall be [*December 31, 1954*] *January 1, 1955.*

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

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January [*1*] *2, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.*

18. Section 86 of the act of which this act is amendatory is amended to read as follows:

86. This section and sections 1, 2 and 3 of this act shall take effect immediately. Sections 4 and 5 of this act shall take effect December [*30*] *31, 1954. All other sections of this act shall take effect January* [*1*] *2, 1955.*

[*19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955.*]

19. *This act shall take effect immediately.*