

SENATE, No. 167

STATE OF NEW JERSEY

INTRODUCED MARCH 14, 1955

By Mr. SHERSHIN

Referred to Committee on State, County and Municipal Government

AN ACT to amend "An act for the establishment of a police and firemen's retirement system for the police and firemen of a municipality, county or political subdivision thereof," approved May 23, 1944 (P. L. 1944, c. 255) and "An act to amend and supplement 'An act for the establishment of a police and firemen's retirement system for the police and firemen of a municipality, county or political subdivision thereof,' approved May 23, 1944 (P. L. 1944, c. 255)," approved July 23, 1953 (P. L. 1953, c. 266).

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

1 1. Section 7 of chapter 255 of the laws of 1944 is amended to read as
2 follows:

3 7. (1) Upon the written application of a member or his employer any
4 member may be retired by the board of trustees, not less than 30 nor more
5 than 90 days next following the date of filing such application, on an
6 accidental disability retirement allowance; provided, that the medical board,
7 after a medical examination of such member, shall certify that the natural
8 and proximate cause of such disability was an accident met in the actual
9 performance of duty within [2] 5 years preceding the date of such applica-
10 tion and that such disability was not the result of the member's willful
11 negligence and that such member is mentally or physically incapacitated for

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

2
12 performance of his usual duty and of any other available duty in the depart-
13 ment which his employer is willing to assign to him, and that such incapacity
14 is likely to be permanent and to such an extent that such member should
15 be retired.

16 (2) Upon retirement for accidental disability, a member shall receive an
17 accidental disability retirement allowance which shall consist of:

18 (a) An annuity which shall be the actuarial equivalent of the
19 member's aggregate contributions at retirement; and

20 (b) A pension equal to $\frac{1}{2}$ of the member's average final compensa-
21 tion.

22 (c) The total of the annual allowance as provided in this section
23 shall not exceed 60% of the average final compensation of the member.

24 (3) Upon the receipt of proper proofs of the death of a member who has
25 retired on an accidental disability retirement allowance, there shall be paid a
26 pension of \$1,500.00 a year to the widow of the member, if he leaves a widow
27 to whom he was married at the time he became so disabled, to continue until
28 her death or remarriage; or, if there is no widow, or if such widow dies
29 leaving children of the deceased member, a pension to each child under age
30 18 to continue to age 18 or prior death, such pension to be \$600.00 annually
31 if there is only 1 such surviving child; or \$480.00 annually to each child if
32 2 such surviving children; or \$1,500.00 annually divided equally among the
33 surviving children if there are 3 or more such children.

1 2. Section 5 of chapter 266 of the laws of 1953 is amended to read as
2 follows:

3 5. (1) Within 6 months after [January 1, 1954] *July 1, 1955*, or after
4 the effective date of membership, whichever date is later, each member shall
5 have the right to select additional death benefit coverage as follows:

6 (a) Upon the receipt of proper proofs of the death of a member
7 selecting coverage under this section who has retired on a service retire-
8 ment allowance, there shall be paid to such person, if living, as he shall
9 have nominated by written designation duly executed and filed with the

10 board of trustees, otherwise to the executor or administrator of the
11 member's estate, an amount equal to $\frac{3}{16}$ of the compensation received
12 by the member in the last year of creditable service.

13 (b) Upon the receipt of proper proofs of the death of a member
14 selecting coverage under this section who has retired on an ordinary dis-
15 ability retirement allowance, there shall be paid to such person, if living,
16 as he shall have nominated by written designation duly executed and
17 filed with the board of trustees, otherwise to the executor or adminis-
18 trator of the member's estate, an amount equal to $\frac{3}{16}$ of the compensa-
19 tion received by the member in the last year of creditable service.

20 (c) Upon the receipt of proper proof of the death in service of a
21 member selecting coverage under this section, on account of which no
22 accidental death benefit is payable under section 10, there shall be paid
23 to such person, if living, as he shall have nominated by written desig-
24 nation duly executed and filed with the board of trustees, otherwise to
25 the executor or administrator of the member's estate, an amount equal
26 to $1\frac{1}{2}$ times the compensation received by the member in the last year
27 of creditable service.

28 (2) Each member selecting the additional death benefit coverage under
29 this section shall agree to the deduction of a percentage of his compensation
30 in addition to that required under section 15. The actuary of the retirement
31 system shall determine the uniform and constant percentage of contributions
32 which, if deducted from each payment of the prospective earnable compen-
33 sation throughout active service of all members selecting coverage under
34 this section, is computed to be sufficient to provide for all benefits of this
35 section.

36 (3) The percentage rate of contribution payable by members selecting
37 coverage under this section shall be subject to adjustment from time to time
38 by the board of trustees on the basis of annual actuarial valuations and ex-
39 perience investigations as provided under section 13, so that the value of
40 future contributions of members selecting the additional death benefit cov-

41 erage under this section *when taken with present assets held for such addi-*
42 *tional death benefits*, shall be equal to the value of prospective benefit pay-
43 ments.

44 (4) All other provisions of this section notwithstanding, this section
45 and the benefits provided under this section shall not come into effect until
46 a required percentage of the members shall have applied for the additional
47 death benefit coverage under this section. This required percentage shall be
48 fixed by the board of trustees and shall not be less than 65% nor more than
49 75% of the members. Such application shall be made with the secretary of
50 the board of trustees in such manner and upon such forms as the board of
51 trustees shall provide.

52 (5) Any other provision of this act notwithstanding, the additional con-
53 tributions of members selecting the additional death benefit coverage under
54 this section shall not be returnable to the member or his beneficiary in any
55 manner, or for any reason whatsoever, not shall such contributions be in-
56 cluded in any annuity payable to any such member or his beneficiary.

57 (6) A member selecting the additional death benefit coverage under
58 this section may file, and alter from time to time during his lifetime, as
59 desired, a request with the board of trustees naming the payee of the death
60 benefit provided under this section. Such member may also file and alter
61 from time to time during his lifetime, as desired, a request with the board of
62 trustees directing payment of said benefit in 1 sum or in equal annual install-
63 ments over a period of years or as a life annuity. Upon the death of such
64 a member, a beneficiary to whom a benefit is payable in 1 sum may elect to
65 receive the amount payable in equal annual installments over a period of
66 years or as a life annuity.

1 3. Section 15 of chapter 255 of the laws of 1944 is amended to read
2 as follows:

3 15. (1) The contributions required for the support of the retirement
4 system shall be made by members and their employers except for the ex-
5 penses of administration, which shall be paid by the State.

6 (2) Upon the basis of such tables as the board shall adopt and regular
7 interest, the actuary of the retirement system shall determine for each age
8 at entrance into the system the uniform and constant percentage of compen-
9 sation of the member entering at such age, which, if deducted from each
10 payment of his prospective earnable compensation throughout active serv-
11 ice, is computed to be sufficient to provide for all benefits on account of his
12 membership.

13 (3) The percentage contribution rate of each member, *exclusive of the*
14 *rate for any additional death benefit provided under section 5 of chapter*
15 *266 of the laws of 1953*, shall be fixed according to his age at entrance into
16 membership and shall be $\frac{1}{2}$ of the total percentage contribution rate calcu-
17 lated for such age to be required to provide all benefits except the pen-
18 sions upon accidental disability and ~~[accidental] the benefits payable upon~~
19 ~~death~~.

20 (4) Each employer shall make a contribution equal to that made by
21 each member in its employ and in addition shall make a contribution equal
22 to the percentage of the compensation of each such member certified by the
23 board to be required to provide the cost of ~~[accidental death and] acci-~~
24 ~~dental disability pensions [on his account] and any death benefits on his~~
25 ~~account exclusive of additional death benefits provided under section 5 of~~
26 ~~chapter 266 of the laws of 1953~~. Notwithstanding this provision, the board
27 may in its discretion certify an average and uniform rate for payments by
28 all employers, which shall be set on the basis of the annual actuarial val-
29 uations to be sufficient to provide with previous contributions of employers
30 all benefits for which employers are responsible.

31 (5) In addition each employer shall make such contribution, if any, as
32 is certified by the board of trustees to be required to provide for accrued
33 liability arising out of all prior service certificates granted to members
34 chargeable to such employer.

35 (6) The percentage rates of contribution payable by members and em-
36 ployers shall be subject to adjustment from time to time by the board of

37 trustees on the basis of annual actuarial valuations and experience investi-
38 gations as provided under section 13, so that the value of future contribu-
39 tions of members and employers, when taken with present assets, shall be
40 equal to the value of prospective benefit payments.

41 (7) The board of trustees shall certify to the chief fiscal officer of each
42 employer the percentage of salary payable by each member and by the
43 employer in behalf of each member. The officer or officers responsible for
44 the payment of salaries of the employer shall cause to be deducted from the
45 salary of each member on each and every payroll of such employer for each
46 and every payroll period the percentage of earnable compensation of each
47 member certified for payment by the member. In determining the amount
48 earnable by a member in a payroll period, the board of trustees may con-
49 sider the rate of salary payable to such member on the first day of the pay-
50 roll period as continuing throughout such payroll period, and it may omit
51 deduction from salary for any period less than a full payment period if an
52 employee was not a member on the first day of the payroll period, and to
53 facilitate the making of deductions it may modify the deduction required
54 of any member by such an amount as shall not exceed 1/10 of 1% of the
55 annual salary upon the basis of which such deduction is to be made.

56 (8) The deductions provided for herein shall be made notwithstanding
57 that the minimum salary provided for by law for any member shall be re-
58 duced thereby. Every member shall be deemed to consent and agree to the
59 deductions made and provided for herein and shall receipt for his full sal-
60 ary or compensation, and payment of salary or compensation less said de-
61 duction shall be a full and complete discharge and acquittance of all claims
62 and demands whatsoever for the service rendered by such person during
63 the period covered by such payment, except as to the benefits provided
64 under this act. The chief fiscal officer of each employer shall certify to the
65 board of trustees on each and every payroll or in such other manner as the
66 board of trustees may prescribe, the amounts to be deducted; and each of
67 said amounts shall be deducted, and when deducted shall be paid into said

68 annuity savings fund, and shall be credited to the individual account of the
69 member from whose salary said deduction was made.

70 (9) The amount payable each year by the employer based on the per-
71 centage rates certified by the board of trustees, together with the amount,
72 if any, payable each year by the employer on account of accrued liability
73 arising out of prior service certificates as certified by the board of trustees,
74 shall be included in the budget of the employer and levied and collected in
75 the same manner as any other taxes are levied and collected for the pay-
76 ment of the salaries of members.

77 (10) The treasurer or corresponding officer of the employer shall pay
78 on or before December 27 in each year to the State Treasurer the amount
79 so certified as payable by the employer for said year, and shall pay monthly
80 to the State Treasurer the amount of the deductions from the salary of the
81 members in the employ of the employer, and the State Treasurer shall credit
82 such amount to the appropriate fund, or funds, of the retirement system.

83 (11) The expenses of administration of the retirement system shall be
84 paid by the State of New Jersey. The board of trustees shall estimate and
85 certify, annually, to the Governor and to the Budget Commissioner by Oc-
86 tober 15 the amount required during the ensuing fiscal year to provide for
87 the expense of operation of the retirement system and such amount shall be
88 paid by the State to the expense fund for this purpose. For the purpose of
89 organizing the retirement system an appropriation of \$20,000.00 is hereby
90 appropriated from the treasury of the State.

91 (12) Prior to the receipt of contributions from members and employers,
92 any moneys in the funds of the system may be used temporarily to cover
93 disbursements, but such moneys shall be restored to their proper funds on
94 or prior to the end of the second year of operation.

1 4. Section 16 of chapter 255 of the laws of 1944 is amended to read as
2 follows:

3 16. (1) All of the assets of the retirement system shall be credited
4 according to the purpose for which they are held to 1 of [4] 5 funds, namely,

5 the annuity savings fund, the pension accumulation fund, the retirement
6 reserve fund, *the members' death benefit fund* and the expense fund.

7 (2) The annuity savings fund shall be a fund in which shall be accumu-
8 lated contributions from the compensation of members to provide for their
9 annuities. The aggregate contributions of a member ~~withdrawn~~ by him or
10 paid to his estate or his designated beneficiary in event of his death as pro-
11 vided in this act shall be paid from the annuity savings fund. Upon the
12 retirement or death of a member where the aggregate contributions of the
13 member are to be provided in the form of an annuity, the aggregate contribu-
14 tions of the member shall be transferred from the annuity savings fund to
15 the retirement reserve fund.

16 (3) The pension accumulation fund shall be the fund in which shall be
17 credited contributions made by employers. Upon the death of a member [in
18 active service due to ordinary causes] *either before or after retirement* any
19 lump sum benefit payable in addition to the employee's contributions, *except*
20 *any additional death benefit payable under section 5 of chapter 266 of the*
21 *laws of 1953*, shall be charged to the pension accumulation fund. Upon the
22 retirement or death of a member the reserve of any pension payable to or
23 on his account shall be transferred to the retirement reserve fund. All
24 interest and other income from investments shall be credited to the pension
25 accumulation fund and annually the board of trustees shall transfer from
26 the pension accumulation fund to the retirement reserve fund *and to the*
27 *members' death benefit fund* regular interest on the mean amount in [the
28 retirement reserve] *each* fund for the year. The board of trustees, in its
29 discretion, may transfer to and from the pension accumulation fund any
30 surplus or deficit in the retirement reserve fund.

31 (4) The retirement reserve fund shall be the fund in which shall be held
32 the reserves on all retirement allowances granted to members or their
33 beneficiaries and from which all retirement allowances and benefits in lieu
34 thereof shall be paid. Should a member who retired on account of disability
35 be restored to active service his pension reserve shall be transferred from

36 the retirement reserve fund to the pension accumulation fund and the excess
37 of his aggregate contributions as they stood at retirement over the amount
38 of annuity payments made shall be transferred to the annuity savings fund.
39 Should the pension of any disabled member be reduced as a result of an
40 increase in his earning capacity the amount of the annual reduction in his
41 pension shall be paid annually into the pension accumulation fund during the
42 period of such reduction.

43 *(5) The members' death benefit fund shall be a fund in which shall be*
44 *accumulated contributions from the compensation of members to provide*
45 *for their additional death benefits under the provisions of section 5 of chapter*
46 *266 of the laws of 1953. Upon the death of a member electing the additional*
47 *death benefit, the additional death benefit payable shall be paid from the*
48 *members' death benefit fund.*

49 **[(5)] (6)** The expense fund shall be the fund contributed by the State,
50 and shall be the fund to which shall be credited all money provided by the
51 State to pay the administration expenses of the retirement system, and from
52 which shall be paid all the expenses necessary in connection with the
53 administration and operation of the system.

1 5. This act shall take effect immediately.