

R.S. 43:15A-24 et seq.

LEGISLATIVE FACT SHEET

ON

N.J.R.S. 43:15A-24 et seq. (Municipal Depts. -
Deputies) (1964 Amendment)

LAWS OF 1964

CHAPTER 229

SENATE 356

ASSEMBLY

INTRODUCED May 4, 1964

BY Jarley

STATEMENT

YES

NO

AMENDED DURING PASSAGE

YES

NO

HEARING

VETO

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CHAPTER 229 LAWS OF N. J. 19 64
APPROVED 12-17-64
SENATE, No. 356

STATE OF NEW JERSEY

INTRODUCED MAY 4, 1964

By Senator FARLEY

(Without Reference)

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

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

1 1. Section 24 of the act of which this act is amendatory is amended to read
2 as follows:

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

5 a. Upon the basis of such tables as the board adopts, and regular in-
6 terest, the actuary of the board shall compute annually the amount of con-
7 tribution, expressed as a proportion of the compensation paid to all em-
8 ployees, which if paid monthly during the entire prospective service of the
9 employees, will be sufficient to provide for the pension reserves required at
10 the time of discontinuance of active service to cover all pension to which they
11 may be entitled or which are payable on their account and to provide for the
12 amount of the death benefits payable on their account by the State, which
13 are not covered by accrued liability contributions, to be made as provided in
14 paragraph b. hereof, and the funds in hand available for such benefits.

15 b. Upon the basis of such tables as the board adopts, and regular in-
16 terest, the actuary of the board shall compute, annually, the amount of the
17 liability which has accrued by reason of allowances to be granted on account

18 of services rendered by State employee veteran members as provided in sec-
19 tion 60 of this act prior to the establishment of the retirement system, which
20 has not already been covered by State contributions to the former "State
21 Employees' Retirement System." Using the total amount of this liability
22 remaining as a basis, he shall compute the amount of the flat annual payment,
23 which, if paid in each succeeding fiscal year commencing with July 1, 1956, for
24 a period of 30 years, will provide for this liability. *The annual payment so*
25 *computed and certified shall remain fixed except that such liability shall be*
26 *valued annually and any additional liability which has accrued by reason of*
27 *allowances to be granted on account of services rendered by State employee*
28 *veteran members as provided in section 60 shall be added to the amount pre-*
29 *viously certified so that the entire liability shall be paid within the 30-year*
30 *period commencing July 1, 1956.*

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

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

45 e. Any other provision of this act notwithstanding, no payment shall be
46 made by the State to the contingent reserve fund on behalf of service of
47 State employee veteran members until the fiscal year commencing July 1,
48 1956. This shall not affect the payment of benefits to, and on behalf of,

49 State employee veteran members prior to said date, and any such disburse-
50 ments for benefits not covered by reserves in the system on account of vet-
51 erans shall be met by direct contributions of the State.

1 2. Section 25 of the act of which this act is amendatory is amended to read
2 as follows:

3 25. The annuity savings fund shall be the fund in which shall be accum-
4 ulated deductions from the compensation of members to provide for their
5 annuities and withdrawal allowances. *A single account shall be established*
6 *in this fund for each person who is or shall become a member and all contri-*
7 *butions deducted from each such member's compensation shall be credited*
8 *to his account regardless of the number of positions a member might hold or*
9 *the number of employers he might have.*

10 Upon the basis of such tables as the board adopts, and regular interest,
11 the actuary of the board shall determine for each member the proportion of
12 compensation, exclusive of the rate for any additional death benefit provided
13 under section 57 of this act, which, when deducted from each payment of his
14 prospective earnable compensation prior to service retirement and accu-
15 mulated at regular interest until he retires, shall be computed to be sufficient
16 to provide, at that time, an annuity equal to $\frac{1}{2}$ of the retirement allowance
17 then allowable for service as a member after the establishment of the retire-
18 ment system.

19 Any member who was contributing to the former "State Employees'
20 Retirement System" shall continue to pay the proportion of compensation
21 applicable to the age at enrollment, which proportion shall not be increased
22 during the continuation of membership other than as provided in section 58,
23 and shall make any special payments either as lump sums or as installment
24 payments required as a result of election by the member to obtain additional
25 service credit. Members enrolling on and after [the effective date of this
26 section] *January 2, 1955* shall contribute at the proportions applicable to
27 group 2 members of the former "State Employees' Retirement System" as
28 of June 30, 1949, except that the board of trustees may from time to time

29 adopt for employees becoming members thereafter, new proportions of com-
30 pensation to be determined as provided in the preceding paragraph. No
31 member shall be required during the continuation of his membership to in-
32 crease the proportion of compensation certified at the time of becoming a
33 member as payable by him other than as provided in section 58.

34 The board of trustees shall certify to each State department or sub-
35 division thereof, and to [the head of] each branch of the State service not
36 included in a State department, *and to every other employer*, the proportion
37 of each member's compensation to be deducted in accordance with rules and
38 regulations established by the board, and to facilitate the making of deduc-
39 tions the board of trustees may modify the deduction required by a member
40 by such an amount as shall not exceed 1/10 of 1% of the compensation upon
41 the basis of which the deduction is to be made.

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

1 3. Section 60 of this act of which this act is amendatory is amended to
2 read as follows:

3 60. a. Each public employee veteran member shall have returned to him
4 his accumulated deductions as of [the effective date of this section] *January*
5 *2, 1955*. All service rendered in office, position, or employment of this State
6 or of a county, municipality, school district or board of education or service
7 rendered for the State University of New Jersey, an instrumentality of this
8 State, after April 16, 1945, and the New Jersey State Agricultural Experiment
9 Station established by an act approved March 10, 1880 (P. L. 1880, c. 106 and

10 continued pursuant to chapter 16 of Title 4 of the Revised Statutes), an
11 instrumentality of this State, excluding service rendered as County Exten-
12 sion Service Farm and Home Demonstration Agents, by such veteran mem-
13 ber previous to [the effective date of this section] *January 2, 1955*, for which
14 evidence satisfactory to the board of trustees is presented [within 6 months
15 of the effective date of this section], shall be credited to him as a "Class B"
16 member and such credit shall be known as prior service credit and the obli-
17 gation of the employer on account of such credit shall be known as the accrued
18 liability on behalf of such veteran member; *provided, however, that no credit*
19 *shall be allowed for such service rendered prior to January 2, 1955 unless the*
20 *member whose service has been continuous since January 2, 1955, purchases*
21 *credit for all service rendered on or after such date, or in the event service*
22 *has not been continuous since January 2, 1955, the member agrees to pur-*
23 *chase all credit between January 2, 1955 and the date of termination of*
24 *employment. Service by a veteran member as a member of the Congress of*
25 *the United States from the State of New Jersey, if any, pursuant to election*
26 *or appointment as a United States Senator or member of the United States*
27 *House of Representatives shall be included within the calculation of prior*
28 *service, as though such service had been rendered in office, position or employ-*
29 *ment of this State.*

30 b. The accrued liability on behalf of State employee veteran members
31 including veteran members employed by the State University of New Jersey or
32 by the New Jersey Agricultural Experiment Station shall be paid by the State
33 as provided in section 24. The accrued liability on behalf of other public em-
34 ployee veteran members shall be paid by their employers, as of [the effective
35 date of this section] *January 2, 1955, or the date of the next annual valuation*
36 *of the retirement system following his enrollment, whichever is later, in the*
37 *same manner as provided in the case of State employee veteran members in*
38 *section 24. The board of trustees shall certify to the chief fiscal officer of the*
39 *employer the accrued liability contribution payable by such employer on be-*
40 *half of veteran members as if they were State employees.*

41 c. Each public employee veteran member shall make contributions to the
42 retirement system at the proportions applicable to Class B members of group
43 2 of the former "State Employees' Retirement System" as of June 30, 1949,
44 except that the board of trustees may from time to time adopt for employees
45 becoming members after [the effective date of this section] *January 2, 1955*
46 new proportions of compensation to be determined as provided in section 25.
47 Each public employee veteran member shall pay the proportion of com-
48 pensation applicable to his age at the commencement of employment, position
49 or office with the State, any county, municipality or school district or board
50 of education, except that where such service has not been continuous the
51 public employee veteran member shall pay the proportion of compensation
52 applicable to the age resulting from the subtraction of his years of service
53 from his age as of [the effective date of this section] *January 2, 1955*. No
54 public employee veteran member shall be required during the continuation
55 of his membership to increase the proportion of compensation certified at
56 the time of becoming a member as payable by him, except as required by
56A changes in the rate of contributions to the Social Security Fund.

57 d. In the event that a public employee veteran who prior to [the effec-
58 tive date of this section] *January 2, 1955* rendered service in office, position
59 or employment of this State, including such service rendered for any instru-
60 mentality enumerated in paragraph a. of this section, or of a county, munici-
61 pality, or school district or board of education but who is not in such office,
62 position or employment on [the effective date of this section] *January 2,*
63 *1955* shall later become a member of the retirement system, such public em-
64 ployee veteran shall receive prior service credit for service rendered prior
65 to [the effective date of this section] *January 2, 1955*, for which evidence
66 satisfactory to the board of trustees is presented, in the same manner as
67 received by other public employee veteran members and shall pay the pro-
68 portion of compensation applicable to the age resulting from the subtraction
69 of his years of such prior service from his age on the date of his becoming a
70 member of the retirement system. The employer of such public employee

71 veteran on the date of his becoming a member shall pay the accrued liability
72 on behalf of such prior service and such accrued liability shall be paid in such
73 a manner that the total obligation will be met within the period of time fixed
74 for the liquidation of all accrued liabilities of the employer.

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

3 68. The board of trustees of the Public Employees' Retirement System
4 shall certify to the chief fiscal officer of the employer so consenting the
5 rates of contributions payable by members, as if they were State employees.
6 The board shall further certify the contributions, including the accrued
7 liability contribution similar to the State accrued liability contribution,
8 payable by the employer to the Contingent Reserve Fund on behalf of these
9 members, as if they were State employees, and a pro rata share of the cost
10 of the administration of the retirement system, based upon the payroll of
11 the members who are employees of the employer. The initial actuarial ex-
12 pense incident to the determination of the accrued liability contribution, pay-
13 able by the employer so consenting, shall be paid by the employer. The
14 amount certified by the board of trustees as payable by such employer to the
15 Contingent Reserve Fund shall be included in the next budget subsequent
16 to the certification by the board of trustees. The treasurer or corresponding
17 officer shall pay on [December 27] *July 1* in each year to the State Treas-
18 urer the amount of the employer's charges so certified [, and]. *If payment*
19 *of the full amount of such obligation is not made within 30 days after July 1,*
20 *interest at the rate of 4% per annum shall commence to run against the un-*
21 *paid balance thereof on the first day after such thirtieth day. The treasurer*
22 *or corresponding officer shall also pay to the State Treasurer the amount of*
23 *the deductions from the compensation of the members who are employees*
24 *of the employer in accordance with the rules and regulations established by*
25 *the board of trustees. The State Treasurer shall credit these amounts to the*
26 *appropriate fund or account.*

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

3 81. The board of trustees of the Public Employees' Retirement System
4 shall certify to [the chief fiscal officer of the county or municipality adopting
5 this act] *each employer* the rates of contributions payable by members who
6 are county or municipal employees, as if they were State employees. The
7 board shall further certify the contributions, including the accrued liability
8 contribution similar to the State accrued liability contribution, payable by
9 the county or municipality to the Contingent Reserve Fund on behalf of
10 these members, as if they were State employees, and a pro rata share of the
11 cost of the administration of the retirement system, based upon the payroll
12 of the members who are employees of the county or municipality. The initial
13 actuarial expense incident to the determination of the accrued liability con-
14 tribution, payable by the county or municipality adopting this act, shall be
15 paid by the county or municipality. The amount certified by the board of
16 trustees as payable by the county or municipality to the Contingent Reserve
17 Fund shall be included in the next budget subsequent to the certification by
18 the board of trustees and levied and collected as any other taxes are levied
19 and collected. The treasurer or corresponding officer of any county or mu-
20 nicipality shall pay *on or before July 1* [December 27] in each year to the
21 State Treasurer the amount of the county or municipal charges so certified
22 [, and]. *If payment of the full amount of such obligation is not made within*
23 *30 days after July 1, interest at the rate of 4% per annum shall commence*
24 *to run against the unpaid balance thereof on the first day after such thirtieth*
25 *day. The treasurer or corresponding officer shall also pay to the State Treas-*
26 *urer the amount of deductions from the compensation of the members who*
27 *are employees of the county or municipality in accordance with the rules and*
28 *regulations established by the board of trustees. The State Treasurer shall*
29 *credit these amounts to the appropriate fund or account.*

1 6. This act shall take effect immediately.

S 356 (1964)

9

STATEMENT

Since the granting of prior service credit to members of the Public Employees' Retirement System was closed in 1958, approximately 150 veterans have been denied such credit while also being denied benefits of the Free Veteran's Act. This bill would amend the Public Employees' Retirement System Act's provisions concerning the amortization of the accrued liability for veterans to permit the increase of such liability on account of additional service credits established by veteran members subsequent to the date of the initial valuation and also permit veterans who filed after the closing date to obtain prior service credit.

The bill also makes technical changes in the act designed to facilitate its administration.

FISCAL NOTE TO
SENATE, No. 356

STATE OF NEW JERSEY

DATED: MAY 18, 1964

This Bill amends the Public Employees' Retirement System to permit an increase in the accrued liability for veteran members resulting from the establishment of additional service credits; permits veterans who filed after the 1958 closing date to obtain prior service credit.

There will be no additional cost to the State since the cost of this legislation is now borne in the normal contribution paid by the State while all State employee veterans received credit for prior service.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above Bill, pursuant to P. L. 1962, c. 27.