

18A:66-2

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:66-2 (TPAF--allow credit for service as officer of teachers organization)

LAWS OF: 1989 **CHAPTER:** 198

Bill No: S2562

Sponsor(s): Paterniti and Cardinale

Date Introduced: May 19, 1988

Committee: Assembly: State Government

Senate: State Government

Amended during passage: Yes Amendments during passage denoted by asterisks

Date of Passage: Assembly: September 28, 1989

Senate: January 30, 1989

Date of Approval: November 28, 1989

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

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STATE OF NEW JERSEY

INTRODUCED MAY 19, 1988

By Senators PATERNITI and CARDINALE

1 AN ACT concerning pension credit for certain service rendered
by members of the Teachers' Pension and Annuity Fund,
3 amending N.J.S.18A:66-2 and supplementing chapter 66 of
Title 18A of the New Jersey Statutes.

5

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

1. N.J.S.18A:66-2 is amended to read as follows:

9 18A:66-2. As used in this article:

a. "Accumulated deductions" means the sum of all the
11 amounts, deducted from the compensation of a member or
contributed by him or in his behalf, including interest credited to
13 January 1, 1956, standing to the credit of his individual account
in the annuity savings fund.

15 b. "Annuity" means payments for life derived from the
accumulated deductions of a member as provided in this article.

17 c. "Beneficiary" means any person receiving a retirement
allowance or other benefit as provided in this article.

19 d. "Compensation" means the contractual salary, for services
as a teacher as defined in this article, which is in accordance
21 with established salary policies of the member's employer for all
employees in the same position but shall not include individual
23 salary adjustments which are granted primarily in anticipation of
the member's retirement or additional remuneration for
25 performing temporary or extracurricular duties beyond the
regular school day or the regular school year.

27 e. "Employer" means the State, the board of education or any
educational institution or agency of or within the State by which
29 a teacher is paid.

f. "Final compensation" means the average annual
31 compensation for which contributions are made for the three
years of creditable service in New Jersey immediately preceding
33 his retirement or death, or it shall mean the average annual

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted December 8, 1988.

² Assembly floor amendments adopted June 15, 1989.

1 compensation for New Jersey service for which contributions are
made during any three fiscal years of his or her membership
3 providing the largest possible benefit to the member or his
beneficiary.

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

7 h. "Pension" means payments for life derived from
appropriations made by the State or employers to the Teachers'
9 Pension and Annuity Fund.

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

15 j. "Pension reserve" means the present value of all payments
to be made on account of any pension or benefit in lieu of a
17 pension granted to a member from the Teachers' Pension and
Annuity Fund, computed on the basis of such mortality tables
19 recommended by the actuary as the board of trustees adopts,
with regular interest.

21 k. "Present-entrant" means any member of the Teachers'
Pension and Annuity Fund who had established status as a
23 "present-entrant member" of said fund prior to January 1, 1956.

l. "Rate of contribution initially certified" means the rate of
25 contribution certified by the retirement system in accordance
with N.J.S.18A:66-29.

27 m. "Regular interest" shall mean interest as determined
annually by the State Treasurer after consultation with the
29 directors of the Divisions of Investment and Pensions and the
actuary of the fund. It shall bear a reasonable relationship to the
31 percentage rate of earnings on investments but shall not exceed
105% of such percentage rate.

33 n. "Retirement allowance" means the pension plus the annuity.

o. "School service" means any service as a "teacher" as
35 defined in this section.

p. "Teacher" means any regular teacher, special teacher,
37 helping teacher, teacher clerk, principal, vice-principal,
supervisor, supervising principal, director, superintendent, city
39 superintendent, assistant city superintendent, county

1 superintendent, State Commissioner or Assistant Commissioner
of Education, members of the State Department of Education
3 who are certificated, unclassified professional staff and other
members of the teaching or professional staff of any class, public
5 school, high school, normal school, model school, training school,
vocational school, truant reformatory school, or parental school,
7 and of any and all classes or schools within the State conducted
under the order and superintendence, and wholly or partly at the
9 expense of the State Board of Education, of a duly elected or
appointed board of education, board of school directors, or board
11 of trustees of the State or of any school district or normal school
district thereof, and any persons under contract or engagement to
13 perform one or more of these functions. It shall also mean any
person who serves, while on an approved leave of absence ¹[or
15 released time]¹ from regular duties as a teacher, as an officer of
a local, county²[,] or² State ²[or national]² labor organization
17 which represents, or is affiliated with an organization which
represents, teachers as defined in this subsection. No person
19 shall be deemed a teacher within the meaning of this article who
is a substitute teacher. In all cases of doubt the board of trustees
21 shall determine whether any person is a teacher as defined in this
article.

23 q. "Teachers' Pension and Annuity Fund," hereinafter referred
to as the "retirement system," is the corporate name of the
25 arrangement for the payment of retirement allowances and other
benefits under the provisions of this article, including the several
27 funds placed under said system. By that name all its business
shall be transacted, its funds invested, warrants for money drawn,
29 and payments made and all of its cash and securities and other
property held.

31 r. "Veteran" means any honorably discharged officer, soldier,
sailor, airman, marine or nurse who served in any Army, Air
33 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
35 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,
37 and who was inducted into such service through voluntary
enlistment, and was a citizen of the United States at the time of
39 such enlistment, and who did not, during or by reason of such

1 service, renounce or lose his United States citizenship, and any
2 officer, soldier, sailor, marine, airman, nurse or army field clerk
3 who has served in the active military or naval service of the
4 United States and has or shall be discharged or released
5 therefrom under conditions other than dishonorable, in any of the
6 following wars, uprisings, insurrections, expeditions or
7 emergencies, and who has presented to the retirement system
8 evidence of such record of service in form and content
9 satisfactory to said retirement system:

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

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

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

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

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

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

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

26 (8) The Mexican border patrol, having actually participated in
27 engagements against Mexicans between April 12, 1911, and June
28 16, 1919;

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

30 (10) World War II, between September 16, 1940, and September
31 2, 1945, who shall have served at least 90 days in such active
32 service, exclusive of any period he was assigned (1) for a course
33 of education or training under the Army Specialized Training
34 Program or the Navy College Training Program, which course was
35 a continuation of his civilian course and was pursued to
36 completion, or (2) as a cadet or midshipman at one of the service
37 academies, any part of which 90 days was served between said
38 dates; provided that any person receiving an actual
39 service-incurred injury or disability shall be classed as a veteran,

1 whether or not he has completed the 90-day service as herein
provided;

3 (11) Korean conflict after June 23, 1950, and prior to July 27,
1953, who shall have served at least 90 days in such active
5 service, exclusive of any period he was assigned (1) for a course
of education or training under the Army Specialized Training
7 Program or the Navy College Training Program, which course was
a continuation of his civilian course and was pursued to
9 completion, or (2) as a cadet or midshipman at one of the service
academies, any part of which 90 days was served between said
11 dates; provided that any person receiving an actual
service-incurred injury or disability shall be classed as a veteran,
13 whether or not he has completed the 90-day service as herein
provided; and provided further that any member classed as a
15 veteran pursuant to this subsection prior to August 1, 1966, shall
continue to be classed as a veteran, whether or not he completed
17 the 90-day service between said dates as herein provided;

(12) Vietnam conflict, after December 31, 1960, and prior to
19 the date of termination as proclaimed by the Governor, who shall
have served at least 90 days in such active service, exclusive of
21 any period he was assigned (1) for a course of education or
training under the Army Specialized Training Program or the
23 Navy College Training Program, which course was a continuation
of his civilian course and was pursued to completion, or (2) as a
25 cadet or midshipman at one of the service academies, any part of
which 90 days was served between said dates; and exclusive of
27 any service performed pursuant to the provisions of section 511(d)
of Title 10, United States Code, pursuant to an enlistment in the
29 Army National Guard or as a reserve for service in the Army
Reserve, Naval Reserve, Air Force Reserve, Marine Corps
31 Reserve, or Coast Guard Reserve; provided that any person
receiving an actual service-incurred injury or disability shall be
33 classed as a veteran, whether or not he has completed the 90-day
service as herein provided.

35 s. "Child" means a deceased member's unmarried child either
(a) under the age of 18 or (b) of any age who, at the time of the
37 member's death, is disabled because of mental retardation or
physical incapacity, is unable to do any substantial, gainful work
39 because of the impairment and his impairment has lasted or can

1 be expected to last for a continuous period of not less than 12
2 months, as affirmed by the medical board.

3 t. "Widower" means the man to whom a member was married
4 at least five years before the date of her death and to whom she
5 continued to be married until the date of her death and who was
6 receiving at least one-half of his support from the member in the
7 12-month period immediately preceding the member's death or
8 the accident which was the direct cause of the member's death.
9 The dependency of such a widower will be considered terminated
10 by marriage of the widower subsequent to the death of the
11 member. In the event of the payment of an accidental death
12 benefit, the five-year qualification shall be waived.

13 u. "Widow" means the woman to whom a member was married
14 at least five years before the date of his death and to whom he
15 continued to be married until the date of his death and who was
16 receiving at least one-half of her support from the member in the
17 12-month period immediately preceding the member's death or
18 the accident which was the direct cause of the member's death.
19 The dependency of such a widow will be considered terminated by
20 the marriage of the widow subsequent to the member's death. In
21 the event of the payment of an accidental death benefit, the
22 five-year qualification shall be waived.

23 v. "Parent" means the parent of a member who was receiving
24 at least one-half of his support from the member in the 12-month
25 period immediately preceding the member's death or the
26 accident which was the direct cause of the member's death. The
27 dependency of such a parent will be considered terminated by
28 marriage of the parent subsequent to the death of the member.

29 w. "Medical board" means the board of physicians provided for
30 in N.J.S.18A:66-56.

31 (cf: P.L.1986, c.24, s.1)

32 2. (New section) a. Any person who serves, while on an
33 approved leave of absence ¹[or released time]¹ from regular
34 duties as a teacher, as an officer of a local, county²[,] or² State
35 ²[or national]² labor organization which represents, or is
36 affiliated with an organization which represents, teachers as
37 defined in N.J.S.18A:66-2, shall receive credit in the retirement
38 system for the service. The person receiving the credit shall be
39 liable, with respect to the service to be credited, for payment to

1 the retirement system of both the contributions that would have
2 been required under N.J.S.18A:66-29 and N.J.S.18A:66-31 and the
3 contributions that would have been required under
4 N.J.S.18A:66-33 if that service had been rendered as regular
5 teaching service to the employer granting the leave of absence
6 ¹[or released time]¹. The contributions shall be based upon the
7 compensation ²that would have been² received by the person
8 ²[with respect to the service for which credit is to be given]
9 under the locally negotiated salary guide had that person
10 remained in regular teaching service².

11 b. Any person who, prior to the effective date of this ²[1988]
12 ²1989² amendatory and supplementary act, has rendered service as
13 defined in subsection a. and who has not received credit in the
14 retirement system for that service may elect, within one year
15 after that effective date, to purchase credit for the service. The
16 cost of the purchase shall be ²[as stipulated for payment with
17 respect to such service under subsection a., provided that the
18 amount of the contributions required under N.J.S.18A:66-29 and
19 N.J.S.18A:66-31 shall be]² computed by applying the factor,
20 supplied by the actuary as being applicable to the member's age
21 at the time of the purchase ²and necessary to provide for the full
22 cost, as considered in developing the purchase factors for
23 military service, attributable to the purchased credit², to the
24 member's salary at that time ²for a member in regular teaching
25 service or the salary the member would be receiving at that time
26 on the locally negotiated salary guide for a member serving as an
27 officer of a local, county or State labor organization². All other
28 terms of the purchase and the credit granted shall be as
29 stipulated for the purchase of previous membership service by
30 N.J.S.18A:66-9.

31 3. This act shall take effect immediately.

33

PENSIONS AND RETIREMENT

35

Teachers

37 Permits members of TPAF to receive credit for service as
officers of organizations which represent teachers.

1 contributions that would have been required under N.J.S.
2 18A:66-33 if that service had been rendered as regular teaching
3 service to the employer granting the leave of absence or released
4 time. The contributions shall be based upon the compensation
5 received by the person with respect to the service for which
6 credit is to be given.

7 b. Any person who, prior to the effective date of this 1988
8 amendatory and supplementary act, has rendered service as
9 defined in subsection a. and who has not received credit in the
10 retirement system for that service may elect, within one year
11 after that effective date, to purchase credit for the service. The
12 cost of the purchase shall be as stipulated for payment with
13 respect to such service under subsection a., provided that the
14 amount of the contributions required under N.J.S. 18A:66-29 and
15 N.J.S. 18A:66-31 shall be computed by applying the factor,
16 supplied by the actuary as being applicable to the member's age
17 at the time of the purchase, to the member's salary at that
18 time. All other terms of the purchase and the credit granted
19 shall be as stipulated for the purchase of previous membership
20 service by N.J.S. 18A:66-9.

21 3. This act shall take effect immediately.

23

STATEMENT

25

26 This bill permits members of the Teachers' Pension and
27 Annuity Fund to serve as officers of local, county, State or
28 national labor organizations which represent teachers, or are
29 affiliated with organizations which represent teachers, while on
30 an approved leave of absence or release time from regular duties
31 without loss of credit in the retirement system for the service.
32 Contributions with respect to the service to be credited will be
33 made in the same manner as though it had been rendered by the
34 member as regular teaching service, except that the member
35 shall be liable for payment of both the employee's and the
36 employer's share of those contributions.

37 The bill also permits members who have served as officers to
38 elect, within one year after the effective date of the act, to
39 purchase credit for the service.

SENATE STATE GOVERNMENT, FEDERAL
AND INTERSTATE RELATIONS AND
VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2562

STATE OF NEW JERSEY

DATED: OCTOBER 20, 1988

The Senate State Government, Federal and Interstate Relations and Veterans' Affairs Committee reports favorably Senate Bill No. 2562.

This bill provides that any person who serves, while on an approved leave of absence or released time from regular duties as a teacher, as an officer of a local, county, State or national labor organization which represents teachers, or is affiliated with an organization which represents teachers, shall receive credit in the Teachers' Pension and Annuity Fund for the service. The person receiving the credit shall be liable for payment of both the employee's and the employer's share of the required contributions. The contributions shall be based on the compensation received by the person during the period of service.

The bill also permits persons who served as officers prior to the effective date of this act to purchase credit for the service within one year after the effective date of this act.

FISCAL NOTE TO
SENATE, No. 2562

STATE OF NEW JERSEY

DATED: December 15, 1988

Senate Bill No. 2562 of 1988 permits members of the Teachers' Pension and Annuity Fund (TPAF) to serve as officers of local, State or national labor organizations which represent teachers, or are affiliated with organizations which represent teachers, while on approved leave of absence or released time from regular duties without loss of credit in the retirement system for the service. The bill requires the member to pay both the employee's and employer's contributions on the compensation received by the person for the service for which credit is to be given. The bill also permits members who have served as officers to elect, within one year after the effective date of the act, to purchase credit for the service.

The Division of Pensions states that it has no information to indicate the number of individuals who may be eligible and who may choose to make this purchase. The division notes that even though the bill requires the employee to assume both the employee's and employer's cost of this purchase, there may be additional costs which will be paid for by increases in future employer contributions. If the terms of purchase, established by the actuary, prove inadequate, the additional cost will be paid for by the employer.

The division notes that an employee employed as a union official probably receives higher compensation than as a teacher. This service would be credited at a high salary which would enhance the individual's retirement benefits.

The Office of Legislative Services concurs.

This fiscal note has been prepared pursuant to P.L.1980, c.67.