

43:16A-1 et seq.

LEGISLATIVE HISTORY CHECKLIST

NJSA 43:16A-1 et seq. (Police & firemen's pensions)

Laws of 1944 Chapter 255

Bill No. SSA 3

Sponsor(s) Fleming

Date Introduced May 22, 1944

Committee: Assembly -

Senate -

Amended during passage Yes No

Date of passage: Assembly May 22

Senate May 22

Date of approval May 23, 1944

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly ~~Yes~~ No

Senate ~~Yes~~ No

Fiscal Note ~~Yes~~ No

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

For background see:

974.90 N.J. Dept. of Banking and Insurance. Bureau of Insurance.
p418 Report on the condition of pension funds set up under
1950 chapter 160 of the laws of 1920 as amended (RS 43:16-1
to RS 43:16-18) entitled "Pension fund for policemen and
firemen." Report dated 9/25/50. Trenton (Mainly statistical)

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10/4/76

- 974.90 New Jersey. Advisory Commission on Local Police and
p418 Firemen's Pension Funds.
1952 Report...to Walter T. Margetts, Jr., Treasurer.
Feb. 1, 1952
(Brief history of earlier legislation)
- 974.90 N.J. Advisory Commission on State Law Enforcement Pensions.
p418 Report...to Walter T. Margetts Jr., State Treasurer.
1953c Newark, 1953.
- 974.90 New Jersey. Dept. of the Treasury. Division of Pensions.
p418 Police and firemen's retirement system of New Jersey.
1957a Trenton. (Describes plan, outlining benefits)

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Date introduced
 Committee: Assembly
 General
 Amended by
 Date of
 Date of approval
 Following statements and statements of officials
 Sponsor statement
 Committee statement
 Fiscal notes
 Veto message
 Message on signing
 Following were the
 Reports
 Hearings

[OFFICIAL COPY REPRINT]

1st SPECIAL SESSION ASSEMBLY No. 3

STATE OF NEW JERSEY

INTRODUCED MAY 22, 1944

By Mr. FLEMING

(Without Reference)

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.

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

1 1. The following words and phrases as used in this act unless a different
2 meaning is plainly required by the context shall have the following meanings:

3 (1) "Retirement system" shall mean the Police and Firemen's Retire-
4 ment System of New Jersey as defined in section two of this act.

5 (2) "Policeman or fireman" shall mean any permanent and full-time
6 active uniformed employee, and any active permanent and full-time employee
7 who is a detective, lineman, fire alarm operator or inspector of combustibles,
8 of any police or fire department of a municipality or a fire department of
9-10 a fire district located in a township or a county police department.

11 (3) "Member" shall mean any policeman or fireman included in the
12 membership of the retirement system as provided in section three of this act.

13 (4) "Board of trustees" or "board" shall mean the board provided for
14 in section thirteen of this act to administer the retirement system.

15 (5) "Medical board" shall mean the board of physicians provided for
16 in section thirteen of this act.

17 (6) "Employer" shall mean the county, municipality or political sub-
18 division thereof which pays the particular policeman or fireman.

19 (7) "Service" shall mean service as a policeman or fireman or county
20 policeman paid for by an employer.

21 (8) "Creditable service" shall mean service rendered while a member
22 of the retirement system, for which credit is allowed as provided under sec-
23 tion four of this act.

24 (9) "Regular interest" shall mean interest as determined from time to
25 time by the board of trustees under the provisions of section thirteen, sub-
26 section fifteen, of this act.

27 (10) "Aggregate contributions" shall mean the sum of the amounts
28 deducted from a member's salary and credited to his account in the annuity
29 savings fund.

30 (11) "Annuity" shall mean payments for life derived from the aggre-
31 gate contributions of a member. All annuities shall be paid in equal monthly
32 installments.

33 (12) "Pension" shall mean payments for life derived from contribu-
34 tions by the employer. All pensions shall be paid in equal monthly install-
35 ments.

36 (13) "Retirement allowance" shall mean the sum of the pension and the
37 annuity, if any.

38 (14) "Earnable compensation" shall mean the full rate of the salary that
39 would be payable to an employee if he worked the full normal working time
40 for his position. In cases where salary includes maintenance, the board of
41 trustees shall fix the value of that part of the salary not paid in money which
42 shall be considered under this act.

43 (15) "Average final compensation" shall mean the average annual earn-
44 able salary of an employee during his last ten years of service as an em-
45 ployee or if he had less than ten years of service, then his average earnable
46 salary for his total service.

47 (16) "Retirement" shall mean withdrawal from active service with a
48 retirement allowance granted under the provisions of this act.

49 (17) "Annuity reserve" shall mean the present value of all payments to
50 be made on account of any annuity or benefit in lieu of any annuity computed
51 upon the basis of such mortality tables as shall be adopted by the board of
52 trustees, and regular interest.

53 (18) "Pension reserve" shall mean the present value of all payments to
54 be made on account of any pension or benefit in lieu of any pension com-
55 puted upon the basis of such mortality tables as shall be adopted by the
56 board of trustees, and regular interest.

57 (19) "Actuarial equivalent" shall mean a benefit of equal value when
58 computed upon the basis of such mortality tables as shall be adopted by the
59 board of trustees, and regular interest.

60 (20) "Beneficiary" shall mean any person receiving a retirement allow-
61 ance or other benefit as provided by this act.

1 2. A retirement system is hereby established for the purpose of provid-
2 ing retirement allowances and other benefits for policemen and firemen under
3 the provisions of this act. The retirement system so created shall be estab-
4 lished within thirty days from the effective date of this act. It shall have
5 the powers and privileges of a corporation and shall be known as the "The
6 Police and Firemen's Retirement System of New Jersey" and by such name
7 all of its business shall be transacted, all of its funds invested, and all of
8 its cash and securities and property held in trust for the purpose for which
9 received.

1 3. (1) After the date of the establishment of this retirement system,
2 any person becoming a policeman or fireman in a county or municipality or
3 fire district located in a township where, prior to the date this act takes
4 effect, a pension fund for policemen or firemen has been established, shall
5 become a member of this retirement system as a condition of his employ-
6 ment; *provided*, that his age at becoming a policeman or fireman is not over

7 thirty years; *and further provided*, that he shall furnish such evidence of
8 good health at the time of becoming a member as the board of trustees shall
9 require.

10 (2) The board of trustees may in its discretion deny the right to become
11 members to any class of policemen or firemen whose compensation is only
12 partly paid by the employer or who are serving in a temporary or other
13 than per annum basis, and it may also, in its discretion, make optional with
14 members in any such class their individual entrance into membership.

15 (3) Should any member in any period of four consecutive years after
16 last becoming a member be absent from service for more than two years,
17 or withdraw his aggregate contributions, or become a beneficiary or die, he
18 shall thereupon cease to be a member.

1 4. Only service as a policeman or fireman in a municipality or a fire-
2 man in a fire district located in a township or a policeman of a county paid
3 for by an employer, which was rendered by a member since he became a
4 member, or, since he last became a member in case of a break in service,
5 shall be considered as creditable service for the purposes of this act.

1 5. (1) Any member in service who has attained age fifty-five years and
2 who has completed at least twenty-five years of creditable service may retire
3 on a service retirement allowance upon written and duly executed applica-
4 tion to the board of trustees, setting forth at what time, not less than thirty
5 days nor more than ninety days, subsequent to the filing thereof, he desires
6 to be retired. Any member in service who attains age sixty-five years shall
7 be retired on a service retirement allowance forthwith or on the first day
8 of the next calendar month.

9 (2) Upon retirement for service a member shall receive a service retire-
10 ment allowance which shall consist of:

11 (a) An annuity which shall be the actuarial equivalent of his aggre-
12 gate contribution at the time of retirement; and

13 (b) A pension in the amount which when added to the member's annu-
14 ity will provide a total retirement allowance of one-sixtieth of his average

15 final compensation multiplied by the number of years of his creditable
16 service.

1 6. (1) Upon the written application of a member in service or of his
2 employer, any member who has had five or more years of creditable service
3 may be retired by the board of trustees, not less than thirty days and not
4 more than ninety days next following the date of filing such application, on
5 an ordinary disability retirement allowance; *provided*, that the medical
6 board, after a medical examination of such member, shall certify that such
7 member is mentally or physically incapacitated for the performance of his
8 usual duty and of any other available duty in the department which his
9 employer is willing to assign to him and that such incapacity is likely to be
10-11 permanent and to such an extent that he should be retired.

12 (2) Upon retirement for ordinary disability, a member shall receive a
13 service retirement allowance if he has completed at least twenty-five years
14 of creditable service and attained age fifty-five years, otherwise an ordinary
15 disability retirement allowance which shall consist of:

16 (a) An annuity which shall be the actuarial equivalent of his aggregate
17 contributions at the time of retirement; and

18 (b) A pension equal to the annuity provided by the aggregate contributions,
19 but not less than the amount which when added to the member's
20 annuity will provide a total retirement allowance of twenty-five per centum
21 (25%) of the member's average final compensation.

1 7. (1) Upon the written application of a member or of his employer any
2 member may be retired by the board of trustees, not less than thirty nor
3 more than ninety days next following the date of filing such application, on
4 an accidental disability retirement allowance; *provided*, that the medical
5 board, after a medical examination of such member, shall certify that the
6 natural and proximate cause of such disability was an accident met in the
7 actual performance of duty within two years preceding the date of such application
8 and that such disability was not the result of the member's willful

9 negligence and that such member is mentally or physically incapacitated
10 for performance of his usual duty and of any other available duty in the
11 department which his employer is willing to assign to him, and that such in-
12 capacity is likely to be permanent and to such an extent that such member
13 should be retired.

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

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

18 (b) A pension equal to one-half of the member's average final com-
19 pensation.

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

1 8. (1) Upon the receipt by the board of trustees of a written application
2 for a disability retirement allowance, the board shall refer the application
3 to the medical board, which shall examine the applicant and the report of
4 the medical board shall be considered by the board of trustees in acting upon
5 such application.

6 (2) Any beneficiary under the age of fifty-five years who has been re-
7 tired on a disability retirement allowance under this act, on his request may
8 be given a medical examination and he shall submit to an examination by
9 the medical board within the State, or to an examination by a physician or
10 physicians designated by the medical board at such place to be mutually
11 agreed upon, twice a year for a period of three years and once a year there-
12 after in order to determine whether or not the disability which existed at
13 the time he was retired has vanished or has materially diminished. If the
14 report of the medical board shall show that such beneficiary is able to per-
15 form either his former duty or any other available duty in the department
16 which his employer is willing to assign to him, the beneficiary shall report
17 for duty within ten days. If the beneficiary fails to submit to any such

18 medical examination or fails to return to duty within ten days after being
19 ordered so to do, or within such further time as may be allowed by the com-
20 mission for valid reason, as the case may be, the pension shall be discon-
21 tinued during such default. A beneficiary shall immediately advise the board
22 of trustees of any change in his residence.

23 (3) Should the medical board report and certify to the board of trus-
24 tees that such member is engaged in or is able to engage in a gainful occu-
25 pation paying more than the difference between his retirement allowance
26 and his average final compensation, and should the board of trustees concur
27 in such report, then the amount of his pension shall be reduced to an amount
28 which, together with his annuity and the amount earnable by him, shall
29 equal the amount of his average final compensation. Should his earning
30 capacity be later changed the amount of his pension shall be further modi-
31 fied; *provided*, that the new pension shall not exceed the amount of the pen-
32 sion originally granted nor an amount which, when added to the amount earn-
33 able by such member together with his annuity, equals the amount of his
34 average final compensation.

35 (4) A beneficiary restored to active service at a salary not less than the
36 salary he received at the time he was retired shall become a member of the
37 retirement system and shall be entitled to his previous total service credit,
38 but on his subsequent retirement, he shall not receive a greater pension on
39 account of his service rendered before his previous retirement than he was
40 entitled to receive at the time of his restoration, anything to the contrary not-
41 withstanding.

1 9. (1) Upon the receipt of proper proofs of the death of a member in
2 service on account of which no accidental death benefit is payable under sec-
3 tion ten, there shall be paid to such person as he shall have nominated by
4 written designation duly executed and filed with the board of trustees, other-
5 wise to his estate:

6 (a) His aggregate contributions at the time of death; and

7 (b) If the member has less than ten years of creditable service an

8 amount equal to his compensation for six months of service preceding his
9 death; if the member has ten or more years of creditable service an amount
10 equal to his compensation for the twelve months of service preceding his
11 death.

12 (2) The beneficiary of an ordinary death benefit may elect to receive the
13 amount payable in one sum or in equal annual installments over a period of
14 years or as a life annuity.

1 10. (1) Upon the accidental death of a member before retirement, pro-
2 vided that evidence shall be submitted to the board of trustees justifying
3 the determination that the natural and approximate cause of such death was
4 an accident met in the actual performance of duty within two years preced-
5 ing the date of such death and that such death was not the result of the mem-
6 ber's willful negligence, an accidental death benefit shall be payable.

7 (2) The accidental death benefit shall consist of:

8 (a) The amount of the member's aggregate contributions which shall be
9 paid as an annuity to his designated beneficiary if living, otherwise in one
10 sum to the executor of the member's estate; and

11 (b) A pension of one thousand dollars (\$1,000.00) a year to the widow of
12 the member if he leaves a widow to whom he was married before he attained
13 fifty years of age to continue until her death or remarriage; or, if there is
14 no widow, or if such widow dies leaving children of the deceased member, a
15 pension to each child under age sixteen to continue to age sixteen or prior
16 death, such pension to be four hundred dollars (\$400.00) annually if there
17 is only one such surviving child; or three hundred seventy-five dollars
18 (\$375.00) annually to each child if two such surviving children; or one thou-
19 sand dollars (\$1,000.00) annually divided equally among the surviving chil-
20 dren if there are three or more such children.

1 11. If a member should cease to be a fireman or policeman, except by
2 death or retirement as provided in this act, he shall be paid the amount of
3 his aggregate contributions.

1 12. Until the first payment on account of a retirement allowance becomes
2 normally due, any member may elect to convert the retirement allowance
3 otherwise payable on his account after retirement into a retirement allow-
4 ance of equivalent actuarial value of one of the optional forms named below;
5 *provided, however*, that no election of an optional benefit shall be effective
6 until sixty days after the date of the filing of the election thereof with the
7 board of trustees, or until sixty days after retirement, whichever is later,
8 and should the member die before such election becomes effective, the benefits
9 payable on his account shall be the same as though his election has not been
10 filed and he had not been retired.

11 Option 1. A reduced retirement allowance payable during his life, with
12 the provision that at his death a lump sum equal in amount to the difference
13 between his aggregate contributions at the time of his retirement and the
14 sum of the annuity payments actually made to him during his lifetime shall
15 be paid to such person, if any, as he has nominated by written designation
16 duly acknowledged and filed with the board, otherwise to his estate; or

17 Option 2. A reduced retirement allowance payable during his life, with
18 the provision that it shall continue after his death for the life of the bene-
19 ficiary nominated by him by written designation duly acknowledged and filed
20 with the board at the time of retirement should such beneficiary survive him;
21 or

22 Option 3. A reduced retirement allowance payable during his life, with
23 the provision that it shall continue after his death at one-half the rate paid
24 to him and be paid for the life of the beneficiary nominated by him by written
25 designation duly acknowledged and filed with the board at the time of re-
26 tirement should such beneficiary survive him.

1 13. (1) The general administration and responsibility for the proper
2 operation of the retirement system and for making effective the provisions
3 of this act are hereby vested in a board of trustees which shall be organized
4 immediately after three of the trustees provided for in this section have
5 qualified and taken the oath of office.

6 (2) The board shall consist of five trustees as follows:

7 (a) Two members to be appointed by the Governor for a term of
8 three years, one of whom shall be an officer of the State of New Jersey, and
9 the other of whom shall be a private citizen of the State of New Jersey who
10 is neither an officer thereof nor a member of any police or fire department
11 thereof.

12 (b) The State Treasurer, ex officio.

13 (c) One policeman and one fireman who shall be members of the system
14 and who shall be elected by the members of the system for a term of
15 four years according to such rules and regulations as the board of trustees
16 shall adopt to govern such election; *provided, however*, that the term of office
17 of the first two trustees so elected shall begin immediately following their
18 election and shall expire July first, one thousand nine hundred and forty-
19 six, and July first, one thousand nine hundred and forty-eight, in the order
20 named.

21 (3) Each trustee shall, within ten days after his appointment or election,
22 take an oath of office that, so far as it devolves upon him he will diligently
23 and honestly administer the affairs of the said board, and that he will not
24 knowingly violate or willingly permit to be violated any of the provisions of
25 the law applicable to the retirement system. Such oath shall be subscribed
26 by the member making it, and certified by the officer before whom it is
27 taken, and immediately filed in the office of the Secretary of State.

28 (4) If a vacancy occurs in the office of a trustee, the vacancy shall be
29 filled for the unexpired term in the same manner as the office was previously
30 filled.

31 (5) The trustees shall serve without compensation, but they shall be
32 reimbursed from the expense fund for all necessary expenses that they may
33 incur through service on the board.

34 (6) Each trustee shall be entitled to one vote in the board. Three votes
35 shall be necessary for a decision by the trustees at any meeting of said board.

36 (7) Subject to the limitations of this act the board of trustees shall,

37 from time to time, establish rules and regulations for the administration of
38 the funds created by this act and for the transaction of its business.

39 (8) The board of trustees shall elect from its membership a chairman and
40 shall by a majority vote of all its members appoint a secretary, who may be,
41 but need not be, one of its members. It shall engage such actuarial and other
42 service as shall be required to transact the business of the retirement sys-
43 tem. The compensation of all persons engaged by the board of trustees, and
44 all other expenses of the board necessary for the operation of the retirement
45 system shall be paid at such rates and in such amounts as the board of
46 trustees shall approve, from moneys in the expense fund.

47 (9) The board of trustees shall keep in convenient form such data as
48 shall be necessary for actuarial valuation of the various funds of the retire-
49 ment system, and for checking the experience of the system.

50 (10) The board of trustees shall keep a record of all of its proceedings
51 which shall be open to public inspection. It shall publish annually a report
52 showing the fiscal transactions of the retirement system for the preceding
53 year, the amount of the accumulated cash and securities of the system, and
54 the last balance sheet showing the financial condition of the system by means
55 of an actuarial valuation of the assets and liabilities of the retirement system.

56 (11) The Attorney-General of the State of New Jersey shall be the legal
57 adviser of the board of trustees.

58 (12) The board of trustees shall designate a medical board to be com-
59 posed of one, two or three physicians as the board shall designate who are
60 not eligible to participate in the retirement system. If required, other
61 physicians may be employed to report on special cases. The medical board
62 shall arrange for and pass upon all medical examinations required under the
63 provisions of this act, shall investigate all essential statements and cer-
64 tificates by or on behalf of a member in connection with an application for
65 disability retirement, and shall report in writing to the board of trustees its
66 conclusions and recommendations upon all matters referred to it.

67 (13) The board of trustees shall designate an actuary who shall be the
68 technical advisor of the board of trustees on matters regarding the operation
69 of the funds created by the provisions of this act, and shall perform such
70 other duties as are required in connection therewith.

71 (14) Immediately after the establishment of the retirement system, the
72 actuary shall prepare and submit to the board of trustees the mortality and
73 service tables which he recommends to the board for adoption. Having
74 regard to such recommendation, the board shall adopt for the retirement
75 system such mortality and service tables as shall be deemed necessary, and
76 shall certify the rates of contribution payable under the provisions of this
77 act. At least once in each five-year period following the establishment of
78 the system, the actuary shall make an actuarial investigation into the
79 mortality, service and compensation experience of the members and bene-
80 ficiaries of the retirement system, and taking into account the results of such
81 investigation, the board of trustees shall adopt for the retirement system
82 such mortality, service and other tables as shall be deemed necessary and
83 shall certify the rates of contribution payable under the provisions of this
84 act.

85 (15) The board of trustees from time to time shall set the rate of
86 regular interest at such per centum rate compounded annually as shall be
87 determined by the board to be equitable in its judgment, both to members
88 and to the taxpayers of the State, such rate to be limited to a minimum of
89 two per centum (2%) and a maximum of four per centum (4%), with the
90 rate of three per centum (3%) applicable until changed by the board.

91 (16) On the basis of such tables as the board of trustees shall adopt
92 and regular interest, the actuary shall make an annual valuation of the
93 assets and liabilities of the funds of the system created by this act.

94 (17) The various funds created by this act shall be subject to the super-
95 vision of the Department of Banking and Insurance of the State of New
96 Jersey.

1 14. (1) The board of trustees shall have control and management of the
2 several funds created by section fifteen of this act. The board of trustees
3 may invest and reinvest such funds in the bonds or obligations of the United
4 States of America; or of the State of New Jersey; or of any municipal-
5 ity wherein the school district is authorized to issue bonds for school pur-
6 poses wherein the net indebtedness does not exceed seven per centum (7%)
7 of the average of the next three preceding valuations of taxable real prop-
8 erty (including improvements); or of a municipality wherein the indebt-
9 edness created for school purposes is issued by the municipality, the total
10 net indebtedness (including the school debt) does not exceed thirteen per
11 centum (13%) of the average of the next three preceding valuations of
12 taxable real property (including improvements); or of a school district that
13 finances its capital improvements by issuing school district bonds, in which
14 the net indebtedness does not exceed six per centum (6%) of the average
15 of the next three preceding valuations of taxable real property (including
16 improvements); or of a county wherein the net indebtedness does not exceed
17 four per centum (4%) of the average of the next three preceding valuations
18 of taxable real property (including improvements). Net indebtedness, as
19 used in this section, shall mean the net indebtedness as defined by sections
20 40:1-75 to 40:1-81, inclusive, of the Revised Statutes.

21 (2) The Treasurer of the State of New Jersey shall be the custodian
22 of the several funds. All payments from said funds shall be made by him
23 only upon vouchers signed by two persons designated by the board of trus-
24 tees. A duly attested copy of a resolution of the board of trustees desig-
25 nating such persons and bearing on its face specimen signatures of such
26 persons shall be filed with the treasurer as his authority for making pay-
27 ments upon such vouchers. No voucher shall be drawn unless it has pre-
28 viously been authorized by resolution of the board of trustees.

29 (3) For the purpose of meeting disbursements for pensions, annuities,
30 and other payments there may be kept available cash, not exceeding ten
31 per centum (10%) of the total amount in the several funds of the retire-

32 ment system on deposit in one or more banks or trust companies of the
33 State of New Jersey, organized under the laws of the State of New Jersey,
34 or of the United States; *provided*, that the sum on deposit in any one bank
35 or trust company shall not exceed twenty-five per centum (25%) of the
36 paid-up capital and surplus of such bank or trust company.

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

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

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

11 (3) The percentage contribution rate of each member shall be fixed ac-
12 cording to his age at entrance into membership and shall be one-half of the
13 total percentage contribution rate calculated for such age to be required to
14 provide all benefits except the pensions upon accidental disability and acci-
15 dental death.

16 (4) Each employer shall make a contribution equal to that made by
17 each member in its employ and in addition shall make a contribution equal to

18 the percentage of the compensation of each such member certified by the
19 board to be required to provide the cost of accidental death and accidental
20 disability pensions on his account. Notwithstanding this provision, the board
21 may in its discretion certify an average and uniform rate for payments by
22 all employers, which shall be set on the basis of the annual actuarial valua-
23 tions to be sufficient to provide with previous contributions of employers
24 all benefits for which employers are responsible.

25 (5) The percentage rates of contribution payable by members and em-
26 ployers shall be subject to adjustment from time to time by the board of
27 trustees on the basis of annual actuarial valuations and experience investi-
28 gations as provided under section thirteen, so that the value of future con-
29 tributions of members and employers, when taken with present assets, shall
30 be equal to the value of prospective benefit payments.

31 (6) The board of trustees shall certify to the chief fiscal officer of each
32 employer the percentage of salary payable by each member and by the em-
33 ployer in behalf of each member. The officer or officers responsible for the
34 payment of salaries of the employer shall cause to be deducted from the
35 salary of each member on each and every payroll of such employer for each
36 and every payroll period the percentage of earnable compensation of each
37 member certified for payment by the member. In determining the amount
38 earnable by a member in a payroll period, the board of trustees may consider
39 the rate of salary payable to such member on the first day of the payroll
40 period as continuing throughout such payroll period, and it may omit deduc-
41 tion from salary for any period less than a full payment period if an em-
42 ployee was not a member on the first day of the payroll period, and to
43 facilitate the making of deductions it may modify the deduction required of
44 any member by such an amount as shall not exceed one-tenth of one per
45 centum (1/10 of 1%) of the annual salary upon the basis of which such
46 deduction is to be made.

47 (7) The deductions provided for herein shall be made notwithstanding
48 that the minimum salary provided for by law for any member shall be re-

49 duced thereby. Every member shall be deemed to consent and agree to the
50 deductions made and provided for herein and shall receipt for his full sal-
51 ary or compensation, and payment of salary or compensation less said de-
52 duction shall be a full and complete discharge and acquittance of all claims
53 and demands whatsoever for the service rendered by such person during
54 the period covered by such payment, except as to the benefits provided
55 under this act. The chief fiscal officer of each employer shall certify to the
56 board of trustees on each and every payroll or in such other manner as the
57 board of trustees may prescribe, the amounts to be deducted; and each of
58 said amounts shall be deducted, and when deducted shall be paid into said
59 annuity savings fund, and shall be credited to the individual account of the
60 member from whose salary said deduction was made.

61 (8) The amount payable each year by the employer based on the per-
62 centage rates certified by the board of trustees shall be included in the budget
63 of the employer and levied and collected in the same manner as any other
64 taxes are levied and collected for the payment of the salaries of members.

65 (9) The treasurer or corresponding officer of the employer shall pay on
66 or before the twenty-seventh day of December in each year to the State
67 Treasurer the amount so determined, and shall pay monthly to the State
68 Treasurer the amount of the deductions from the salary of the members in
69 the employ of the employer and the State Treasurer shall credit such
70 amount to the appropriate fund, or funds, of the retirement system.

71 (10) The expenses of administration of the retirement system shall be
72 paid by the State of New Jersey. The board of trustees shall estimate and
73 certify, annually, to the Governor and to the Budget Commissioner by
74 October fifteenth the amount required during the ensuing fiscal year to
75 provide for the expense of operation of the retirement system and such
76 amount shall be paid by the State to the expense fund for this purpose. For
77 the purpose of organizing the retirement system an appropriation of twenty
78 thousand dollars (\$20,000.00) is hereby appropriated from the treasury of
79 the State.

80 (11) Prior to the receipt of contributions from members and employers,
81 any moneys in the funds of the system may be used temporarily to cover
82 disbursements but such moneys shall be restored to their proper funds on
83 or prior to the end of the second year of operation.

1 16. (1) All of the assets of the retirement system shall be credited ac-
2 cording to the purpose for which they are held to one of four funds, namely,
3 the annuity savings fund, the pension accumulation fund, the retirement re-
4 serve fund and the expense fund.

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

14 (3) The pension accumulation fund shall be the fund in which shall be
15 credited contributions made by employers. Upon the death of a member in
16 active service due to ordinary causes, any lump sum benefit payable in ad-
17 dition to the employee's contributions shall be charged to the pension ac-
18 cumulation fund. Upon the retirement or death of a member the reserve of
19 any pension payable to or on his account shall be transferred to the retire-
20 ment reserve fund. All interest and other income from investments shall
21 be credited to the pension accumulation fund and annually the board of trus-
22 tees shall transfer from the pension accumulation fund to the retirement re-
23 serve fund regular interest on the mean amount in the retirement reserve
24 fund for the year. The board of trustees, in its discretion, may transfer to
25 and from the pension accumulation fund any surplus or deficit in the retire-
26 ment reserve fund.

27 (4) The retirement reserve fund shall be the fund in which shall be held
28 the reserves on all retirement allowances granted to members or their bene-
29 ficiaries and from which all retirement allowance benefits in lieu thereof
30 shall be paid. Should a member who retired on account of disability be re-
31 stored to active service his pension reserve shall be transferred from the
32 retirement reserve fund to the pension accumulation fund and the excess of
33 his aggregate contributions as they stood at retirement over the amount of
34 annuity payments made shall be transferred to the annuity savings fund.
35 Should the pension of any disabled member be reduced as a result of an in-
36 crease in his earning capacity the amount of the annual reduction in his
37 pension shall be paid annually into the pension accumulation fund during
38 the period of such reduction.

39 (5) The expense fund shall be the fund contributed by the State, and
40 shall be the fund to which shall be credited all money provided by the State
41 to pay the administration expenses of the retirement system, and from
42 which shall be paid all the expenses necessary in connection with the admin-
43 istration and operation of the system.

1 17. The right of a person to a pension, an annuity, or a retirement
2 allowance, to the return of contributions, any benefit or right accrued or
3 accruing to a person under the provisions of this act and the moneys in
4 the various funds created under this act, shall be exempt from any State
5 or municipal tax and from levy and sale, garnishment, attachment or any
6 other process, and except as in this act otherwise provided, shall be
7 unassignable.

1 18. Any person who shall knowingly make any false statement or shall
2 falsify or permit to be falsified any record or records of this retirement
3 system in any attempt to defraud such system as a result of such act shall
4 be guilty of a misdemeanor and shall be punishable therefor under the laws
5 of the State of New Jersey. Should any change or error in the records
6 result in any member or person receiving from the retirement system more
7 or less than he would have been entitled to receive had the records been

8 correct, the board of trustees shall correct such error, and as far as prac-
9 ticable, shall adjust the payments in such manner that the actuarial equiv-
10 alent of the benefit to which such member or beneficiary was correctly entitled
11 shall be paid.

1 19. No other provision of law in any other statute which provides wholly
2 or partly at the expense of the State of New Jersey or of any county or
3 municipality in the State for pensions or retirement benefits for policemen
4 or firemen or county policemen, their widows, or other dependents, shall
5 apply to members, or beneficiaries of the retirement system established by
6 this act, their widows or other dependents.

1 20. The provisions of this act shall apply in such municipalities as at
2 the effective date of this act there shall have been established a pension fund
3 for policemen and firemen and in such counties as there shall have been
4 established a pension fund for county police officers, and in any fire district
5 located in a township in which there shall have been established a pension
6 fund for firemen; which pension funds have been established under chapter
7 sixteen of Title 43 of the Revised Statutes.

1 21. Any compensation agreed to or awarded and payable by the munic-
2 ipality, county or fire district under the workmen's compensation law (chap-
3 ter fifteen of Title 34 of the Revised Statutes) to a member or his benefi-
4 ciary on account of the disability or death of the member shall be deducted
5 from any allowance or benefit payments to the member or his beneficiary on
6 account of such disability or death as provided by this act. Should the
7 agreement or award of the compensation provide for payment in a lump
8 sum, then the allowance or benefit payments shall cease until they shall
9 equal the amount of the compensation paid. Should the agreement or award
10 of the compensation provide for periodic compensation payments, then the
11 amount of such compensation payments shall be deducted from the corre-
12 sponding allowance or benefits payable under this act, until the deductions
13 from such allowance or benefit payments equal the compensation payments.

1 22. The State Firemen's Relief Fund and the State Firemen's Associa-
2 tion and the laws by virtue of which they exist and operate shall not be
3 affected by the provisions of this act, nor shall anything in this act contained
4 be construed to in anywise limit or interfere with the operation and effect of
5 sections 38:23-4, 38:23-5 and 38:23-6 of the Revised Statutes.

1 23. No member of the police or fire department in any municipality or
2 county police department who shall have served honorably in any such de-
3 partment for a period of twenty-five years and attained age fifty-five shall
4 be deprived of his pension privileges under this act because of any viola-
5 tion of the rules and regulations established for the government of such
6 department, but he may be fined, reprimanded or discharged. A member of
7 the department found guilty before a court of competent jurisdiction may be
8 dismissed or punished in any manner provided by law.

1 24. If any provision, section or part of any section of this act is declared
2 to be unconstitutional, the same shall not be held to affect any other section
3 or provision of this act, and the remainder of this act shall in nowise thereby
4 be invalidated.

1 25. This act shall take effect July first, one thousand nine hundred and
2 forty-four.