

R.S. 43:16A-3 et seq.

LEGISLATIVE FACT SHEET

ON

N.J.R.S. 43:16A-3 et seq (Pol. firemen - Pension
ben.) (1964 Amendment)

LAWS OF 1964

CHAPTER 241

SENATE 138

~~ASSEMBLY~~

INTRODUCED Feb. 3, 1964

BY Farley

STATEMENT

YES

NO

AMENDED DURING PASSAGE

YES

NO

HEARING

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CHAPTER 231 LAWS OF N. J. 1964

APPROVED 12-24-64

SENATE, No. 138

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 3, 1964

By Senator FARLEY

Referred to Committee on State, County and Municipal Government

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); to amend "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); to amend "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 April 11, 1945 (P. L. 1945, c. 148); to amend "A supplement to '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 April 11, 1945 (P. L. 1945, c. 148)," approved April 29, 1946 (P. L. 1946, c. 192); to amend "An act concerning members of the park police departments of certain counties and their membership in the Police and Firemen's Retirement System of New Jersey," approved October 20, 1948 (P. L. 1948, c. 441); and to repeal section 2 of "An act fixing age limits for the appointment of members of paid fire or police departments in municipalities of this State, amending

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

section 40:47-4 of the Revised Statutes and supplementing '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 27, 1953 (P. L. 1953, c. 299).

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

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

3 3 (1). After the date of the establishment of this retirement system,
4 any person becoming a full-time policeman or fireman in a county or mu-
5 nicipality or fire district located in a township where, prior to the date this
6 act takes effect, a pension under chapter 16 of Title 43 or article 4 of chapter
7 10 of Title 43 of the Revised Statutes for policemen or firemen has been
8 established, shall become a member of this retirement system as a condition
9 of his employment; provided, that his age at becoming such full-time police-
10 man or fireman is not over 30 years or if such person shall have met the
11 requirements at the announced closing date of a civil service examination
12 for such position and was appointed during the existence of the civil service
13 list promulgated as a result of such examination; and further provided,
14 that he shall furnish such evidence of good health at the time of becoming
15 a member as the board of trustees shall require.

16 Any person who became a policeman or fireman in any such county, mu-
17 nicipality or fire district after June 30, 1944, and prior to April 11, 1945,
18 and who at the time of becoming such policeman or fireman was over 30
19 years and not more than 35 years of age, shall become a member of this
20 retirement system as a condition of his employment; provided, that he shall
21 furnish such evidence of good health at the time of his becoming a police-
22 man or fireman as the board of trustees shall require.

23 (2). After the date upon which this act becomes effective in any county,
24 municipality or political subdivision thereof, pursuant to a referendum as

25 hereinafter provided (a) any person becoming a full-time policeman or fireman
26 in any such county, municipality or political subdivision shall become a
27 member of this retirement system as a condition of his employment; pro-
28 vided, that his age at becoming such full-time policeman or fireman is not
29 over 30 years; and provided further, that he shall furnish such evidence of
30 good health at the time of becoming a member as the board of trustees shall
31 require; and (b) any person in service as a full-time policeman or fireman
32 in any such county, municipality or political subdivision on the date this act
33 becomes effective therein who, within the time and in the manner permitted
34 by this act, elects to become a member of this retirement system, shall be-
35 come such member.

36 (3). The board of trustees may accept as members into the retirement
37 system, full-time policemen and firemen who are serving as probationers.
38 The board of trustees may in its discretion deny the right to become mem-
39 bers to any class of policemen or firemen whose compensation is only partly
40 paid by the employer and shall deny it to those who are serving in a tem-
41 porary or other than per annum basis, and it may also, in its discretion, make
42 optional with members in any such class their individual entrance into mem-
43 bership.

44 (4). Should any member [in any period of 4 consecutive years after last
45 becoming a member be absent from service for more than 2 years, or] with-
46 draw his aggregate contributions, or become a beneficiary or die, *or if more*
47 *than 2 years have elapsed from the date of his last contributions to the sys-*
48 *tem*, he shall thereupon cease to be a member.

49 (5). Should any member resign or be dismissed from the police or fire
50 service of the employing agency and not make application for the return of
51 his aggregate contributions, the board of trustees may upon receiving con-
52 clusive advice of such separation, terminate the membership immediately
53 thereafter. The employees contributions from memberships so terminated
54 shall be held by the retirement system and returned to the employee without
55 interest when application for such return is made.

56 (6): Any member of this retirement system in good standing on the effec-
57 tive date of this amendment shall not have his membership affected as a
58 result of this amendment but the same shall apply to any person becoming
59 a full-time policeman or fireman after the effective date of this amendment.

1 2. Section 5 of chapter 255 of the laws of 1944 is amended to read as
2 follows:

3 5 (1). Any member in service who has attained age 55 years [and has
4 completed at least 25 years of creditable service] may retire on a service re-
5 tirement allowance upon written and duly executed application to the [board
6 of trustees] *retirement system*, setting forth at what time, not less than 30 days
7 [nor more than 90 days,] subsequent to the filing thereof, he desires to be re-
8 tired. Any member in service who attains age 65 years shall be retired on a
9 service retirement allowance forthwith or on the first day of the next calendar
10 month.

11 (2). Upon retirement for service a member shall receive a service retire-
12 ment allowance which shall consist of:

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

15 (b) A pension in the amount which when added to the member's annuity
16 will provide a total retirement allowance of $1/60$ of his average final compen-
17 sation multiplied by the number of years of his creditable service, or 2% of
18 *his average final compensation multiplied by the number of years of his*
19 *creditable service up to 25 plus 1% of his average final compensation multi-*
20 *plied by the number of years of creditable service over 25, whichever is*
21 *greater.*

22 (3). Upon the receipt of proper proofs of the death of a member who has
23 retired on a service retirement allowance, there shall be paid to such person,
24 if living, as he shall have nominated by written designation duly executed
25 and filed with the [board of trustees] *retirement system*, otherwise to the ex-
26 ecutor or administrator of the member's estate, an amount equal to $3/16$ of
27 the compensation received by the member in the last year of creditable
28 service.

1 Section 6 of chapter 255 of the laws of 1944 is amended to read as
2 follows:

3 6 (1). Upon the written application ~~of~~ *by* a member in service or
4 ~~of~~ *by* his employer, any member who has had 5 or more years of creditable
5 service may be retired ~~by the board of trustees~~, not less than 30 days ~~and~~
6 not more than 90 days] next following the date of filing such application, on
7 an ordinary disability retirement allowance; provided, that the medical
8 board, after a medical examination of such member, shall certify that such
9 member is mentally or physically incapacitated for the performance of his
10 usual duty and of any other available duty in the department which his em-
11 ployer is willing to assign to him and that such incapacity is likely to be
12-13 permanent and to such an extent that he should be retired.

14 (2). Upon retirement for ordinary disability, a member shall receive a
15 service retirement allowance if he has completed at least ~~25~~ 20 years of
16 creditable service and attained age 55 years, otherwise an ordinary disability
17 retirement allowance shall consist of:

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

20 (b) A pension ~~equal to the annuity provided by the aggregate contribu-~~
21 ~~tions, but not less than~~ *in* the amount which when added to the member's an-
22 nuity will provide a total retirement allowance of *1 1/2% of average final*
23 *compensation multiplied by his number of years of creditable service but in*
24 *no event shall the total allowance be less than* ~~25%~~ 40% of the member's
25 average final compensation.

26 (3). Upon the receipt of proper proofs of the death of a member who has
27 retired on an ordinary disability retirement allowance, there shall be paid to
28 such person, if living, as he shall have nominated by written designation duly
29 executed and filed with the ~~board of trustees~~ *retirement system*, otherwise
30 to the executor or administrator of the member's estate, an amount equal to
31 *1 1/2 times the compensation received by the member in the last year of credi-*
32 *table service if such death occurs before the member shall have reached 55*

33 years of age but if such death occurs thereafter, an amount equal to 3/16 of
34 the compensation received by the member in the last year of creditable
35 service.

1 4. 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] *by* a member or *by* his em-
4 ployer any member may be retired [by the board of trustees], not less than
5 30 [nor more than 90] days next following the date of filing such applica-
6 tion, on an accidental disability retirement allowance; provided, that the
7 medical board, after a medical examination of such member, shall certify
8 that [the natural and proximate cause of such disability was an accident
9 met in] *the member is permanently and totally disabled as a direct result*
10 *of a traumatic event occurring during and as a result of the [actual] per-*
11 *formance of his regular or assigned duties [duty within 5 years preceding*
12 *the date of such application] and that such disability was not the result of*
13 *the member's willful negligence and that such member is mentally or physi-*
14 *cally incapacitated for the performance of his usual duty and of any other*
15 *available duty in the department which his employer is willing to assign*
16 *to him[, and that such incapacity is likely to be permanent and to such an*
17 *extent that such member should be retired]. The application to accomplish*
18 *such retirement must be filed within 5 years of the original traumatic event,*
19 *but the board of trustees may consider an application filed after the 5-year*
20 *period if it can be factually demonstrated to the satisfaction of the board*
21 *of trustees that the disability is due to the accident and the filing was not*
22 *accomplished within the 5-year period due to a delayed manifestation of the*
23 *disability or other circumstances beyond the control of the member.*

24 (2). Upon retirement for accidental disability, a member shall receive
25 an accidental disability retirement allowance which shall consist of:

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

28 (b) A pension, in addition to the annuity, equal to $\frac{2}{3}$ of the member's
29 actual annual compensation for which contributions were being made at the
30 time of the occurrence of the accident.

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

41 (4). *Upon the receipt of proper proofs of the death of a member who*
42 *has retired on accidental disability retirement allowance, there shall be paid*
43 *to such person, if living, as he shall have nominated by written designation*
44 *duly executed and filed with the retirement system, otherwise to the executor*
45 *or administrator of the member's estate, an amount equal to 1 1/2 times the*
46 *compensation received by the member in the last year of creditable service*
47 *if such death occurs before the member shall have reached 55 years of age*
48 *but if such death occurs thereafter, an amount equal to 3/16 of the compensa-*
49 *tion received by the member.*

50 (5). *Permanent and total disability resulting from a cardiovascular,*
51 *pulmonary or musculo-skeletal condition which was not a direct result of a*
52 *traumatic event occurring in the performance of duty shall be deemed an*
53 *ordinary disability.*

54 5. Section 8 of chapter 255 of the laws of 1944 is amended to read as
55 follows:

56 8 (1). Upon the receipt by the [board of trustees] *retirement system* of
57 a written application for a disability retirement allowance, the [board]
58 *system* shall refer the application to the medical board, which shall *desig-*

6 *nate a physician or physicians to examine the applicant and the report of the*
7 *medical board shall be considered by the board of trustees in acting upon*
8 *such application.*

9 (2). Any beneficiary under the age of 55 years who has been retired on
10 a disability retirement allowance under this act, on his request *or upon the*
11 *request of the board of trustees* [may] *shall* be given a medical examination
12 and he shall submit to an examination [by the medical board within the State,
13 or to an examination] by a physician or physicians designated by the med-
14 ical board at such place to be mutually agreed upon, twice a year for a pe-
15 riod of 3 years and once a year thereafter in order to determine whether or
16 not the disability which existed at the time he was retired has vanished or
17 has materially diminished. If the report of the medical board shall show that
18 such beneficiary is able to perform either his former duty or any other avail-
19 able duty in the department which his employer is willing to assign to him,
20 the beneficiary shall report for duty within 10 days. If the beneficiary fails
21 to submit to any such medical examination or fails to return to duty within 10
22 days after being ordered so to do, or within such further time as may be al-
23 lowed by the [commission] *board of trustees* for valid reason, as the case
24 may be, the pension shall be discontinued during such default. [A benefiti-
25 ary shall immediately advise the board of trustees of any change in his resi-
26 dence.]

27 (3). [Should the medical board report and certify to the board of trus-
28 tees that] *If* such [member] *beneficiary* is engaged in [or is able to engage
29 in] an [gainful] occupation paying more than the difference between his re-
30 tirement allowance and [his average final compensation] the salary now
31 attributable to his former position in the police or fire department, [and
32 should the board of trustees concur in such report, then] the amount of his
33 pension shall be reduced to an amount which, together with his annuity and
34 the amount [earnable by him,] *of his earnings*, shall equal the amount of
35 [his final compensation] *the salary now attributable to his former position*
36 *in the police or fire department.* Should his earnings [capacity] be later

37 changed the amount of his pension shall be further modified; provided, that
38 the new pension shall not exceed the amount of the pension originally granted
39 [nor an amount which, when added to the amount earnable by such member
40 together with his annuity, equals the amount of his average final compensa-
41 tion].

42 (4). A beneficiary restored to active service at a salary not less than the
43 salary he received at the time he was retired shall become a member of the
44 retirement system and shall be entitled to his previous total service credit,
45 but on his subsequent retirement, he shall not receive a greater pension on
46 account of his service rendered before his previous retirement than he was
47 entitled to receive at the time of his restoration, anything to the contrary
48 notwithstanding.

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

3 5 (1). Any member shall have the right prior to January 1, 1962 to
4 select additional death benefit coverage as follows:

5 (a) Upon the receipt of proper proofs of the death of a member select-
6 ing coverage under this section who has retired on a service retirement al-
7 lowance, there shall be paid to such person, if living, as he shall have nomi-
8 nated by written designation duly executed and filed with the [board of
9 trustees] *retirement system*, otherwise to the executor or administrator of
10 the member's estate, an amount established by rules and regulations of the
11 board of trustees, which shall be not less than $\frac{3}{16}$ nor more than $\frac{1}{2}$ of the
12 compensation received by the member in the last year of creditable service.

13 (b) Upon the receipt of proper proofs of the death of a member select-
14 ing coverage under this section who has retired on an ordinary disability
15 retirement allowance, there shall be paid to such person, if living, as he shall
16 have nominated by written designation duly executed and filed with the
17 [board of trustees] *retirement system*, otherwise to the executor or admin-
18 istrator of the member's estate, an amount, established by rules and regula-
19 tions of the board of trustees, which shall be not less than $\frac{3}{16}$ nor more than

20 ½ of the compensation received by the member in the last year of creditable
21 service.

22 (c) Upon the receipt of proper proofs of the death in service of a mem-
23 ber selecting coverage under this section, [on account of which no accidental
24 death benefit is payable under section 10,] there shall be paid to such person,
25 if living, as he shall have nominated by written designation duly executed
26 and filed with the [board of trustees] *retirement system*, otherwise to the
27 executor or administrator of the member's estate, an amount, established by
28 rules and regulations of the board of trustees, which shall be not less than
29 1½ times nor more than 2 times the compensation received by the member
30 in the last year of creditable service. In the event the member had less than
31 1 year of creditable service, the benefit payable under this subsection shall be
32 an amount, established by rules and regulations of the board of trustees,
33 which shall be not less than 1½ times nor more than 2 times the member's
34 annual rate of compensation.

35 (2). Each member selecting the additional death benefit coverage under
36 this section shall agree to the deduction of a percentage of his compensation
37 in addition to that required under section 15. The actuary of the retirement
38 system shall determine the uniform and constant percentage of contributions
39 which, if deducted from each payment of the prospective earnable compensa-
40 tion throughout active service of all members selecting coverage under this
41 section, is computed to be sufficient to provide for all benefits of this section.

42 (3). The percentage rate of contribution payable by members selecting
43 coverage under this section shall be subject to adjustment from time to time
44 by the board of trustees on the basis of annual actuarial valuations and ex-
45 perience investigations as provided under section 13, so that the value of
46 future contributions of members selecting the additional death benefit cover-
47 age under this section when taken with present assets held for such additional
48 death benefits, shall be equal to the value of prospective benefit payments.

49 (4). All other provisions of this section notwithstanding, this section and
50 the benefits provided under this section shall not come into effect until a re-

51 quired percentage of the members shall have applied for the additional death
52 benefit coverage under this section. This required percentage shall be fixed
53 by the board of trustees and shall not be less than 65% nor more than 75%
54 of the members. Such application shall be made with the [secretary of the
55 board of trustees] *retirement system* in such manner and upon such forms
56 as the [board of trustees] *system* shall provide.

57 (5). Any other provision of this act notwithstanding, the additional con-
58 tributions of members selecting the additional death benefit coverage under
59 this section shall not be returnable to the member or his beneficiary in any
60 manner, or for any reason whatsoever, nor shall such contributions be in-
61 cluded in any annuity payable to any such member or his beneficiary.

62 (6). A member selecting the additional death benefit coverage under this
63 section may file, and alter from time to time during his lifetime, as desired,
64 a request with the [board of trustees] *retirement system* naming the payee
65 of the death benefit provided under this section. Such member may also file
66 and alter from time to time during his lifetime, as desired, a request with the
67 [board of trustees] *retirement system* directing payment of said benefit in
68 one sum or in equal annual installments over a period of years or as a life
69 annuity. Upon the death of such a member, a beneficiary to whom a benefit
70 is payable in one sum may elect to receive the amount payable in equal an-
71 nual installments over a period of years or as a life annuity.

72 (7). For the purposes of this section, a member shall be deemed to be in
73 service for a period of no more than 93 days while on official leave of absence
74 without pay when such leave is due to any reason other than illness, and
75 for a period of no more than 2 years if satisfactory evidence is presented to
76 the board of trustees establishing the fact that such leave of absence without
77 pay is due to illness.

78 In order to continue coverage under this section while on official leave
79 of absence without pay, the member must continue to make contributions for
80 such coverage during the period of such leave of absence without pay in ac-
81 cordance with the rules and regulations established by the board of trustees,

82 *except that when such official leave of absence without pay is due to illness,*
83 *no contributions shall be required of the member during the period he is*
84 *deemed to be in service while on leave of absence.*

1 7. Section 10 of chapter 255 of the laws of 1944 is amended to read as
2 follows:

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

9 (2). The accidental death benefit shall consist of:

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

13 (b) An annual pension equal to $\frac{1}{2}$ the average final compensation of
14 the member to the widow of the member if he leaves a widow to whom he
15 was married before he attained 50 years of age, to continue until her death
16 or remarriage. If there be a widow and children of the member, the pen-
17 sion shall be paid to the widow for the use of herself and such children. If
18 there be such children and no widow, or if the widow dies the pension which
19 the widow would have received had she survived, shall be paid to those
20 children who have not reached 18 years of age, in equal shares, if there be 3
21 or more children; if there be 2 children, they shall be paid \$40.00 each,
22 monthly; if there be but one child, he shall be paid \$50.00 monthly; but in no
23 event shall the pension paid to the children exceed, in the aggregate, the sum
24 of \$1,500.00 annually.

25 The increased pension benefits payable under this act shall apply only to
26 cases where such policeman or fireman lost his life while on duty on or after
27 June 1, 1948 and shall not affect pensions paid or to be paid as result of
28 deaths occurring prior to said date.

29 (3). *If there is no surviving widow or children, there shall be paid to any*
 30 *other beneficiary, if living, as the member shall have nominated by written*
 31 *designation duly executed and filed with the retirement system, otherwise to*
 32 *the executor or administrator of the member's estate:*

33 (a) *His aggregate contributions at the time of death, and*

34 (b) *An amount equal to 1 1/2 times the compensation received by the*
 35 *member in the last year of creditable service.*

36 (4). *In no case shall the death benefit provided in subsection 2 be less*
 37 *than that provided under subsection 3.*

38 (5). *A member may file, and alter from time to time during his lifetime,*
 39 *as desired, a request with the retirement system naming the payee of the*
 40 *death benefit provided under subsection 3. Such member may also file, and*
 41 *alter from time to time during his lifetime, as desired, a request with the re-*
 42 *tirement system directing payment of said benefit in one sum or in equal an-*
 43 *nual installments over a period of years or as a life annuity. Upon the death*
 44 *of such member, a beneficiary to whom a benefit is payable in one sum may*
 45 *elect to provide the amount payable in equal annual installments over a period*
 46 *of years or as a life annuity.*

1 8. Section 11 of chapter 255 of the laws of 1944 is amended to read as
 2 follows:

3 11. *If a member should cease to be a fireman or policeman, except by death*
 4 *or retirement as provided in this act, he shall be paid the amount of his*
 5 *aggregate contributions upon the filing of a written application as required*
 6 *by the retirement system.*

1 9. Section 13 of chapter 255 of the laws of 1944 is amended to read as
 2 follows:

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

8 (2). The board shall consist of 9 trustees as follows:

9 (a) Four members to be appointed by the Governor [for a term of 3
10 years], *who shall serve at the pleasure of the Governor and until their suc-*
11 *cessors are appointed and* who shall be private citizens of the State of New
12 Jersey who are neither an officer thereof nor a member of any police or fire
13 department thereof.

14 (b) The State Treasurer, *ex officio.*

15 (c) Two policemen and 2 firemen who shall be members of the system
16 and who shall be elected by the members of the system for a term of 4 years
17 according to such rules and regulations as the board of trustees shall adopt
18 to govern such election; provided, however, that the [term of office of the first
19 2 trustees so elected shall begin immediately following their election and
20 shall expire July 1, 1946, and July 1, 1948, in the order named. The term of
21 the second policeman trustee shall begin July 1, 1955, and expire on the same
22 date as the first policeman trustee. The term of the second fireman trustee
23 shall begin July 1, 1955, and expire on the same date as the first fireman
24 trustee. Thereafter the terms of the 2 policemen trustees shall run con-
25 currently with each other for 4 years, and the terms of the 2 firemen trustees
26 shall run concurrently with each other for 4 years.] *elections conducted for*
27 *the terms commencing July 1, 1964 shall provide for the election of 2 firemen*
28 *representatives, the candidate receiving the highest number of votes to be*
29 *elected for a 4-year term and the candidate receiving the next highest number*
30 *of votes to be elected for a 2-year term, and provided further, the elections*
31 *conducted for the terms commencing July 1, 1966 shall provide for the election*
32 *of 2 policemen representatives, the candidate receiving the highest number of*
33 *votes to be elected for a 4-year term and the candidate receiving the next high-*
34 *est number of votes to be elected for a 2-year term. At each election there-*
35 *after, one policeman representative and one fireman representative shall be*
36 *elected for a 4-year term.*

37 (3). Each trustee shall, [within 10 days] after his appointment or elec-
38 tion, take an oath of office that, so far as it devolves upon him he will dili-

39 gently and honestly administer the affairs of the said board, and that he will
40 not knowingly violate or willingly permit to be violated any of the provisions
41 of the law applicable to the retirement system. Such oath shall be subscribed
42 by the member making it, and certified by the officer before whom it is taken,
43 and immediately filed in the office of the Secretary of State.

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

47 (5). The trustees shall serve without compensation, but they shall be
48 reimbursed [from the expense fund] for all necessary expenses that they
49 may incur through service on the board.

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

52 (7). Subject to the limitations of this act, the board of trustees shall,
53 from time to time, establish rules and regulations for the administration of
54 the funds created by this act and for the transaction of its business.

55 (8). The board of trustees shall elect from its membership a chairman
56 [and shall by a majority vote of all its members appoint a secretary, who may
57 be, but need not be, one of its members. It shall engage such actuarial and
58 other service as shall be required to transact the business of the retirement
59 system. The compensation of all persons engaged by the board of trustees,
60 and all other expenses of the board necessary for the operation of the retire-
61 ment system shall be paid at such rates and in such amounts as the board of
62 trustees shall approve, from moneys in the expense fund]. *The Chief of the*
63 *Bureau of Police and Fire Funds of the Division of Pensions of the State*
64 *Department of the Treasury shall be the Secretary of the Board.*

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

68 (10). The board of trustees shall keep a record of all of its proceedings
69 which shall be open to public inspection. It shall publish annually a report

70 showing the fiscal transactions of the retirement system for the preceding
71 year, the amount of the accumulated cash and securities of the system, and the
72 last balance sheet showing the financial condition of the system by means of
73 an actuarial valuation of the assets and liabilities of the retirement system.

74 (11). The Attorney General of the State of New Jersey shall be the legal
75 advisor of the board of trustees.

76 (12). The board of trustees shall designate a medical board to be com-
77 posed of [1, 2 or] 3 physicians as the board shall designate who are not
78 eligible to participate in the retirement system. If required, other physicians
79 may be employed to report on special cases. The medical board shall ar-
80 range for and pass upon all medical examinations required under the provi-
81 sions of this act, shall investigate all essential statements and certificates by
82 or on behalf of a member in connection with an application for disability re-
83 tirement, and shall report in writing to the board of trustees its conclusions
84 and recommendations upon all matters referred to it.

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

89 (14). Immediately after the establishment of the retirement system, the
90 actuary shall prepare and submit to the board of trustees the mortality and
91 service tables which he recommends to the board for adoption. Having re-
92 gard to such recommendation, the board shall adopt for the retirement sys-
93 tem such mortality and service tables as shall be deemed necessary, and shall
94 certify the rates of contributions payable under the provisions of this act.
95 At least once in each 5-year period following the establishment of the system,
96 the actuary shall make an actuarial investigation into the mortality, service
97 and compensation experience of the members and beneficiaries of the retire-
98 ment system, and, taking into account the result of such investigation, the
99 board of trustees shall adopt for the retirement system such mortality, serv-
100 ice and other tables as shall be deemed necessary and shall certify the rates
101 of contribution payable under the provisions of this act.

102 (15). The board of trustees from time to time shall set the rate of regu-
103 lar interest at such per centum rate compounded annually as shall be de-
104 termined by the board to be equitable in its judgment, both to members and
105 to the taxpayers of the State, such rate to be limited to a minimum of 2% and
106 a maximum of 4%, with the rate of 3% applicable until changed by the board.

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

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

113 (18). Each policeman or fireman member of the board of trustees shall
114 be entitled to time off from his municipal or county duty, with pay, during
115 the periods of his attendance upon regular or special meetings of the board
116 of trustees or its duly appointed committees, and such time off shall include
117 reasonable travel time required in connection therewith.

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

3 15 (1). The contributions required for the support of the retirement sys-
4 tem shall be made by members and their employers [except for the expenses
5 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 at
8 entrance into the system the uniform and constant percentage of compensa-
9 tion of the member entering at such age, which, if deducted from each pay-
10 ment of his prospective earnable compensation throughout active service, is
11 computed to be sufficient to provide for all benefits on account of his member-
12 ship.

13 (3) (a). The percentage contribution rate of each member, exclusive of
14 the 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 pensions
18 upon accidental disability and the benefits payable upon death.

19 (b). *Notwithstanding the provisions of subsection (15) (3) (a), for pur-*
20 *poses of this amendatory and supplementary act, the percentage contribution*
21 *rates for members of the retirement system as of the effective date of this*
22 *act and for members enrolling on and after the effective date of this act, ex-*
23 *clusive of the rate for any additional death benefit provided under section 5*
24 *of chapter 266 of the laws of 1953, shall be fixed at the contribution rates in*
25 *effect as of the effective date of this act.*

26 (4). Each employer shall make a contribution equal to that made by each
27 member in its employ and in addition shall make a contribution equal to the
28 percentage of the compensation of each such member certified by the board
29 to be required to provide the cost of accidental disability pensions and any
30 death benefits on his account exclusive of additional death benefits provided
31 under section 5 of chapter 266 of the laws of 1953. Notwithstanding this
32 provision, the board may in its discretion certify an average and uniform
33 rate for payments by all employers, which shall be set on the basis of the an-
34 nual actuarial valuations to be sufficient to provide with previous contribu-
35 tions of employers all benefits for which employers are responsible.

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

40 (6). The percentage rates of contribution payable by members and em-
41 ployers shall be subject to adjustment from time to time by the board of
42 trustees on the basis of annual actuarial valuations and experience investiga-
43 tions as provided under section 13, so that the value of future contributions
44 of members and employers, when taken with present assets, shall be equal to
45 the value of prospective benefit payments.

46 (7). The board of trustees shall certify to the chief fiscal officer of each
47 employer the percentage of salary payable by each member and by the em-

48 ployer in behalf of each member. The officer or officers responsible for the
49 payment of salaries of the employer shall cause to be deducted from the
50 salary of each member on each and every payroll of such employer for each
51 and every payroll period the percentage of earnable compensation of each
52 member certified for payment by the member. In determining the amount
53 earnable by a member in a payroll period, the board of trustees may consider
54 the rate of salary payable to such member on the first day of the payroll
55 period as continuing throughout such payroll period, [and it may omit de-
56 duction from salary for any period less than a full payment period if an em-
57 ployee was not a member on the first day of the payroll period,] and to facil-
58 itate the making of deductions it may modify the deduction required of any
59 member by such an amount as shall not exceed 1/10 of 1% of the annual
60 salary upon the basis of which such deduction is to be made.

61 (8). The deductions provided for herein shall be made notwithstanding
62 that the minimum salary provided for by law for any member shall be reduced
63 thereby. Every member shall be deemed to consent and agree to the deduc-
64 tions made and provided for herein [and shall receipt for his full salary or
65 compensation], and payment of salary or compensation less said deduction
66 shall be a full and complete discharge and acquittance of all claims and de-
67 mands whatsoever for the service rendered by such person during the period
68 covered by such payment, except as to the benefits provided under this act.
69 The chief fiscal officer of each employer shall certify to the board of trustees
70 on each and every payroll or in such other manner as the board of trustees
71 may prescribe, the amounts to be deducted; and each of said amounts shall be
72 deducted, and when deducted shall be paid into said annuity savings fund,
73 and shall be credited to the individual account of the member from whose
74 salary said deduction was made.

75 (9) (a). The amount payable each year by the employer based on the
76 percentage rates certified by the board of trustees, together with the amount,
77 if any, payable each year by the employer on account of accrued liability aris-
78 ing out of prior service certificates as certified by the board of trustees, shall

79 be included in the budget of the employer and levied and collected in the
80 same manner as any other taxes are levied and collected for the payment
81 of the salaries of members.

82 (b). *In addition to the amounts indicated in subsection (15) (9) (a) the*
83 *additional liabilities created by the provisions of this amendatory and supple-*
84 *mentary act shall be computed by the actuary as a flat annual payment, which,*
85 *if paid in each fiscal year next following the effective date of this act, for a*
86 *period of 30 years, will provide for this liability.*

87 (10). The treasurer or corresponding officer of the employer shall pay on
88 or before December 27 in each year to the State Treasurer the amount so
89 certified as payable by the employer for said year, and shall pay monthly to
90 the State Treasurer the amount of the deductions from the salary of the mem-
91 bers in the employ of the employer, and the State Treasurer shall credit such
92 amount to the appropriate fund, or funds, of the retirement system.

93 (11). The expenses of administration of the retirement system shall be
94 paid by the State of New Jersey. [The board of trustees shall estimate and
95 certify, annually, to the Governor and to the Budget Commissioner by October
96 15 the amount required during the ensuing fiscal year to provide for the ex-
97 pense of operation of the retirement system and such amount shall be paid
98 by the State to the expense fund for this purpose. For the purpose of or-
99 ganizing the retirement system an appropriation of \$20,000.00 is hereby ap-
100 propriated from the treasury of the State.] *Each employer shall reimburse the*
101 *State for a proportionate share of the amount paid by the State for admin-*
102 *istrative expense. This proportion shall be computed as the number of mem-*
103 *bers under the jurisdiction of such employer bears to the total number of*
104 *members in the system. The pro rata share of the cost of administrative ex-*
105 *pense shall be included with the certification by the board of trustees of the*
106 *employer's contribution to the system.*

107 (12). [Prior to the receipt of contributions from members and em-
108 ployers, any moneys in the funds of the system may be used temporarily to
109 cover disbursements, but such moneys shall be restored to their proper funds

110 on or prior to the end of the second year of operation.] *Notwithstanding any-*
111 *thing to the contrary, the retirement system shall not be liable for the pay-*
112 *ment of any pension or other benefits on account of the employees or bene-*
113 *ficiaries of any employer participating in the retirement system, for which*
114 *reserves have not been previously created from funds, contributed by such*
115 *employer or its employees for such benefits.*

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

3 16. (1) All the assets of the retirement system shall be credited according
4 to the purpose for which they are held to one of [6] 5 funds, namely, the
5 annuity savings fund, the pension accumulation fund, the retirement reserve
6 fund, the members' death benefit fund, [the expense fund] and the special
7 reserve fund.

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

17 (3) The pension accumulation fund shall be the fund in which shall be
18 credited contributions made by employers. Upon the death of a member
19 either before or after retirement any lump sum benefit payable in addition
20 to the employee's contributions, except any additional death benefit payable
21 under section 5 of chapter 266 of the laws of 1953, shall be charged to the
22 pension accumulation fund. Upon the retirement or death of a member the
23 reserve of any pension payable to or on his account shall be transferred to
24 the retirement reserve fund. All interest shall be credited to the pension ac-
25 cumulation fund and annually the board of trustees shall transfer from the

26 pension accumulation fund to the retirement reserve fund and to the mem-
27 bers' death benefit fund regular interest on the mean amount in each fund
28 for the year. The board of trustees shall also transfer annually from the pen-
29 sion accumulation fund to the special reserve fund, subject to the limitations
30 of that special reserve fund, such portion of the interest earnings as shall be
31 determined by the board of trustees. The board of trustees in its discretion,
32 may transfer to and from the pension accumulation fund any surplus or de-
33 ficit in the retirement reserve fund.

34 (4) The retirement reserve fund shall be the fund in which shall be held
35 the reserves on all retirement allowances granted to members or their bene-
36 ficiaries and from which all retirement allowances and benefits in lieu thereof
37 shall be paid. Should a member who retired on account of disability be
38 restored to active service his pension reserve shall be transferred from the
39 retirement reserve fund to the pension accumulation fund and the excess
40 of his aggregate contributions as they stood at retirement over the amount
41 of annuity payments made shall be transferred to the annuity savings fund.
42 Should the pension of any disabled member be reduced as a result of an in-
43 crease in his earning capacity the amount of the annual reduction in his pen-
44 sion shall be paid annually into the pension accumulation fund during the
45 period of such reduction.

46 (5) The members' death benefit fund shall be a fund in which shall be
47 accumulated contributions from the compensation of members to provide for
48 their additional death benefits under the provisions of section 5 of chapter
49 266 of the laws of 1953. Upon the death of a member electing the additional
50 death benefit, the additional death benefit payable shall be paid from the
51 members' death benefit fund.

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

57 (6) [(7)] The special reserve fund shall be the fund to which shall be
58 credited all profits from the sale of securities and to which shall be trans-
59 ferred such portion of the interest earnings as shall be determined annually
60 by the board of trustees. No additional amounts shall be credited to the
61 special reserve fund at any time when the total accumulations in such fund
62 shall equal 1% of the book value of the investments of the retirement system.
63 In this event, any such excess shall be credited to the pension accumulation
64 fund. All losses from the sale of securities shall be charged against the
65 special reserve fund.

66 12. Section 13 of chapter 148 of the laws of 1945 is amended to read as
67 follows:

68 13. Any policeman or fireman in service in any county, municipality or
69 political subdivision thereof prior to the date upon which this act becomes
70 effective in such county, municipality or political subdivision thereof by ref-
71 erendum may become a member of this retirement system as of said date by
72 filing with the board of trustees his election in writing to become such mem-
73 ber on or before the date upon which this act becomes effective in such county,
74 municipality or political subdivision thereof under such rules and regulations
75 as the board of trustees shall adopt. Each such policeman or fireman so
76 electing to become a member, shall file, immediately after becoming a mem-
77 ber, with the board of trustees a detailed statement of all service rendered
78 by him as policeman or fireman to his present employer prior to the date
79 when this act becomes effective in such county, municipality or political sub-
80 division thereof, for which he claims credit. As soon as practicable there-
81 after the board of trustees shall verify such statement and shall issue to him
82 a prior service certificate certifying to the aggregate length of such service
83 allowable as creditable service but, regardless of the length of such service,
84 no prior service certificate shall allow more than 30 years of such creditable
85 service. Such certificate shall be final and conclusive for retirement purposes
86 as to such service, unless thereafter modified by the board of trustees upon
87 application made by the member within 1 year, or upon its own initiative

23 within 1 year after the date of issuance of such prior service certificate
24 [, or unless in any 4-year period which shall elapse subsequent thereto, the
25 member to whom such a certificate was issued fails to render to the employer
26 2 additional years of service; in the latter case such certificate shall be
27 void].

1 13. Section 3 of chapter 192 of the laws of 1946 is amended to read as
2 follows:

3 3. Any member of such county police department may become a member
4 by filing with the board of trustees his election in writing to become such mem-
5 ber on or before the date upon which this act becomes effective in such
6 county under such rules and regulations as the board of trustees shall adopt.
7 Each such member of a county police department so electing to become a
8 member, shall file, immediately after becoming a member, with the board of
9 trustees a detailed statement of all service rendered by him as policeman to
10 his present employer prior to the date when this act becomes effective in
11 such county, for which he claims credit. As soon as practicable thereafter
12 the board of trustees shall verify such statement and shall issue to him a
13 prior service certificate certifying to the aggregate length of such service
14 allowable as creditable service but, regardless of the length of such service,
15 no prior service certificate shall allow more than 30 years of such credit-
16 able service. Such certificate shall be final and conclusive for retirement pur-
17 poses as to such service, unless thereafter modified by the board of trustees
18 upon application made by the member within 1 year, or upon its own ini-
19 tiative within 1 year after the date of issuance of such prior service cer-
20 tificate [, or unless in any 4-year period which shall elapse subsequent thereto,
21 the member to whom such a certificate was issued fails to render to the em-
22 ployer 2 additional years of service; in the latter case such certificate shall
23 be void].

1 14. Section 3 of chapter 441 of the laws of 1948 is amended to read as
2 follows:

3 3. Any police employee of any such county park commission may become
4 a member by filing with the board of trustees his election in writing to be-

5 come such member at any time within 6 months after this act becomes effec-
6 tive. Each such police employee so electing to become a member shall file
7 with the board of trustees a detailed statement of all service rendered by
8 him as a police employee of such county park commission prior to the date
9 of his application and for which he claims credit. As soon as practicable
10 thereafter the board of trustees shall verify such statement and shall issue
11 to him a prior service certificate certifying to the aggregate length of such
12 service allowable as creditable service. Such certificate shall be final and con-
13 clusive for retirement purposes as to such service, unless thereafter mod-
14 ified by the board of trustees upon application made by the member within 1
15 year, or upon its own initiative within 1 year after the date of issuance of
16 such prior service certificate [, or unless in any 4-year period which shall
17 elapse subsequent thereto, the member to which such certificate was issued
18 fails to render to the employer 2 additional years of service; in the latter
19 case such certificate shall be void].

1 15. Section 2 of "An act fixing age limits for the appointment of mem-
2 bers of paid fire or police departments in municipalities of this State, amend-
3 ing section 40:47-4 of the Revised Statutes and supplementing 'An act for
4 the establishment of a police and firemen's retirement system for the police
5 and firemen of a municipality, county or political subdivision thereof,' ap-
6 proved May 23, 1944 (P. L. 1944, c. 255)," approved July 27, 1953, is repealed.

1 16. Should a member resign after having completed 25 years of credit-
2 able service, before reaching service retirement age, he may elect to receive,
3 in lieu of the payment provided in section 11, a retirement allowance which
4 shall consist of:

5 (1). An annuity which shall be the actuarial equivalent of his aggregate
6 contributions, and

7 (2). A pension in the amount, which when added to the member's annuity
8 will provide a total retirement allowance of 2% of his average final compen-
9 sation multiplied by the number of years of his creditable service up to 25 plus
10 1% of his average final compensation multiplied by the number of years of

11 creditable service over 25; provided, however, that such retirement allow-
12 ance shall be reduced in accordance with a table of actuarial equivalents
13 recommended by the actuary and adopted by the board of trustees reflecting
14 all months that the member lacks of being age 55.

15 Upon the receipt of proper proofs of the death of such a retired mem-
16 ber, there shall be paid to such person, if living, as he shall have nominated
17 by written designation duly executed and filed with the retirement system,
18 otherwise to the executor or administrator of the member's estate, an amount
19 equal to $\frac{3}{16}$ of the compensation received by the member in the last year of
20 creditable service.

1 17. Should a member, after having completed 25 years of creditable serv-
2 ice, be separated voluntarily or involuntarily from the service, before reach-
3 ing service retirement age, and not by removal for cause or charges of mis-
4 conduct or delinquency, such person may elect to receive the payments
5 provided for in section 11 of chapter 255 of the laws of 1944 or section 16 of
6 this act, or a deferred retirement allowance, beginning at age 55, which shall
7 consist of:

8 (1). An annuity which shall be the actuarial equivalent of his aggregate
9 contributions at the time of retirement; and

10 (2). A pension in the amount which when added to the member's annuity
11 will provide a total retirement allowance of 2% of his average final com-
12 pensation multiplied by the number of years of his creditable service up to 25
13 plus 1% of his average final compensation multiplied by the number of years
14 of creditable service over 25, provided that such election is communicated by
15 such member to the retirement system in writing stating at what time sub-
16 sequent to the execution and filing thereof he desires to be retired; and pro-
17 vided further, that such member may later elect to receive payments pro-
18 vided under section 11 of chapter 255 of the laws of 1944 or section 16 of
19 this act, or if such member shall die before attaining age 55, his aggregate
20 contributions shall be paid to such person, if living, as he shall have nom-
21 inated by written designation duly executed and filed with the retirement sys-
22 tem, otherwise to the executor or administrator of the member's estate.

23 Upon the receipt of proper proofs of the death of a member who was re-
24 ceiving a deferred retirement allowance, there shall be paid to such person, if
25 living, as he shall have nominated by written designation duly executed and
26 filed with the retirement system, otherwise to the executor or administrator of
27 the member's estate, an amount equal to 3/16 of the compensation received by
28 the member in the last year of creditable service.

1 18. Any member who has at least 3 years of service for which he has con-
2 tributed as a member may borrow from the retirement system, an amount
3 equal to not more than 50% of the amount of his aggregate contributions,
4 but not less than \$50.00; provided, that the amount so borrowed, together with
5 interest thereon, can be repaid by additional deductions from salary, not in
6 excess of 25% of the member's salary, made at the time the salary is paid to
7 the member but not after the attainment of age 55. The amount so borrowed,
8 together with interest at the rate of 4% per annum on any unpaid balance
9 thereof, shall be repaid to the retirement system in equal installments by
10 deductions from the salary of the member at the time the salary is paid or in
11 such lump sum amounts as the board of trustees shall approve, but such in-
12 stallments shall be at least equal to the member's contribution to the retire-
13 ment system and at least sufficient to repay the amount borrowed with in-
14 terest thereon by the time the member attains age 55. Not more than 2 loans
15 may be granted to any member in any calendar year. Notwithstanding any
16 other law affecting the salary or compensation of any person or persons to
17 whom this act applies or shall apply, the additional deductions required to
18 repay the loan shall be made. Any unpaid balance of a loan at the time any
19 benefit may become payable shall be deducted from the benefit otherwise
20 payable.

21 Loans may be made to a member from his aggregate contributions. In
22 addition the board of trustees is hereby authorized to set aside moneys within
23 the pension accumulation fund from which loans to members may be made.
24 If such moneys are used for the purpose of making loans, the interest earned
25 on such loans shall be treated in the same manner as interest earned from in-
26 vestments of the retirement system.

1 19. Whenever any person shall, in writing, request and authorize the re-
2 tirement system to make deductions from his retirement allowance or pension
3 for the purpose of paying premiums for any hospital service plan and any
4 medical-surgical plan which meets the minimum participation requirements
5 established by rules and regulations of the board of trustees, the retirement
6 system may make such deductions and transmit the sums so deducted directly
7 to the company carrying the policy or policies. Any such authorization
8 may be withdrawn by any member upon filing written notice of such with-
9 drawal with the retirement system.

1 20. The State Treasurer is hereby authorized and permitted to purchase
2 from one or more life insurance companies, as determined by him, group life
3 insurance coverage to provide for the death benefits specified in sections 5,
4 6, 7 (4), 9 and 10 (3) of chapter 255 of the laws of 1944 and sections 16 and 17
5 of this act. Such group life insurance coverage may be provided under one or
6 more policies issued to the State Treasurer specifically for this purpose or,
7 in the discretion of the State Treasurer, under one or more policies issued to
8 the State Treasurer which provide group life insurance coverage for mem-
9 bers of one or more other retirement systems of the State of New Jersey.
10 The board of trustees of the Police and Firemen's Retirement System of New
11 Jersey is hereby authorized and permitted, upon the concurrence of 2/3 of
12 the members of the board, to purchase from one or more life insurance com-
13 panies, as determined by it, a policy or policies of group life insurance to
14 provide for the benefits specified in section 5 of chapter 266 of the laws of
15 1953. Whenever such policy or policies of group insurance shall be in effect,
16 the benefits payable thereunder shall be in lieu of the above mentioned death
17 benefits provided by said sections. Any dividend or retrospective rate credit
18 allowed by an insurance company shall be credited in an equitable manner to
19 the special insurance funds from which premiums are paid.

1 21. Any life insurance company must meet the following requirements in
2 order to qualify under section 1 of this act:

3 (1). Be licensed under the laws of the State of New Jersey to transact
4 life and accidental death insurance, and

5 (2) The amount of its group life insurance in the State of New Jersey
6 shall at the time said insurance is to be purchased equal at least 1% of the
7 total amount of such group life insurance in the State of New Jersey in all
8 life insurance companies.

1 22. The State Treasurer may, in his discretion, determine to purchase
2 group insurance coverage for the noncontributory death benefit provisions
3 as provided in sections 5, 6, 7(4), 9 and 10(3) of chapter 255 of the laws of 1944
4 and sections 16 and 17 of this act, or may determine not to purchase any
5 group insurance coverage for the death benefit provisions heretofore men-
6 tioned. The board of trustees of the Police and Firemen's Retirement Sys-
7 tem of New Jersey, may in its discretion, upon the concurrence of 2/3 of the
8 members of the board, determine to purchase group insurance coverage for
9 additional death benefit coverage as provided for in section 5 of chapter 266 of
10 the laws of 1953, or may, in its discretion, determine not to purchase any
11 contributory group insurance coverage for the additional death benefit pro-
12 visions of section 5 of chapter 266 of the laws of 1953.

1 23. In the event the State Treasurer shall determine to purchase group
2 insurance coverage for the noncontributory death benefits, premiums for
3 the same shall be paid from a special fund, hereby created, called the "Group
4 Insurance Premium Fund." The State Treasurer shall estimate annually
5 the amount which will be required for premiums for such benefits for the
6 ensuing fiscal year and shall certify such amounts to the participating em-
7 ployers as due and owing from them. The participating employers shall
8 pay over to the State Treasurer the amount for premiums so certified and the
9 State Treasurer shall deposit these amounts in the Group Insurance Premium
10 Fund. During the period such group insurance policy or policies are in effect
11 with respect to members of the Police and Firemen's Retirement System of
12 New Jersey the State Treasurer shall in no way commingle moneys in this
13 fund with any pension fund established by chapter 255 of the laws of 1944.

14 In the event that the board of trustees of the Police and Firemen's Re-
15 tirement System of New Jersey shall determine to purchase group coverage

16 for the additional death benefits, premiums for same shall be paid from a
17 special fund hereby created called the "Contributory Group Insurance Pre-
18 mium Fund." In such event, the board of trustees, in its discretion, may au-
19 thorize the transfer of all or any portion of the amount credited to the mem-
20 ber's death benefit fund to the "Contributory Group Insurance Premium
21 Fund" and may authorize all or any portion thereof to be paid to the insur-
22 ance company or companies providing such additional death benefit coverage
23 for the purpose of establishing a reserve for such coverage. While such group
24 coverage shall be in force, the contributions from the compensation of mem-
25 bers to provide such additional death benefits shall be accumulated in said
26 Contributory Group Insurance Premium Fund.

1 24. In the event that the board of trustees of the Police and Firemen's
2 Retirement System of New Jersey shall determine to purchase group insur-
3 ance coverage for the additional death benefit coverage, there shall be
4 deducted from the compensation of each member participating in the addi-
5 tional death benefit coverage his contribution towards the cost of such cover-
6 age. Such contribution shall be determined from a schedule of contributions
7 established by the board of trustees of the Police and Firemen's Retirement
8 System of New Jersey, with the advice of the actuary, on the basis its deems
9 to be appropriate. The schedule of contributions shall be subject to adjust-
10 ment by said board of trustees from time to time for the purpose of maintain-
11 ing the Contributory Group Insurance Premium Fund at a level sufficient to
12 meet the obligations of the fund for the cost of the insurance.

1 25. Any such group policy or policies shall include, with respect to any
2 insurance terminating because the member ceases to be in service, the conver-
3 sion privilege available upon termination of employment as prescribed by the
4 law relating to group life insurance; and shall also include, with respect to
5 insurance terminating because of termination of the group policy resulting
6 from a termination of the death benefits for all members established, under
7 sections 5, 6, 7(4), 9 and 10(3) of chapter 255 of the laws of 1944, section 5 of
8 chapter 266 of the laws of 1953, and sections 16 and 17 of this act, the conver-

9 sion privilege available upon termination of the group policy as prescribed
10 by such law. Any such group policy or policies shall also provide that if a
11 member dies during the 31-day period during which he would be entitled to
12 exercise the conversion privilege, the amount of insurance with respect to
13 which he could have exercised the conversion privilege shall be paid as a
14 claim under the group policy. When benefits payable upon the death of a mem-
15 ber following retirement are determined as though the member had not re-
16 tired, the death benefits payable under the group policy or policies, together
17 with the amount of insurance paid under any individual policy obtained under
18 the conversion privilege, shall in no event exceed the amount of insurance for
19 which the member was insured under the group policy or policies immediately
20 prior to the date the right of conversion arose.

21 If any member who has exercised the conversion privilege under the
22 group policy or policies again becomes a member of the Police and Firemen's
23 Retirement System of New Jersey, and the individual policy obtained pur-
24 suant to the conversion privilege is still in force, he shall not again be eligible
25 for any of the death benefits provided by sections 5, 6, 7(4), 9 and 10(3) of
26 chapter 255 of the laws of 1944, section 5 of chapter 266 of the laws of 1953
27 and sections 16 and 17 of this act, unless he furnishes satisfactory evidence of
28 insurability.

1 26. Benefits under such group policy or policies shall be paid by the in-
2 surance company to such person, if living, as the member shall have nomi-
3 nated by written designation duly executed and filed with the insurance com-
4 pany through the policyholder, otherwise to the executors or administrators
5 of the member's estate, except that if a member dies as a result of an acci-
6 dent met in the actual performance of duty and claim is made and allowed
7 under section 10(2) of chapter 255 of the laws of 1944, an amount equal to
8 the noncontributory death benefit which would otherwise be payable pur-
9 suant to section 9(1)(b) of said chapter 255 shall be paid to the State Treas-
10 urer. A member may file with the insurance company through the policy-
11 holder and alter from time to time during his lifetime, as desired, a duly at-
12 tested written nomination of his payee for the death benefit.

1 27. Any such group policy or policies shall provide that payment of any
2 death benefits which are payable by the insurance company may be made in
3 one sum directly to the beneficiary as hereinafter provided, in equal annual
4 installments over a period of years or as a life annuity or in such other man-
5 ner as may be made available by the insurance company. A member may make
6 such arrangements for settlement, and may alter from time to time during
7 his lifetime any arrangement previously made, by making written request to
8 the insurance company through the policyholder. Upon the death of a mem-
9 ber, a beneficiary to whom a benefit is payable in one sum by the insurance
10 company may likewise arrange for a settlement as described above. If a
11 member's or beneficiary's request for settlement of any death benefit in equal
12 annual installments over a period of years or as a life annuity pursuant to
13 the foregoing is approved by the policyholder, the amount of such annual in-
14 stallments or such life annuity, as the case may be, shall be determined on the
15 basis of such applicable mortality tables and rates of interest as shall have
16 been adopted by the retirement system and are in effect at the member's
17 death. Any arrangement for payment under the group policy to a beneficiary
18 shall be in lieu of that provided by sections 5, 6, 7(4), 9 and 10(3) of chapter
19 255 of the laws of 1944, section 5 of chapter 266 of the laws of 1953 and sec-
20 tions 16 and 17 of this act.

1 28. Notwithstanding any other provision of law, any insurance company
2 or companies issuing such policy or policies may credit the policyholder,
3 in the form of reduced premiums, with savings by said company or companies
4 in the event that no brokerage commission or commissions are paid by said
5 company or companies on the issuance of such policy or policies.

1 29. This act shall take effect January 1, 1965.

FISCAL NOTE TO
SENATE, No. 138

STATE OF NEW JERSEY

DATED: MAY 18, 1964

Senate Bill No. 138 revises the Police and Firemen's Pension Fund Law (P. L. 1944, c. 255) with respect to eligibility, lapse of membership, pension rates and death benefits.

It is estimated by the Division of Pensions that enactment of this Bill will involve additional expenditures for fiscal year 1965 of \$920,101.00, and of \$1,840,202.00 for subsequent fiscal years.

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