

43:16-3 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:16-3 et al (CPFPF-- death of member after retirement-- increase widows and dependents benefits)

CHAPTER 128

Laws Of: 1987

Bill No: S906

Sponsor(s): Russo

Date Introduced: Pre-filed

Committee: **Assembly:** State Government

Senate: State Government and Federal and Interstate Relations and Veterans' Affairs Committee; Revenue, Finance and Appropriations.

Amended during passage: Yes Amendments denoted by asterisks

Date of Passage: **Assembly:** February 19, 1987 Re-enacted 5-21-87

Senate: October 20, 1987 Re-enacted 5-11-87

Date of Approval: May 28, 1987

Following statements are attached if available:

Sponsor statement: Yes Attached: Assembly amendments, adopted 2-5-87 (with statement)

Committee statement: **Assembly** Yes

Senate Yes 5-12-86 and 9-22-86

Fiscal Note: No

Veto Message: Yes

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

12 81
[THIRD OFFICIAL COPY REPRINT]

SENATE, No. 906

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator RUSSO

AN ACT concerning the pensions of widows and widowers of
[former] ******[*retired*]****** members of *and retirants*
from the Consolidated Police and Firemen's Pension Fund
[and] * * *****and the pensions of certain widows and widowers*
*of members of the Police and Firemen's Retirement System,*****
amending R. S. 43:16-3****, R. S. 43:16-4 and P. L. 1944, c.
255**** *and supplementing P. L. 1958, c. 143 (C. 43:3B-1 et*
seq.).*

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

1 1. R. S. 43:16-3 is amended to read as follows:

2 43:16-3. (a) Upon the receipt of proper proofs of the death of
3 a member who shall not have ****[lost his life]**** ***died*** while on
4 duty, there shall be paid to ****[his widow or]**** ***[dependent]***
4A ****[widower]**** ***the member's surviving spouse*** a pension of
5 ***[25%]*** *50%* of the member's average salary, for the use of
6 herself or himself, to continue during her or his widowhood, plus
7 15% of such salary payable to one surviving child or plus 25% of
8 such salary to two or more surviving children; if there is no surviv-
9 ing ****[widow or]**** ***[dependent]*** ****[widower]**** ***spouse*** or
10 in case the ****[widow or]**** ***[dependent]*** ****[widower]**** ***sur-*
11 *viving spouse*** dies or remarries, 20% of the member's average
12 salary will be payable to one surviving child, 35% of such salary
13 to two surviving children in equal shares and if there be three or
14 more children, 50% of such salary will be payable to such children
15 in equal shares; if there is no surviving ****[widow,]**** ***[depen-**

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

Matter printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted September 22, 1986.

**—Assembly committee amendments adopted January 8, 1987.

***—Assembly amendments adopted February 5, 1987.

****—Senate amendments adopted in accordance with Governor's recommen-
dations April 30, 1987.

16 dent]* ****[widower]**** ****spouse**** or child, 25% of the member's
 17 average salary will be payable to one surviving dependent parent
 17A or 40% of such salary will be payable to two surviving dependent
 17B parents in equal shares.

18 (b) Upon the receipt of proper proofs of the death after retire-
 19 ment of a former member of the pension fund, there shall be paid to
 20 ****[his widow or]**** ****[dependent]**** ****[widower]**** ****the member's**
 21 **surviving spouse**** a pension of **[25%]** 50% of the member's
 22 average salary ****[for the use of herself or himself, to continue**
 23 **during her or his widowhood, plus 15% of such salary payable to**
 24 **one surviving child or plus 25% of such salary to two or more**
 25 **surviving children]**** ******for the use of herself or himself, to con-**
 26 **tinue during her or his widowhood, plus 15% of such salary pay-**
 27 **able to one surviving child or plus 25% of such salary to two or**
 28 **more surviving children******; if there is no surviving ****[widow**
 29 **or]**** ****[dependent]**** ****[widower]**** ****spouse**** or in case the
 30 ****[widow or]**** ****[dependent]**** ****[widower]**** ****surviving**
 31 **spouse**** dies or remarries, 20% of the member's average salary
 32 will be payable to one surviving child, 35% of such salary to two
 33 surviving children in equal shares and if there be three or more
 34 children, 50% of such salary will be payable to such children in
 35 equal shares.

36 (c) The changes in benefits provided by subsections (a) and (b)
 37 of this section shall apply only to pensions granted after April 1,
 37A ****[1967]**** ******[*1940*]**** ******1967******; provided, however, that
 37B any pension in an amount less than ****[\$2,500.00]**** ****\$4,500.00**** per
 37C annum presently being paid or to be paid in the future**,** pur-
 37D suant to R. S. 43:16-3, to a ****[widow]**** ****surviving spouse**** of
 37E a ****[policeman or fireman]**** ****police officer or firefighter**** who
 37F did not ****[lose his life]**** ****die**** while on duty or who died fol-
 37G lowing retirement, shall be increased to ****[\$2,500.00]**** ****\$4,500.00****
 37H per annum.

38 ****[(d) The State shall pay the additional pension costs arising**
 39 **from the increase from 25% to 50% of a pension payable to the**
 40 **surviving spouse due to this 1986 amendatory act.]****

41 *****[(d) The State shall pay the additional costs arising from the**
 42 **increase from 25% to 50% in the proportion of a member's average**
 43 **salary payable as a pension to that member's surviving spouse**
 44 **pursuant to the provisions of this 1987 amendatory and supple-**
 45 **mentary act.*****

1 ******2. R. S. 43:16-4 is amended to read as follows:**

2 43:16-4. (a) Upon the receipt of proper proofs of the death of
 3 a member who shall have lost his life while on duty, there shall be

4 paid to his widow or dependent widower a pension of ~~1/2~~ 70%
 5 of the member's average salary, for the use of herself or himself
 6 and the children of the deceased member, to continue during her
 7 or his widowhood; if there is no surviving widow or dependent
 8 widower or in case the widow or dependent widower dies or re-
 9 marries, 20% of the member's average salary will be payable to
 10 one surviving child, 35% of such salary to two surviving children
 11 in equal shares and if there be three or more children, 1/2 of such
 12 salary will be payable to such children in equal shares; if there
 13 is no surviving widow, dependent widower, or child, 25% of the
 14 member's average salary will be payable to one surviving depen-
 15 dent parent or 40% of such salary will be payable to two surviving
 16 dependent parents in equal shares.

17 (b) The changes in benefits provided by subsection (a) of this
 18 section shall apply only to pensions granted after April 1, 1967;
 19 provided, however, that any pension in an amount less than
 20 ~~2,500.00~~ \$4,500.00 per annum presently being paid or to be paid
 21 in the future, pursuant to R. S. 43:16-4, to a widow of a policeman
 22 or fireman who lost his life while on duty, shall be increased to
 23 ~~2,500.00~~ \$4,500.00 per annum.

24 (c) *The State shall pay the additional pension costs arising from*
 25 *the increase from 1/2 to 70% in the proportion of a member's aver-*
 26 *age salary payable as a pension to that member's surviving spouse*
 27 *pursuant to the provisions of this section of this 1987 amendatory*
 28 *and supplementary act.*

1 3. Section 10 of P. L. 1944, c. 255 (C. 43:16A-10) is amended to
 2 read as follows:

3 10. (1) Upon the death of a member in active service as a result
 4 of an accident met in the actual performance of duty at some defi-
 5 nite time and place, and such death was not the result of the mem-
 6 ber's willful negligence, an accidental death benefit shall be payable
 7 if a report of the accident is filed in the office of the retirement sys-
 8 tem within 60 days next following the accident, but the board of
 9 trustees may waive such time limit, for a reasonable period, if in
 10 the judgment of the board the circumstances warrant such action.
 11 No such application shall be valid or acted upon unless it is filed
 12 in the office of the retirement system within five years of the date
 13 of such death.

14 (2) Upon the receipt of proper proofs of the death of a mem-
 15 ber on account of which an accidental death benefit is payable,
 16 there shall be paid to his widow or dependent widower a pension
 17 of ~~50%~~ 70% of the compensation, upon which contributions by

18 the member to the annuity savings fund were based in the last year
 19 of creditable service, for the use of herself or himself and the
 20 children of the deceased member, to continue during her or his
 21 widowhood; if there is no surviving widow or dependent widower
 22 or in case the widow or dependent widower dies or remarries, 20%
 23 of such compensation will be payable to one surviving child, 35%
 24 of such compensation to two surviving children in equal shares and
 25 if there be three or more children, 50% of such compensation will
 26 be payable to such children in equal shares.

27 If there is no surviving widow, dependent widower or child, 25%
 28 of the compensation upon which contributions by the member to
 29 the annuity savings fund were based in the last year of creditable
 30 service, will be payable to one surviving dependent parent or 40%
 31 of such compensation will be payable to two surviving parents in
 32 equal shares.

33 In the event of accidental death occurring in the first year of
 34 creditable service, the benefits, payable pursuant to this subsection,
 35 shall be computed at the annual rate of compensation.

36 (3) If there is no surviving widow, dependent widower, child or
 37 dependent parent, there shall be paid to any other beneficiary of
 38 the deceased member, his aggregate contributions at the time of
 39 death.

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

42 (5) In addition to the foregoing benefits payable under subsec-
 43 tion 2 or 3, there shall also be paid in one sum to such beneficiary,
 44 if living, as the member shall have nominated by written designa-
 45 tion duly executed and filed with the retirement system, otherwise
 46 to the executor or administrator of the member's estate, an amount
 47 equal to 3½ times the compensation upon which contributions by
 48 the member to the annuity savings fund were based in the last year
 49 of creditable service.***

1 * ****[2.]**** ****4.**** (New section) The provisions of sec-
 2 tion 7 of P. L. 1969, c. 169 (C. 43:3B-3) shall not apply to R. S.
 3 43:16-3****, R. S. 43:16-4 and section 10 of P. L. 1944, c. 255 (C.
 4 43:16A-10)**** as amended by this ***[1986]*** ***1987***
 5 amendatory and supplementary act, and the annual cost of living
 6 adjustment received by **[widows and widowers]** **surviving
 7 spouses** under P. L. 1958, c. 143 (C. 43:3B-1 et seq.) as amended
 8 and supplemented by P. L. 1969, c. 169**[,]** shall be calculated
 9 as of the date of retirement of the member of the retirement sys-
 10 tem.* ****[***The State shall pay the additional costs arising

11 *from any increase in the cost of living adjustment received by*
 12 *surviving spouses pursuant to the provisions of this 1987 amend-*
 13 *atory and supplementary act.***】*****

1 *【2.】* ****【3.】**** ****5.**** This act shall take effect im-
 2 mediately****, *except that section 3 shall be retroactive to Decem-*
 3 *ber 20, 1985****.*

PENSIONS AND RETIREMENT—PERS, TPAF, OTHER
 Increases the pension and the minimum pension payable to the
 surviving spouse of a member of or retirant from the Consolidated
 Police and Firemen's Pension Fund.

SENATE, No. 906

Introduced Pending Technical Review by Legislative Counsel
PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator RUSSO

SENATE, No. 3266

STATE OF NEW JERSEY

INTRODUCED AUGUST 28, 1985

By Senator RUSSO

Referred to Committee on State Government, Federal and
Interstate Relations and Veterans Affairs

AN ACT concerning the pensions of widows and widowers of
former members of the Consolidated Police and Firemen's
Pension Fund and amending R. S. 43:16-3.

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

1 1. R. S. 43:16-3 is amended to read as follows:

2 43:16-3. (a) Upon the receipt of proper proofs of the death of
3 a member who shall not have lost his life while on duty, there shall
4 be paid to his widow or dependent widower a pension of 25% of
5 the member's average salary, for the use of herself or himself, to
6 continue during her or his widowhood, plus 15% of such salary
7 payable to one surviving child or plus 25% of such salary to two or
8 more surviving children; if there is no surviving widow or depen-
9 dent widower or in case the widow or dependent widower dies or re-
10 marries, 20% of the member's average salary will be payable to one
11 surviving child, 35% of such salary to two surviving children in
12 equal shares and if there be three or more children, 50% of such
13 salary will be payable to such children in equal shares; if there is
14 no surviving widow, dependent widower or child, 25% of the mem-
15 ber's average salary will be payable to one surviving dependent
16 parent or 40% of such salary will be payable to two surviving
17 dependent parents in equal shares.

18 (b) Upon the receipt of proper proofs of the death after retire-
19 ment of a former member of the pension fund, there shall be paid to

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

Matter printed in italics thus is new matter.

20 his widow or dependent widower a pension of ~~25%~~ 50% of the
 21 member's average salary for the use of herself or himself, to con-
 22 tinue during her or his widowhood, plus 15% of such salary pay-
 23 able to one surviving child or plus 25% of such salary to two or
 24 more surviving children; if there is no surviving widow or depen-
 25 dent widower or in case the widow or dependent widower dies or re-
 26 marries, 20% of the member's average salary will be payable to one
 27 surviving child, 35% of such salary to two surviving children in
 28 equal shares and if there be three or more children, 50% of such
 28A salary will be payable to such children in equal shares.

29 (c) The changes in benefits provided by subsections (a) and (b)
 30 of this section shall apply only to pensions granted after April 1,
 31 1967; provided, however, that any pension in an amount less than
 32 \$2,500.00 per annum presently being paid or to be paid in the future
 33 pursuant to R. S. 43:16-3, to a widow of a policeman or fireman who
 34 did not lose his life while on duty or who died following retirement,
 35 shall be increased to \$2,500.00 per annum.

36 (d) *The State shall pay the additional pension costs arising from*
 37 *the increase from 25% to 50% of a pension payable to the surviving*
 38 *spouse due to this 1985 amendatory act.*

1 2. This act shall take effect immediately.

STATEMENT

This bill increases the amount payable as a pension to a widow or dependent widower upon the death after retirement of a former member of the Consolidated Police and Firemen's Pension Fund from 25% to 50% of the member's average salary. The bill also requires the State to pay the additional pension costs arising from this increase.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 906

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 8, 1987

The Assembly State Government Committee reports favorably and with committee amendments Senate Bill No. 906 OCR.

This bill increases the pension benefits payable to the surviving spouse of a member of or retirant from the Consolidated Police and Firemen's Pension Fund from 25% to 50% of the member's average salary; the minimum benefit is also increased from \$2,500.00 to \$4,500.00. These changes are applicable to all pensions granted after April 1, 1940. The bill also deletes a requirement that, to qualify for a survivor's pension, the widower of a member must have been a dependent of that member; such a qualification is not currently required of widows of CPF members.

COMMITTEE AMENDMENTS:

The committee amended the bill to conform its provisions to those of the Assembly Committee Substitute for Assembly Bill Nos. 2616 and 1634, as amended; these changes principally entailed rendering the language of the legislation gender-neutral.

02/04/87/dm
02/05/87/bk

SG0044
S60006
TRSG003

all amendments made to this
will be identical to
Assembly Committee
substitute for
Assembly Bill
Nos. 2616 & 1634 (OCR)
w/ Assembly Amendments
adopted 2/5/87
Amend:

ADOPTED
FEB 5 1987

ASSEMBLY Amendments
Proposed by Assemblyman Pellecchia

to

SENATE Bill No. 906 OCR AR
Sponsored by Senator Russo

Page Sec. Line

2 1 After

Insert new subsection as follows:

line

40

"(d) The State shall pay the additional costs arising from the increase from 25% to 50% in the proportion of a member's average salary payable as a pension to that member's surviving spouse pursuant to the provisions of this 1987 amendatory and supplementary act."

2 2 3

Omit "1986" insert "1987"

2 2 8

After "." insert "The State shall pay the additional costs arising from any increase in the cost of living adjustment received by surviving spouses pursuant to the provisions of this 1987 amendatory and supplementary act."

STATEMENT

These amendments require the State to pay the additional costs arising from the increase from 25% to 50% in the proportion of a member's average salary payable as a pension to that member's surviving ^{spouse} under this bill and the additional costs arising from any increase in the cost of living adjustment received by surviving spouses under this bill.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 906

with Senate committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 22, 1986

The Senate Revenue, Finance and Appropriations Committee reported this bill favorably, with amendments.

This bill, as amended, increases the pension benefits payable to eligible widows and widowers under the Consolidated Police and Firemen's Pension Fund from 25% to 50% of the members average salary; the minimum benefit is also increased from \$2,500.00 to \$4,500.00. These changes are applicable to all pensions granted after April 1, 1940.

The Consolidated Police and Firemen's Pension Fund was established in 1953 to finance and administer benefit payments to employees and former employees of 212 municipalities who began work prior to 1944, at which time new employees were required to participate in the Police and Firemen's Retirement System. Under the Consolidated Fund, municipalities are responsible for two-thirds of total pension liabilities, and they completed payment on this amount in 1984. The State is responsible for the remaining one-third, and makes annually scheduled payments to the Fund which should continue through 1991. In calendar year 1985, a total of \$19.9 million was paid out in pension benefits to 1,798 service and disability retirees and 3,174 widows and other eligible survivors under the Consolidated Police and Firemen's Pension Fund.

COMMITTEE AMENDMENTS

The committee amended the bill to provide that the increase in the portion of members average salary payable as widow's pension to 50%, from the current 25%, applies to those who become widows due to spouse's death while in service, as well as after retirement; the minimum payment was increased to \$4,500.00, rather than providing no change from the current \$2,500.00. Also, these changes were applied to all pensions granted after April 1, 1940, rather than only to widows becoming eligible for pensions after the effective date of the bill. Another change included deleting references to "dependent"

widowers, so that the changes apply to all eligible widows and widowers.

Finally, the committee amendments deleted a provision which stated that the State was required to pay all of the additional pension amount. It is the committee's understanding that, even without the deleted language, the State will still pay any additional costs.

This bill was pre-filed for introduction in the 1986 session pending technical review. As reported, the bill includes the changes required by the technical review which has been performed.

FISCAL IMPACT

This bill increases the pensions payable under the Consolidated Police and Firemen's Pension Fund to widows and dependent widowers, changing the amount payable from 25% to 50% of the members average salary, and increasing the minimum benefit from \$2,500.00 to \$4,500.00. These changes are applicable to all pensions granted after April 1, 1940.

Based on information provided by the Division of Pensions, it is estimated that the annual cost of this bill will be approximately \$7.5 million in additional pension payments for at least the first few years after enactment. The actual amount of increased annual appropriations necessary to fund these additional pension benefits will depend in part on Division of Pensions decisions regarding amortization and other Consolidated Fund accounting issues.

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

STATEMENT TO
SENATE, No. 906

STATE OF NEW JERSEY

DATED: MAY 12, 1986

The Senate State Government Committee reports favorably Senate Bill No. 906.

This bill increases from 25% to 50% of the member's average salary the amount payable as a pension to a widow or dependent widower upon the death after retirement of a former member of the Consolidated Police and Firemen's Pension Fund. The bill also provides that the State shall pay the additional pension costs arising from the increase.

This bill was pre-filed for introduction in the 1986 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

April 23, 1987

SENATE BILL NO. 906 (2nd OCR)

To the Senate:

Pursuant to Article V, Section 1, Paragraph 14 of the Constitution, I am returning Senate Bill No. 906 (2nd OCR) with my objections, for reconsideration.

Senate Bill No. 906 (2nd OCR) would amend the law governing the Consolidated Police and Firemen's Pension Fund (CPFPPF) to increase the benefit granted to surviving spouses of CPFPPF members who die while in active service, but not in the line of duty, and to the surviving spouses of CPFPPF retirees. The survivorship pension would be increased from 25% to 50% of the CPFPPF member's average salary. Senate Bill No. 906 (2nd OCR) would also increase the minimum annual survivorship pension for surviving spouses from \$2,500.00 to \$4,500.00. The bill would also require the State to pay all pension and cost of living allowance (COLA) costs arising from the enactment of this act.

I support an increase in the survivorship benefit for surviving spouses of CPFPPF members. Surviving spouses of CPFPPF members have not received an increase in their percentage survivorship benefit since 1967 and in their minimum annual survivorship benefit since 1974. Many CPFPPF surviving spouses are currently living below the poverty level. Most do not receive Social Security benefits. An increased benefit will allow these surviving spouses to live out their remaining years with dignity.

While I support the concept expressed within Senate Bill No. 906 (2nd OCR), I must return Senate Bill No. 906 (2nd OCR) and recommend that the bill be amended in several areas. The amendments will restore rights to surviving children who may be disabled and resolve possibly insurmountable administrative problems inadvertently created by this legislation. The amendments will also ensure that the responsibility of paying for the benefit provided by Senate Bill No. 906 (2nd OCR) will be fairly apportioned.

I accept the Legislature's judgment that the survivorship pension for surviving spouses of CPFPPF members should be increased from 25% to 50% of a member's average salary.

In conjunction with this amendment, I also concur with the Legislature's recommendation that the increase in the minimum annual survivorship pension be increased from \$2,500.00 to \$4,500.00. Although applicable to all CPFPPF

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

2

surviving spouses, the minimum annual survivorship pension is designed to provide a reasonable survivorship pension to surviving spouses who were receiving survivorship benefits on or before April 1, 1967. The percentage survivorship pension of 25% of a member's average salary was established in 1967 and is applicable to survivorship pensions granted after April 1, 1967.

I am advised that these two amendments will provide the majority of CPFPPF surviving spouses with an annual benefit in the area of \$7,500. This is the least we can do for this deserving group, especially because so many of them do not receive Social Security benefits.

However, Senate Bill No. 906 (2nd OCR) must be amended to remove an amendment made in the Senate Revenue, Finance and Appropriations Committee concerning the date on which the percentage survivorship pension will be effective. The Senate Committee deleted the current effective date of April 1, 1967 and inserted an effective date of April 1, 1940. As discussed above, the date of April 1, 1967 has been the date upon which the Division of Pensions has depended for almost 21 years to calculate survivorship benefits for CPFPPF surviving spouses. Changing the date used for determining the method by which a surviving spouse's survivorship pension will be calculated, at this time, would cause severe administrative problems for the Division. In many instances, the Division's administrative problems would be insurmountable because the Division would not have the data that is necessary to recalculate many survivorship benefits for surviving spouses who commenced receiving survivorship benefits on or before April 1, 1967. I recommend that the April 1, 1940 effective date be deleted and that the April 1, 1967 effective date be reinserted.

I recommend that the provision be reinstated granting to surviving children of CPFPPF retirees a survivorship pension, where there is also a living surviving spouse who has not remarried. Under current law, one surviving child will receive a survivorship pension of 15% of the retiree's average salary at retirement and, if there are two or more surviving children, they will receive 25% of the retiree's average salary. While it is unlikely that deceased CPFPPF retirees will leave minor children, it is entirely likely that a retiree could leave or has left one or more disabled children. The benefit provided to

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

3

surviving children under current law will be quite helpful for the support of a surviving, disabled child and, accordingly, should be restored.

I am concerned about the provisions of Senate Bill No. 906 (2nd OCR) requiring the State to pay all costs associated with the bill.

I do not have a problem with the provision requiring the State to pay any additional cost arising from an increase in the survivorship pension granted to surviving spouses. I am advised that pursuant to the funding arrangement established in 1953, only the State currently has an obligation to pay pension obligations for CPFPPF retirees, surviving spouses and other beneficiaries. Local government's obligation expired in 1984.

However, I cannot support the provision of Senate Bill No. 906 (2nd OCR) requiring the State to pay any additional cost arising from increases in the COLA paid to surviving spouses as a result of the increase in the survivorship pension provided in the bill. The responsibility for paying the COLA associated with pension benefits granted to CPFPPF retirees, to surviving spouses and to other beneficiaries has always been the responsibility of the local employer. As such, shifting to the State any cost associated with the COLA is unjustified and sets an undesirable precedent.

Moreover, requiring local governments to pay any cost associated with increases in the COLA is an equitable division of responsibility between the State and local governments for paying for the benefits provided in Senate Bill No. 906 (2nd OCR). I am advised that the annual fiscal impact associated with an increase in the COLA should be commensurate with the annual fiscal impact associated with the increase in the survivorship pension granted to CPFPPF surviving spouses by Senate Bill No. 906 (2nd OCR).

Finally, I recommend that Senate Bill No. 906 (2nd OCR) be amended to include surviving spouses of CPFPPF members who died in the line of duty, to ensure that these surviving spouses will also receive an increase in survivorship benefits. In its current form, Senate Bill No. 906 (2nd OCR) applies only to surviving spouses of CPFPPF members who died in active service, but not in the line of duty, and to surviving spouses of CPFPPF retirees. I see no reason for excluding surviving spouses of CPFPPF members

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

4

who died in the line of duty. I must assume that the failure to include these surviving spouses was no more than an inadvertent oversight.

Additionally, I am advised that it is also unclear whether the increase in survivorship benefits granted to surviving spouses of certain members of the PFRS by Chapter 393 of the Public Laws of 1985 applies to surviving spouses of PFRS members who died in the line of duty. The PFRS also covers municipal uniformed officers and is the successor pension system to the municipal pension funds that were consolidated when the law creating the CPFPF was enacted in 1953. I recommend that PFRS law be amended to ensure that surviving spouses of PFRS members who died in the line of duty will continue to receive the 40% increase in survivorship benefits granted to other eligible surviving spouses pursuant to Chapter 393 of the Public Laws of 1985.

Accordingly, I herewith return Senate Bill No. 906 (2nd OCR) and recommend that it be amended as follows:

Page 1, Title, Line 2: DELETE "retired"

Page 1, Title, Line 3: After "[and]**," INSERT ", and the pensions of certain widows and widowers of members of the Police and Firemen's Retirement System,"

Page 1, Title, Line 4: After "R.S. 43:16-3" INSERT ", R.S. 43:16-4 and R.S. 43:16A-10"

Page 2, Section 1, Line 25: After "children]" INSERT "for the use of herself or himself, to continue during her or his widowhood, plus 15% of such salary payable to one surviving child or plus 25% of such salary to two or more surviving children"

Page 2, Section 1, Line 32: DELETE "1940" INSERT "1967"

Page 2, Section 1, After Line 45: INSERT new sections as follows:

"2. R.S. 43:16-4 is amended to read as follows:

43:16-4. (a) Upon the receipt of proper proofs of the death of a member who shall have lost his life while on duty, there shall be paid to his widow or dependent widower a pension of [1] 70% of the member's average salary, for the use of herself or himself and the children of the deceased member, to

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

5

continue during her or his widowhood; if there is no surviving widow or dependent widower or in case the widow or dependent widower dies or remarries, 20% of the member's average salary will be payable to one surviving child, 35% of such salary to two surviving children in equal shares and if there be three or more children, $\frac{1}{3}$ of such salary will be payable to such children in equal shares; if there is no surviving widow, dependent widower, or child, 25% of the member's average salary will be payable to one surviving dependent parent or 40% of such salary will be payable to two surviving dependent parents in equal shares.

(b) The changes in benefits provided by subsection (a) of this section shall apply only to pensions granted after April 1, 1967; provided, however, that any pension in an amount less than [\$2,500.00] \$4,500.00 per annum presently being paid or to be paid in the future, pursuant to R.S. 43:16-4, to a widow of a policeman or fireman who lost his life while on duty, shall be increased to [\$2,500.00] \$4,500.00 per annum.

(c) The State shall pay the additional pension costs arising from the increase from $\frac{1}{3}$ to 70% in the proportion of a member's average salary payable as a pension to that member's surviving spouse pursuant to the provisions of this section of this 1987 amendatory and supplementary act.

3. R.S. 43:16A-10 is amended to read as follows:

10. (1) Upon the death of a member in active service as a result of an accident met in the actual performance of duty at some definite time and place, and such death was not the result of the member's willful negligence, an accidental death benefit shall be payable if a report of the accident is filed in the office of the retirement system within 60 days next following the accident, but the board of trustees may waive such time limit, for a reasonable period, if in the judgment of the board the circumstances warrant such action. No such application shall be valid or acted upon unless it is filed in the office of the retirement system within 5 years of the date of such death.

(2) Upon the receipt of proper proofs of the death of a member on account of which an accidental death benefit is payable, there shall be paid to his widow or dependent widower a pension of 150%, 70% of the compensation, upon which contributions by the member to the annuity savings

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

6

fund were based in the last year of creditable service, for the use of herself or himself and the children of the deceased member, to continue during her or his widowhood; if there is no surviving widow or dependent widower or in case the widow or dependent widower dies or remarries, 20% of such compensation will be payable to one surviving child, 35% of such compensation to 2 surviving children in equal shares and if there be 3 or more children, 50% of such compensation will be payable to such children in equal shares.

If there is no surviving widow, dependent widower or child, 25% of the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service, will be payable to one surviving dependent parent or 40% of such compensation will be payable to 2 surviving parents in equal shares.

In the event of accidental death occurring in the first year of creditable service, the benefits, payable pursuant to this subsection, shall be computed at the annual rate of compensation.

(3) If there is no surviving widow, dependent widower, child or dependent parent, there shall be paid to any other beneficiary of the deceased member, his aggregate contributions at the time of death.

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

(5) In addition to the foregoing benefits payable under subsection 2 or 3, there shall also be paid in one sum to such beneficiary, if living, as the member shall have nominated by written designation duly executed and filed with the retirement system, otherwise to the executor or administrator of the member's estate, an amount equal to 3 $\frac{1}{2}$ times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service."

Page 2, Section 2, Line 1: DELETE "2." INSERT "4."

Page 2, Section 2, Line 2: After "R.S. 43:16-3" INSERT "R.S. 43:16-4 and R.S. 43:16A-10"

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

7

Page 2, Section 2, Lines 8-11: DELETE "The State shall pay the addi-"
on line 8; DELETE lines 9-11 in their entirety

Page 2, Section 3, Line 1: DELETE "3." INSERT "5."; after "immediately"
INSERT ", except that section 3 shall be retroactive to December 20, 1985"

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ Michael R. Cole

Chief Counsel

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: JOHN SAMERJAN
609-292-8956 OR 292-6000 EXT. 207

TRENTON, N.J. 08625

Release: FRI., MAY 29, 1987

Governor Thomas H. Kean today signed legislation increasing the survivorship pension for spouses of members of the Consolidated Police and Firemen's Pension Fund.

The legislation had recently concurred in the Governor's recommendation to restore rights to surviving children who may be disabled, reinstate the provision granting surviving children a pension when there is a surviving spouse who is not remarried and to include the spouses of members who died in the line of duty among those who will receive a benefit increase.

The surviving spouse pension will be increased from 25 percent to 50 percent of the member's average salary. Further, the minimum annual pension will be increased from \$2,500 to \$4,500.

At the time Governor Kean submitted his recommendations on the legislation he stated, "an increased benefit will allow surviving spouses to live out their remaining years in dignity. This is the least we can do for this deserving group, especially because so many of them do not receive Social Security benefits."

S-906, was sponsored by Senator John F. Russo, D-Ocean, Assemblyman Vincent Pellecchia, D-Passaic and Assemblyman Jeffrey Moran, R-Ocean.

The legislation is effective immediately.

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