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NEWSPAPER ARTICLES: Yes

"Assembly on Monday set to approve public employee pension and benefits reform bills,"
NewJerseyNewsroom.com, 3-19-10

"NJ Legislature to consider pension reforms," Courier-Post, 3-22-10

"Jersey Lawmaker: Let's Kick Lobbyists Out of the State Pension System," New Jersey 101.5 FM, 3-22-10

"New Jersey Teachers Face Health Costs Under Curbs," Bloomberg Press, 3-19-10

"NJ governor signs worker pension reform measures," Courier-Post, 3-23-10

"Christie signs 3 bills to limit N.J. pensions," Home News Tribune, 3-23-10

"Governor Christie signs pension reform measures," Asbury Park Press, 3-23-10

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"A great day for taxpayers," The Trentonian, 3-23-10

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"Christie signs Pensions and Health Benefits Reforms Into Law," New Jersey 101.5 FM, 3-23-10

"N.J. Lawmakers Bar Part-Time Workers From Pension," Bloomberg Press, 3-23-10

"Christie signs bills to cut pensions," The Philadelphia Inquirer, 3-23-10

LAW/KR

[First Reprint]
SENATE, No. 2

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

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SYNOPSIS

Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, prosecutors part, PFRS special retirement, employer contributions.

CURRENT VERSION OF TEXT

As amended by the General Assembly on March 22, 2010.

(Sponsorship Updated As Of: 3/23/2010)

1 AN ACT concerning various changes to the State-administered
2 retirement systems and amending and supplementing various
3 parts of the statutory law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:66-4 is amended to read as follows:

9 18A:66-4. a. The membership of the retirement system shall
10 consist of:

11 (a) all members of the teachers' pension and annuity fund
12 enrolled as such as of December 31, 1955;

13 (b) any person becoming a teacher on or after January 1, 1956,
14 except any person who has attained the age of 60 years prior to
15 becoming a teacher after June 30, 1958 but before July 1, 1968;

16 (c) every teacher veteran as of January 1, 1956, who is not a
17 member of the "Teachers' Pension and Annuity Fund" as of such
18 date and who shall not have notified the board of trustees within 30
19 days of such date that he does not desire to become a member;

20 (d) any teacher employed on January 1, 1956, who is not a
21 member of the Teachers' Pension and Annuity Fund and who elects
22 to become a member under the provisions of N.J.S.18A:66-10.

23 b. (1) Before or on **【the effective date of P.L.2008, c.89】**
24 November 1, 2008, no person in employment, office or position, for
25 which the annual salary or remuneration is fixed at less than
26 \$500.00 shall be eligible to become a member of the retirement
27 system.

28 (2) After **【the effective date of P.L.2008, c.89】** November 1,
29 2008, a person who was a member of the retirement system on that
30 **【effective】** date and continuously thereafter shall be eligible to be a
31 member of the retirement system in employment, office or position,
32 for which the annual salary or remuneration is fixed at \$500 or
33 more.

34 (3) After the **【effective date of P.L.2008, c.89】** November 1,
35 2008 and before or on the effective date of P.L. , c. (pending
36 before the Legislature as this bill), a person who was not a member
37 of the retirement system on **【that effective date】** November 1, 2008,
38 or who was a member of the retirement system on that **【effective】**
39 date but not continuously thereafter, and who is in employment,
40 office or position, for which the annual salary or remuneration is
41 certified by the applicable public entity at \$7,500 or more, shall be
42 eligible to become a member of the retirement system. The \$7,500
43 minimum annual salary or remuneration amount shall be adjusted
44 annually by the Director of the Division of Pensions and Benefits,

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted March 22, 2010.

1 by regulation, in accordance with changes in the Consumer Price
2 Index but by no more than 4 percent. "Consumer Price Index"
3 means the average of the annual increase, expressed as a
4 percentage, in the consumer price index for all urban consumers in
5 the New York City and Philadelphia metropolitan statistical areas
6 during the preceding calendar year as reported by the United States
7 Department of Labor.

8 (4) After the effective date of P.L. , c. (pending before the
9 Legislature as this bill), no person in an employment, office or
10 position of the State, or an agency, board, commission, authority or
11 instrumentality of the State, for which the hours of work are fixed at
12 fewer than 35 per week shall be eligible to become a member of the
13 retirement system; and no person in employment, office or position
14 with a board of education or other education employer for which the
15 hours of work are fixed by a resolution of the board of education or
16 other education employer at fewer than 32 per week shall be
17 eligible to become a member of the retirement system. Any hour or
18 part thereof, during which the person does not work due to the
19 person's participation in a voluntary or mandatory furlough
20 program shall not be deducted in determining if a person's hours of
21 work are fixed at fewer than 35 or 32 per week, as appropriate, for
22 the purpose of eligibility.

23 (cf: P.L.2008, c.89, s.5)

24

25 2. N.J.S.18A:66-8 is amended to read as follows:

26 18A:66-8. a. If a teacher:

27 (1) is dismissed by an employer by reason of reduction in
28 number of teachers employed in the school district, institution or
29 department when in the judgment of the employer it is advisable to
30 abolish any office, position or employment for reasons of a
31 reduction in the number of pupils, economy, a change in the
32 administrative or supervisory organization or other good cause; or
33 becomes unemployed by reason of the creation of a regional school
34 district or a consolidated school district; or has been discontinued
35 from service without personal fault or through leave of absence
36 granted by an employer or permitted by any law of this State; and

37 (2) has not withdrawn the accumulated member's contributions
38 from the retirement system, the teacher's membership may continue,
39 notwithstanding any provisions of this article, if the member returns
40 to service within a period of 10 years from the date of
41 discontinuance from service. No credit for retirement purposes
42 shall be allowed to the member covering the period of
43 discontinuance, except as provided in this section. In computing
44 the service or in computing final compensation, no time after
45 September 1, 1919, during which a member shall have been
46 employed as a teacher at an annual salary or remuneration, or a
47 number of hours of work, fixed at less than that which is required
48 for membership pursuant to N.J.S.18A:66-4 as applicable to the

1 member shall be credited **【, except that in】** . In computing the
2 service or in computing final compensation, no time after the
3 effective date of P.L. , c. (pending before the Legislature as this
4 bill), during which a member shall have been employed as a teacher
5 for fewer than 32 hours per week shall be credited, unless the
6 member shall have been a member since that effective date
7 continuously. In the case of a veteran member credit shall be given
8 for service rendered prior to January 1, 1955, in an employment,
9 office or position if the annual salary or remuneration therefor was
10 fixed at not less than \$300.00 and the service consisted of the
11 performance of the full duties of the employment, office or position.

12 b. A teacher may purchase credit for time during which the
13 teacher shall have been absent on an official leave without pay. The
14 credit shall be purchased for a period of time equal to:

15 (1) three months or the duration of the leave, whichever is less;
16 or

17 (2) if the leave was due to the member's personal illness, two
18 years or the duration of the leave, whichever is less; or

19 (3) the period of leave that is specifically allowed for retirement
20 purposes by the provisions of any law of this State.

21 The purchase shall be made in the same manner and be subject to
22 the same terms and conditions provided for the purchase of previous
23 membership service by N.J.S.18A:66-9.

24 (cf: P.L.2008. c.89, s.6)

25

26 3. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
27 as follows:

28 7. There is hereby established the Public Employees'
29 Retirement System of New Jersey in the Division of Pensions and
30 Benefits of the Department of the Treasury. The membership of the
31 retirement system shall include:

32 a. The members of the former "State Employees' Retirement
33 System of New Jersey" enrolled as such as of December 30, 1954,
34 who shall not have claimed for refund their accumulated deductions
35 in said system as provided in this section;

36 b. Any person becoming an employee of the State or other
37 employer after January 2, 1955 and every veteran, other than a
38 retired member who returns to service pursuant to subsection b. of
39 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
40 whose appointments are seasonal, becoming an employee of the
41 State or other employer after such date, including a temporary
42 employee with at least one year's continuous service. The
43 membership of the retirement system shall not include those
44 persons appointed to serve as described in paragraphs (2) and (3) of
45 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
46 person who was a member of the retirement system prior to the
47 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-

1 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
2 C.43:15A-135) and continuously thereafter; and

3 c. Every employee veteran in the employ of the State or other
4 employer on January 2, 1955, who is not a member of any
5 retirement system supported wholly or partly by the State.

6 d. Membership in the retirement system shall be optional for
7 elected officials other than veterans, and for school crossing guards,
8 who having become eligible for benefits under other pension
9 systems are so employed on a part-time basis. Elected officials
10 commencing service on or after the effective date of sections 1
11 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
12 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
13 be eligible for membership in the retirement system based on
14 service in the elective public office, except that an elected official
15 enrolled in the retirement system as of that effective date who
16 continues to hold that elective public office without a break in
17 service shall be eligible to continue membership in the retirement
18 system under the terms and conditions of enrollment. Service in the
19 Legislature shall be considered a single elective public office. Any
20 part-time school crossing guard who is eligible for benefits under
21 any other pension system and who was hired as a part-time school
22 crossing guard prior to March 4, 1976, may at any time terminate
23 his membership in the retirement system by making an application
24 in writing to the board of trustees of the retirement system. Upon
25 receiving such application, the board of trustees shall terminate his
26 enrollment in the system and direct the employer to cease accepting
27 contributions from the member or deducting from the compensation
28 paid to the member. State employees who become members of any
29 other retirement system supported wholly or partly by the State as a
30 condition of employment shall not be eligible for membership in
31 this retirement system. Notwithstanding any other law to the
32 contrary, all other persons accepting employment in the service of
33 the State shall be required to enroll in the retirement system as a
34 condition of their employment, regardless of age.

35 (1) Before or on **【the effective date of P.L.2008, c.89】**
36 November 1, 2008, no person in employment, office or position, for
37 which the annual salary or remuneration is fixed at less than
38 \$1,500.00, shall be eligible to become a member of the retirement
39 system.

40 (2) After **【the effective date of P.L.2008, c.89】** November 1,
41 2008, a person who was a member of the retirement system on that
42 **【effective】** date and continuously thereafter shall be eligible to be a
43 member of the retirement system in employment, office or position,
44 for which the annual salary or remuneration is fixed at \$1,500 or
45 more.

46 (3) After **【the effective date of P.L.2008, c.89】** November 1,
47 2008 and before or on the effective date of P.L. , c. (pending
48 before the Legislature as this bill), a person who was not a member

1 of the retirement system on **that effective date** November 1, 2008,
2 or who was a member of the retirement system on that **effective**
3 date but not continuously thereafter, and who is in employment,
4 office or position, for which the annual salary or remuneration is
5 certified by the applicable public entity at \$7,500 or more, shall be
6 eligible to become a member of the retirement system. The \$7,500
7 minimum annual salary or remuneration amount shall be adjusted
8 annually by the Director of the Division of Pensions and Benefits,
9 by regulation, in accordance with changes in the Consumer Price
10 Index but by no more than 4 percent. "Consumer Price Index"
11 means the average of the annual increase, expressed as a
12 percentage, in the consumer price index for all urban consumers in
13 the New York City and Philadelphia metropolitan statistical areas
14 during the preceding calendar year as reported by the United States
15 Department of Labor.

16 (4) After the effective date of P.L. , c. (pending before the
17 Legislature as this bill), no person in an employment, office or
18 position of the State, or an agency, board, commission, authority or
19 instrumentality of the State, for which the hours of work are fixed at
20 fewer than 35 per week shall be eligible to become a member of the
21 retirement system; and no person in employment, office or position
22 with a political subdivision of the State, or an agency, board,
23 commission, authority or instrumentality of a political subdivision
24 of the State, for which the hours of work are fixed by an ordinance
25 or resolution of the political subdivision, or agency, board,
26 commission, authority or instrumentality thereof, at fewer than 32
27 per week shall be eligible to become a member of the retirement
28 system. Any hour or part thereof, during which the person does not
29 work due to the person's participation in a voluntary or mandatory
30 furlough program shall not be deducted in determining if a person's
31 hours of work are fixed at fewer than 35 or 32 per week, as
32 appropriate, for the purpose of eligibility.

33 e. Membership of any person in the retirement system shall
34 cease if he shall discontinue his service for more than two
35 consecutive years.

36 f. The accumulated deductions of the members of the former
37 "State Employees' Retirement System" which have been set aside in
38 a trust fund designated as Fund A as provided in section 5 of this
39 act and which have not been claimed for refund prior to February 1,
40 1955 shall be transferred from said Fund A to the Annuity Savings
41 Fund of the Retirement System, provided for in section 25 of this
42 act. Each member whose accumulated deductions are so transferred
43 shall receive the same prior service credit, pension credit, and
44 membership credit in the retirement system as he previously had in
45 the former "State Employees' Retirement System" and shall have
46 such accumulated deductions credited to his individual account in
47 the Annuity Savings Fund. Any outstanding obligations of such
48 member shall be continued.

1 g. Any school crossing guard electing to terminate his
2 membership in the retirement system pursuant to subsection d. of
3 this section shall, upon his request, receive a refund of his
4 accumulated deductions as of the date of his appointment to the
5 position of school crossing guard. Such refund of contributions
6 shall serve as a waiver of all benefits payable to the employee, to
7 his dependent or dependents, or to any of his beneficiaries under the
8 retirement system.

9 h. A temporary employee who is employed under the federal
10 Workforce Investment Act shall not be eligible for membership in
11 the system. Membership for temporary employees employed under
12 the federal Job Training Partnership Act, Pub.L.97-300 (29
13 U.S.C.s.1501) who are in the system on September 19, 1986 shall
14 be terminated, and affected employees shall receive a refund of
15 their accumulated deductions as of the date of commencement of
16 employment in a federal Job Training Partnership Act program.
17 Such refund of contributions shall serve as a waiver of all benefits
18 payable to the employee, to his dependent or dependents, or to any
19 of his beneficiaries under the retirement system.

20 i. Membership in the retirement system shall be optional for a
21 special service employee who is employed under the federal Older
22 American Community Service Employment Act, Pub.L.94-135 (42
23 U.S.C.s.3056). Any special service employee employed under the
24 federal Older American Community Service Employment Act,
25 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
26 the effective date of P.L.1996, c.139 may terminate membership in
27 the retirement system by making an application in writing to the
28 board of trustees of the retirement system. Upon receiving the
29 application, the board shall terminate enrollment in the system and
30 the member shall receive a refund of accumulated deductions as of
31 the date of commencement of employment in a federal Older
32 American Community Service Employment Act program. This
33 refund of contributions shall serve as a waiver of all benefits
34 payable to the employee, to any dependent or dependents, or to any
35 beneficiary under the retirement system.

36 j. An employee of the South Jersey Port Corporation who was
37 employed by the South Jersey Port Corporation as of the effective
38 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
39 employed within 365 days of such effective date by a subsidiary
40 corporation or other corporation, which has been established by the
41 Delaware River Port Authority pursuant to subdivision (m) of
42 Article I of the compact creating the Delaware River Port Authority
43 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
44 146), shall be eligible to continue membership while an employee
45 of such subsidiary or other corporation.
46 (cf: P.L.2008, c.89, s.7)

1 4. Section 39 of P.L.1954, c.84 (C.43:15A-39) is amended to
2 read as follows:

3 39. In computing for retirement purposes the total service of a
4 member about to be retired, the retirement system shall credit the
5 member with the time of all service rendered by the member since
6 that member's last enrollment, and in addition with all the service to
7 which the member is entitled and with no other service. Except as
8 otherwise provided in this act, this service credit shall be final and
9 conclusive for retirement purposes unless the member shall
10 discontinue service for more than two consecutive years. In the case
11 of a member for whom compensation is defined in paragraph (2) of
12 subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the
13 retirement system shall credit the member with the time of all
14 service rendered by the member during the part of any year that the
15 member was a participant of the Defined Contribution Retirement
16 Program, pursuant to paragraph (5) of subsection a. of section 2 of
17 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,
18 c.103, and making contributions to that program.

19 For the purpose of computing service for retirement purposes,
20 the board shall fix and determine by appropriate rules and
21 regulations how much service in any year shall equal a year of
22 service and a part of a year of service. Not more than one year shall
23 be credited for all service in a calendar year. A member may
24 purchase credit for time during which the member shall have been
25 absent on an official leave without pay. The credit shall be
26 purchased for a period of time equal to:

27 (1) three months or the duration of the leave, whichever is less;
28 or

29 (2) if the leave was due to the member's personal illness, two
30 years or the duration of the leave, whichever is less; or

31 (3) the period of leave that is specifically allowed for retirement
32 purposes by the provisions of any law of this State.

33 The purchase shall be made in the same manner and be subject to
34 the same terms and conditions provided for the purchase of previous
35 membership service credit by section 8 of P.L.1954, c.84
36 (C.43:15A-8). In computing the service or in computing final
37 compensation, no time during which a member was in employment,
38 office, or position for which the annual salary or remuneration was
39 fixed at less than \$500.00 in the case of service rendered prior to
40 November 6, 1986, or for which the annual salary or remuneration,
41 or the number of hours of work, is fixed at less than that which was
42 required for membership pursuant to section 7 of P.L.1954, c.84
43 (C.43:15A-7) as applicable to the member in the case of service
44 rendered on or after that date, shall be credited~~], except that in~~ .
45 In computing the service or in computing final compensation, no
46 time during which a member was in employment, office, or position
47 for which the hours of work were fewer per week than those
48 required for membership pursuant to subsection d. of section 7 of

1 P.L.1954, c.84 (C.43:15A-7) after the effective date of
2 P.L. , c. (pending before the Legislature as this bill) shall be
3 credited, unless the member shall have been a member since that
4 effective date continuously. In the case of a veteran member credit
5 shall be given for service rendered prior to January 2, 1955, in an
6 employment, office or position if the annual salary or remuneration
7 therefor was fixed at not less than \$300.00 and such service
8 consisted of the performance of the full duties of the employment,
9 office or position.
10 (cf: P.L.2008, c.89, s.8)

11
12 5. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to
13 read as follows:

14 65. (a) All employees of any public agency or organization of
15 this State, which employs persons engaged in service to the public,
16 shall be eligible to participate in the Public Employees' Retirement
17 System; provided the employer consents thereto by resolution and
18 files a certified copy of such resolution with the board of trustees of
19 the Public Employees' Retirement System and the board of trustees
20 approves thereof by resolution. Such organization shall be referred
21 to in this act as the employer. If the participation of such
22 employees is so approved then the employer shall contribute to the
23 contingent reserve fund on account of its members at the same rate
24 per centum as would be paid by employers other than the State.

25 (b) Notwithstanding the provisions of subsection (a) of this
26 section, every person becoming an employee of a public agency or
27 organization of this State, which employs persons engaged in
28 service to the public, after June 30, 1966, who is not eligible to
29 become a member of any other retirement system, shall be required
30 to participate in the Public Employees' Retirement System.
31 Notwithstanding the provisions of subsection (a) of this section,
32 membership in the Public Employees' Retirement System shall be
33 optional with any person in the employ of any such public agency
34 or organization on June 30, 1966, provided such person is not
35 required to be a member pursuant to another provision of this act,
36 and provided further that such person is not eligible to be a member
37 of any other retirement system. The provisions of this subsection
38 shall not apply to any person whose position is temporary or
39 seasonal, nor to any person in office, position or employment for
40 which the annual salary or remuneration, or the number of hours or
41 work, is fixed at less than that which is required for membership
42 pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable
43 to the member, nor to any person whose position is not covered by
44 the old-age and survivors' insurance provisions of the federal Social
45 Security Act. After the effective date of P.L. , c. (pending
46 before the Legislature as this bill), the provisions of this subsection
47 shall not apply to any person in office, position or employment for
48 which the hours of work are fewer per week than those required for

1 membership pursuant to subsection d. of section 7 of P.L.1954, c.84
2 (C.43:15A-7), unless the person shall have been a member since
3 that effective date continuously. The public agency or organization
4 employing any such person who becomes a member of the
5 retirement system pursuant to this subsection shall contribute to the
6 contingent reserve fund on account of such employees at the same
7 rate per centum as would be paid by employers other than the State.
8 (cf: P.L.2008, c.89, s.9)

9
10 6. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to
11 read as follows:

12 75. (a) If this act is so adopted it shall become effective in the
13 county or municipality adopting it on June 30 of the following year.
14 Membership in the Public Employees' Retirement System shall be
15 optional with the employees of the county, board of education or
16 municipality in the service on the day the act becomes effective or
17 on June 30, 1966, whichever is earlier, in such county, board of
18 education or municipality except in the case of public employee
19 veterans who on such date are members. An employee who elects
20 to become a member within one year after this act so takes effect
21 shall be entitled to prior service covering service rendered to the
22 county, board of education or municipality prior to July 1, 1966 or
23 prior to the date this act so becomes effective, whichever is earlier.
24 Membership shall be compulsory for all employees entering the
25 service of the county, board of education or municipality on July 1,
26 1966 or after the date this act becomes effective, whichever is
27 earlier. Where any such employee entering the service of the
28 county, board of education or municipality after the date this act so
29 becomes effective has had prior service for which evidence
30 satisfactory to the retirement system is presented, as an employee in
31 such county, board of education or municipality before the date
32 upon which this act so becomes effective, or July 1, 1966,
33 whichever is earlier, such employee shall be entitled to prior service
34 covering service rendered to the county, board of education or
35 municipality prior to the date this act so becomes effective, or July
36 1, 1966, whichever is earlier.

37 (b) Notwithstanding the provisions of section 74 of this act and
38 subsection (a) of this section, every person, other than a non-veteran
39 elected official, becoming an employee of a county, board of
40 education, municipality or school district after June 30, 1966, who
41 is not eligible to become a member of another retirement system,
42 shall be required to become a member of the Public Employees'
43 Retirement System. Notwithstanding the provisions of section 74
44 of this act and subsection (a) of this section, membership in the
45 retirement system shall be optional with any elected official who is
46 not a veteran, regardless of the date he assumes office, and with any
47 other person in the employ of any county, board of education,
48 municipality or school district on June 30, 1966, provided such

1 elected official or other person is not then a member and is not
2 required to be a member of the retirement system pursuant to
3 another provision of this act, and provided further that such person
4 is not eligible to be a member of another retirement system.
5 Elected officials commencing service on or after the effective date
6 of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through
7 C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-
8 135) shall not be eligible for membership in the retirement system
9 based on service in the elective public office, except that an elected
10 official enrolled in the retirement system as of that effective date
11 who continues to hold that elective public office without a break in
12 service shall be eligible to continue membership in the retirement
13 system under the terms and conditions of enrollment.

14 The provisions of this subsection shall not apply to any person
15 whose position is temporary or seasonal, nor to any person in
16 office, position or employment for which the annual salary or
17 remuneration, or the number of hours of work, is fixed at less than
18 that which is required for membership pursuant to section 7 of
19 P.L.1954, c.84 (C.43:15A-7) as applicable to the member, nor to
20 any person whose position is not covered by the old age and
21 survivors' insurance provisions of the federal Social Security Act.
22 After the effective date of P.L. _____, c. _____ (pending before the
23 Legislature as this bill), the provisions of this subsection shall not
24 apply to any person in office, position or employment for which the
25 hours of work are fewer per week than those required for
26 membership pursuant to subsection d. of section 7 of P.L.1954, c.84
27 (C.43:15A-7), unless the person shall have been a member since
28 that effective date continuously. No credit shall be allowed to any
29 person becoming a member of the retirement system pursuant to
30 this subsection for service rendered to the employer prior to July 1,
31 1966, until the provisions of section 74 of this act have been
32 complied with, in which event such credit shall be allowed in
33 accordance with the provisions of subsection (a) of this section;
34 except that the governing body of any county, board of education or
35 municipality may, by resolution, consent to the allowance of such
36 credit and file a certified copy of such resolution with the board of
37 trustees of the Public Employees' Retirement System.
38 (cf: P.L.2008, c.89, s.10)

39

40 7. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read
41 as follows:

42 2. a. The following persons shall be eligible and shall
43 participate in the Defined Contribution Retirement Program:

44 (1) A person who commences service on or after the effective
45 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an
46 elective public office of this State or of a political subdivision
47 thereof, except that it shall not include a person who holds elective
48 public office on the effective date of this section and is enrolled in

1 the Public Employees' Retirement System while that person
2 continues to hold that elective public office without a break in
3 service. Service in the Legislature shall be considered a single
4 elective public office.

5 (2) A person who commences service on or after the effective
6 date of this section in an employment, office or position of the State
7 or of a political subdivision thereof, or an agency, board,
8 commission, authority or instrumentality of the State or of a
9 subdivision, pursuant to an appointment by the Governor that
10 requires the advice and consent of the Senate, or pursuant to an
11 appointment by the Governor to serve at the pleasure of the
12 Governor only during his or her term of office. This paragraph shall
13 not be deemed to include a person otherwise eligible for
14 membership in the State Police Retirement System or the Judicial
15 Retirement System.

16 (3) A person who commences service on or after the effective
17 date of this section in an employment, office or position in a
18 political subdivision of the State, or an agency, board, commission,
19 authority or instrumentality of a subdivision, pursuant to an
20 appointment by an elected public official or elected governing
21 body, that requires the specific consent or approval of the elected
22 governing body of the political subdivision that is substantially
23 similar in nature to the advice and consent of the Senate for
24 appointments by the Governor of the State as that similarity is
25 determined by the elected governing body and set forth in an
26 adopted ordinance or resolution, pursuant to guidelines or policy
27 that shall be established by the Local Finance Board in the
28 Department of Community Affairs or the Department of Education,
29 as appropriate to the elected governing body. This paragraph shall
30 not be deemed to include a person otherwise eligible for
31 membership in the Teachers' Pension and Annuity Fund or the
32 Police and Firemen's Retirement System, or a person who is
33 employed or appointed in the regular or normal course of
34 employment or appointment procedures and consented to or
35 approved in a general or routine manner appropriate for and
36 followed by the political subdivision, or the agency, board,
37 commission, authority or instrumentality of a subdivision, or a
38 person who holds a professional license or certificate to perform
39 and is performing as a certified health officer, tax assessor, tax
40 collector, municipal planner, chief financial officer, registered
41 municipal clerk, construction code official, licensed uniform
42 subcode inspector, qualified purchasing agent, or certified public
43 works manager.

44 (4) A person who is granted a pension or retirement allowance
45 under any pension fund or retirement system established under the
46 laws of this State and elects to participate pursuant to section 1 of
47 P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

1 (5) A member of the Teachers' Pension and Annuity Fund,
2 Police and Firemen's Retirement System, State Police Retirement
3 System, or the Public Employees' Retirement System for whom
4 compensation is defined as the amount of base or contractual salary
5 equivalent to the annual maximum wage contribution base for
6 Social Security, pursuant to the Federal Insurance Contributions
7 Act, for contribution and benefit purposes **[in either]** of those
8 retirement systems, for whom participation in this retirement
9 program shall be with regard to any excess over the maximum
10 compensation only.

11 (6) A person in employment, office or position for which the
12 annual salary or remuneration is less, or the hours of work per week
13 are fewer, than that which is required to become a member of the
14 Teachers' Pension and Annuity Fund or the Public Employees'
15 Retirement System, or to make contributions to those systems as a
16 member on the basis of any such employment, office or position,
17 after **[the effective date of P.L.2008, c.89]** November 1, 2008.

18 ¹**[(7) A person electing to participate pursuant to section 30**
19 **of P.L. , c. (C.)(pending before the Legislature as this bill).]**¹

20 b. No person shall be eligible to participate in the retirement
21 program with respect to any public employment, office, or position
22 if:

23 (1) the base salary for that employment, office, or position is
24 less than **[\$1,500]** \$5,000 per year;

25 (2) the person is, on the basis of service in that employment,
26 office, or position, eligible for membership or enrolled as a member
27 of another State or locally-administered pension fund or retirement
28 system established under the laws of this State including the
29 Alternate Benefit Program, except as otherwise specifically
30 provided in subsection a. of this section;

31 (3) the person is receiving a benefit as a retiree from any other
32 State or locally-administered pension fund or retirement system
33 established under the laws of this State, except as provided in
34 section 1 of P.L.1977, c.171 (C.43:3C-3); or

35 (4) the person is an officer or employee of a political
36 subdivision of this State or of a board of education, or of any
37 agency, authority or instrumentality thereof, who is ineligible for
38 membership in the Public Employees' Retirement System pursuant
39 to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

40 c. **[A person eligible and required to participate in the**
41 **retirement program whose base salary is less than \$5,000 may at the**
42 **commencement of service in an employment, office or position**
43 **irrevocably elect to waive participation with regard to that**
44 **employment, office, or position by filing, at the time and on a form**
45 **required by the division, a written waiver with the Division of**
46 **Pensions and Benefits that waives all rights and benefits that would**
47 **otherwise be provided by the retirement program.]**

1 A person eligible and required to participate in the retirement
2 program pursuant to paragraph (5) of subsection a. of this section
3 may elect to waive participation with regard to that employment,
4 office, or position by filing, when first eligible, on a form required
5 by the division, a written waiver with the Division of Pensions and
6 Benefits that waives all rights and benefits that would otherwise be
7 provided by the retirement program. Such a person may thereafter
8 elect to participate in the retirement program by filing, on a form
9 required by the division, a written election to participate in the
10 retirement program and participation in the retirement program
11 pursuant to such election shall commence on the January 1 next
12 following the filing of the election to participate.

13 d. Service credited to a participant in the Defined Contribution
14 Retirement Program shall not be recognized as service credit to
15 determine eligibility for employer-paid health care benefits in
16 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),
17 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or
18 any other law, rule or regulation.
19 (cf: P.L.2008, c.89, s.11)

20

21 8. N.J.S.18A:66-36 is amended to read as follows:

22 18A:66-36. Should a member of the Teachers' Pension and
23 Annuity Fund, after having completed 10 years of service, be
24 separated voluntarily or involuntarily from the service, before
25 reaching service retirement age, and not by removal for conduct
26 unbecoming a teacher or other just cause under the provisions of
27 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,
28 such person may elect to receive, in lieu of the payment provided in
29 N.J.S.18A:66-34:

30 a. The payments provided for in N.J.S.18A:66-37, if he so
31 qualified under said section; or

32 b. A deferred retirement allowance beginning at age 60, or for
33 a person who becomes a member of the retirement system on or
34 after the effective date of P.L.2008, c.89 beginning at age 62, which
35 shall be made up of an annuity derived from the member's
36 accumulated deductions at the time of his severance from the
37 service, and a pension in the amount which, when added to the
38 member's annuity, will provide a total retirement allowance of 1/64
39 of **[his]** final compensation for each year of service credited as
40 Class A service and 1/55 of **[his]** final compensation for each year
41 of service credited as class B service, or for a person who becomes
42 a member of the retirement system on or after the effective date of
43 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
44 compensation for each year of service credited as class B service,
45 calculated in accordance with N.J.S.18A:66-44, with optional
46 privileges provided for in N.J.S.18A:66-47 if he exercises such
47 optional privilege at least 30 days before his attainment of the
48 normal retirement age; provided, that such election is

1 communicated by such member to the retirement system in writing
2 stating at what time subsequent to the execution and filing thereof
3 he desires to be retired; and provided, further, that such member
4 may later elect: (1) to receive the payments provided for in
5 N.J.S.18A:66-37, if he had qualified under that section at the time
6 of leaving service, except that in order to avail himself of the
7 optional privileges pursuant to N.J.S.18A:66-47, he must exercise
8 such optional privilege at least 30 days before the effective date of
9 his retirement; or (2) to withdraw his accumulated deductions with
10 interest as provided in N.J.S.18A:66-34. If such member shall die
11 before attaining service retirement age, then his accumulated
12 deductions, plus regular interest after January 1, 1956, shall be paid
13 in accordance with N.J.S.18A:66-38, and, in addition if such
14 member shall die after attaining service retirement age and has not
15 withdrawn his accumulated deductions, an amount equal to 3/16 of
16 the compensation upon which contributions by the member to the
17 annuity savings fund were based in the last year of creditable
18 service shall be paid to such member's beneficiary.

19 Any member who, having elected to receive a deferred
20 retirement allowance, again becomes an employee covered by the
21 retirement system while under the age of 60 or, if that person
22 became a member of the retirement system on or after the effective
23 date of P.L.2008, c.89, while under the age of 62, shall thereupon
24 be reenrolled. If he had discontinued his service for more than two
25 consecutive years, subsequent contributions shall be at a rate
26 applicable to the age resulting from the subtraction of his years of
27 creditable service at the time of his last discontinuance of
28 contributing membership from his age at the time of his return to
29 service. He shall be credited with all service as a member standing
30 to his credit at the time of his election to receive a deferred
31 retirement allowance.

32 (cf: P.L.2008, c.89, s.19)

33

34 9. N.J.S.18A:66-37 is amended to read as follows:

35 18A:66-37. Should a member resign after having established 25
36 years of creditable service before reaching age 60, or before
37 reaching the age of 62 if the person became a member of the
38 retirement system on or after the effective date of P.L.2008, c.89,
39 the member may elect "early retirement," provided, that such
40 election is communicated by such member to the retirement system
41 by filing a written application, duly attested, stating at what time
42 subsequent to the execution and filing thereof the member desires to
43 be retired. The member shall receive, in lieu of the payment
44 provided in N.J.S.18A:66-34, an annuity which is the actuarial
45 equivalent of the member's accumulated deductions and a pension
46 in the amount which, when added to the member's annuity, will
47 provide a total retirement allowance of 1/64 of the member's final
48 compensation for each year of service credited as class A service

1 and 1/55 of the member's final compensation for each year of
2 service credited as class B service, or for a person who becomes a
3 member of the retirement system on or after the effective date of
4 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
5 compensation for each year of service credited as class B service,
6 calculated in accordance with N.J.S.18A:66-44, reduced:

7 (a) by 1/4 of 1% for each month that the member lacks of being
8 age 55; or

9 (b) for a person who becomes a member of the retirement
10 system on or after July 1, 2007, by 1/4 of 1% for each month that
11 the member lacks of being age 55 and by 1/12 of 1% for each
12 month that the member lacks of being age 60 but over age 55; or

13 (c) for a person who becomes a member of the retirement
14 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
15 for each month that the member lacks of being age 55 and by 1/12
16 of 1% for each month that the member lacks of being age 62 but
17 over age 55; provided, however, that upon the receipt of proper
18 proofs of the death of such a member there shall be paid to the
19 member's beneficiary an amount equal to 3/16 of the compensation
20 upon which contributions by the member to the annuity savings
21 fund were based in the last year of creditable service or in the year
22 of the member's highest contractual salary, whichever is higher.

23 Subparagraph (b) or (c) of this section shall not apply to a person
24 who at the time of enrollment in the retirement system on or after
25 July 1, 2007 transfers service credit from another State-
26 administered retirement system pursuant to N.J.S.18A:66-15.1, but
27 shall apply to a former member of the retirement system who has
28 been granted a retirement allowance and is reenrolled in the
29 retirement system on or after July 1, 2007 pursuant to
30 N.J.S.18A:66-53.2 after becoming employed again in a position that
31 makes the person eligible to be a member of the retirement system.

32 The board of trustees shall retire the member at the time
33 specified or at such other time within one month after the date so
34 specified as the board finds advisable.

35 (cf: P.L.2008, c.89, s.20)

36
37 10. N.J.S.18A:66-44 is amended to read as follows:

38 18A:66-44. A member, upon retirement for service, shall receive
39 a retirement allowance consisting of:

40 (a) an annuity which shall be the actuarial equivalent of his
41 accumulated deductions, together with interest after January 1,
42 1956, less any excess contributions as provided in N.J.S.18A:66-20;
43 and

44 (b) a pension in the amount which, when added to the member's
45 annuity, will provide a total retirement allowance of 1/64 of **【his】**
46 final compensation for each year of service credited as class A
47 service and 1/55 of **【his】** final compensation for each year of
48 service credited as class B service, or for a person who becomes a

1 member of the retirement system on or after the effective date of
2 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
3 compensation for each year of service credited as class B service.

4 Upon the receipt of proper proofs of the death of a member who
5 has retired on a service retirement allowance, there shall be paid to
6 the member's beneficiary, an amount equal to 3/16 of the
7 compensation upon which contributions by the member to the
8 annuity savings fund were based in the last year of creditable
9 service or in the year of the member's highest contractual salary,
10 whichever is higher.

11 (cf: P.L.2001, c.133, s.6)

12

13 11. Section 38 of P.L.1954, c.84 (C.43:15A-38) is amended to
14 read as follows:

15 38. Should a member of the Public Employees' Retirement
16 System, after having completed 10 years of service, be separated
17 voluntarily or involuntarily from the service, before reaching
18 service retirement age, and not by removal for cause on charges of
19 misconduct or delinquency, such person may elect to receive:

20 (a) The payments provided for in section 41b. of this act, if he
21 so qualifies under said section, or;

22 (b) A deferred retirement allowance, beginning at the retirement
23 age, which shall be made up of an annuity derived from the
24 accumulated deductions standing to the credit of the individual
25 member's account in the annuity savings fund at the time of his
26 severance from the service together with regular interest, and a
27 pension which when added to the annuity will produce a total
28 retirement allowance of 1/64 of **[his]** final compensation for each
29 year of service credited as Class A service and 1/55 of **[his]** final
30 compensation for each year of service credited as Class B service,
31 or for a person who becomes a member of the retirement system on
32 or after the effective date of P.L. , c. (pending before the
33 Legislature as this bill) 1/60 of final compensation for each year of
34 service credited as Class B service, calculated in accordance with
35 section 48 of this act, with optional privileges provided for in
36 section 50 of this act if he exercises such optional privilege at least
37 30 days before his attainment of the normal retirement age;
38 provided, that such election is communicated by such member to
39 the retirement system in writing stating at what time subsequent to
40 the execution and filing thereof he desires to be retired; and
41 provided further, that such member, as referred to in this subsection
42 may later elect: (1) to receive the payments provided for in section
43 41b. of this act, if he had qualified under that section at the time of
44 leaving service, except that in order to avail himself of the optional
45 privileges pursuant to section 50, he must exercise such optional
46 privilege at least 30 days before the effective date of his retirement;
47 or (2) to withdraw his accumulated deductions with interest as
48 provided in section 41a. If such member shall die before attaining

1 service retirement age then his accumulated deductions, plus regular
2 interest, shall be paid in accordance with section 41c.; or if such
3 member shall die after attaining service retirement age and has not
4 withdrawn his accumulated deductions, an amount equal to 3/16 of
5 the compensation received by the member in the last year of
6 creditable service shall be paid to such person, if living, as he shall
7 have nominated by written designation duly executed and filed with
8 the retirement system; otherwise to the executor or administrator of
9 the member's estate.

10 (cf: P.L.2001, c.133, s.11)

11
12 12. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to
13 read as follows:

14 41. a. A member who withdraws from service or ceases to be an
15 employee for any cause other than death or retirement shall, upon
16 the filing of an application therefor, receive all of his accumulated
17 deductions standing to the credit of his individual account in the
18 annuity savings fund, plus regular interest, less any outstanding
19 loan, except that for any period after June 30, 1944, the interest
20 payable shall be such proportion of the interest determined at the
21 regular rate of 2% per annum bears to the regular rate of interest,
22 and except that no interest shall be payable in the case of a member
23 who has less than three years of membership credit for which he has
24 made contributions. He shall cease to be a member two years from
25 the date he discontinued service as an eligible employee, or, if prior
26 thereto, upon payment to him of his accumulated deductions. If any
27 such person or member shall die before withdrawing or before
28 endorsing the check constituting the return of his accumulated
29 deductions, such deductions shall be paid to the member's
30 beneficiary. No member shall be entitled to withdraw the amounts
31 contributed by his employer covering his military leave unless he
32 shall have returned to the payroll and contributed to the retirement
33 system for a period of 90 days.

34 b. Should a member resign after having established 25 years of
35 creditable service before reaching age 60, or before reaching age 62
36 if the person became a member of the retirement system on or after
37 the effective date of P.L.2008, c.89, he may elect "early retirement,"
38 provided, that such election is communicated by such member to
39 the retirement system by filing a written application, duly attested,
40 stating at what time subsequent to the execution and filing thereof
41 he desires to be retired. He shall receive, in lieu of the payment
42 provided in subsection a. of this section, an annuity which is the
43 actuarial equivalent of his accumulated deductions together with
44 regular interest, and a pension in the amount which, when added to
45 the member's annuity, will provide a total retirement allowance of
46 1/64 of **his** final compensation for each year of service credited
47 as Class A service and 1/55 of **his** final compensation for each
48 year of service credited as Class B service, or for a person who

1 becomes a member of the retirement system on or after the effective
2 date of P.L. _____, c. (pending before the Legislature as this bill) 1/60
3 of final compensation for each year of service credited as Class B
4 service, calculated in accordance with section 48 (C.43:15A-48) of
5 this act, reduced:

6 (a) by 1/4 of 1% for each month that the member lacks of being
7 age 55; or

8 (b) for a person who becomes a member of the retirement
9 system on or after July 1, 2007, by 1/4 of 1% for each month that
10 the member lacks of being age 55 and by 1/12 of 1% for each
11 month that the member lacks of being age 60 but over age 55; or

12 (c) for a person who becomes a member of the retirement
13 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
14 for each month that the member lacks of being age 55 and by 1/12
15 of 1% for each month that the member lacks of being age 62 but
16 over age 55; provided, however, that upon the receipt of proper
17 proofs of the death of such a member there shall be paid to his
18 beneficiary an amount equal to three-sixteenths of the compensation
19 upon which contributions by the member to the annuity savings
20 fund were based in the last year of creditable service.

21 Paragraph (b) or (c) of this subsection shall not apply to a person
22 who at the time of enrollment in the retirement system on or after
23 July 1, 2007 transfers service credit from another State-
24 administered retirement system pursuant to section 14 of P.L.1954,
25 c.84 (C.43:15A-14), but shall apply to a former member of the
26 retirement system who has been granted a retirement allowance and
27 is reenrolled in the retirement system on or after July 1, 2007
28 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after
29 becoming employed again in a position that makes the person
30 eligible to be a member of the retirement system.

31 The board of trustees shall retire him at the time specified or at
32 such other time within one month after the date so specified as the
33 board finds advisable.

34 c. Upon the receipt of proper proofs of the death of a member
35 in service on account of which no accidental death benefit is
36 payable under section 49 there shall be paid to such member's
37 beneficiary:

38 (1) The member's accumulated deductions at the time of death
39 together with regular interest; and

40 (2) An amount equal to one and one-half times the
41 compensation upon which contributions by the member to the
42 annuity savings fund were based in the last year of creditable
43 service.

44 (cf: P.L.2008, c.89, s.23)

45

46 13. Section 48 of P.L.1954, c.84 (C.43:15A-48) is amended to
47 read as follows:

1 48. A member, upon retirement for service, shall receive a
2 retirement allowance consisting of:

3 a. An annuity which shall be the actuarial equivalent of his
4 accumulated deductions together with regular interest; and

5 b. A pension in the amount which, when added to the member's
6 annuity, will provide a total retirement allowance of 1/64 of **[his]**
7 final compensation for each year of service credited as Class A
8 service and 1/55 of **[his]** final compensation for each year of
9 service credited as Class B service, or for a person who becomes a
10 member of the retirement system on or after the effective date of
11 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
12 compensation for each year of service credited as Class B service.

13 c. Upon the receipt of proper proofs of the death of a member
14 who has retired on a service retirement allowance, there shall be
15 paid to the member's beneficiary, an amount equal to 3/16 of the
16 compensation upon which contributions by the member to the
17 annuity savings fund were based in the last year of creditable
18 service.

19 (cf: P.L.2001, c.133, s.13)

20

21 14. Section 7 of P.L.2007, c.92 (C.43:15C-7) is amended to read
22 as follows:

23 7. The benefit under a group contract or contracts providing
24 life insurance shall be in an amount equal to one and one-half the
25 base annual salary of the participant in the retirement program,
26 except that in the event of death after retirement, the amount
27 payable shall equal 3/16 of the participant's base annual salary.
28 "Base annual salary" means the base salary upon which
29 contributions by the participant and the participant's employer to the
30 retirement program were based during the last year of creditable
31 service.

32 For purposes of this section, a participant shall be deemed to be
33 in service and covered by the group life insurance for a period of
34 official leave of absence without pay when such leave is due to
35 illness or any reason other than illness, with such period to be
36 determined by the Division of Pensions and Benefits, if satisfactory
37 evidence is presented to the division of such official leave of
38 absence. A participant shall be deemed to be on an official leave of
39 absence only if the leave is formally approved by the employer
40 prior to the time the leave commenced and timely notice is filed by
41 the employer with the division. If timely notice is not filed, the
42 employer shall be responsible for the payment of any benefits
43 pursuant to this section if the participant was otherwise eligible for
44 such benefits.

45 In the event of the death of a participant in active service in the
46 first year of participation as a result of an accident met in the actual
47 performance of duty at some definite time and place, the death

1 benefit payable pursuant to this section shall be computed at the
2 annual rate of base salary.

3 No beneficiary of a retired participant shall be entitled to receive
4 the death benefits payable in the event of death after retirement
5 pursuant to this section unless the participant either: had at least 25
6 years of credited participation in the retirement program established
7 pursuant to this act; or had at least 10 years of such credited
8 participation and had attained 60 years of age and was an actively
9 employed participant in the program in the year immediately
10 preceding initial receipt of a retirement annuity. For a member who
11 is a participant pursuant to paragraph (5) of subsection a. of section
12 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of
13 P.L.2007, c.103 and section 7 of P.L. , c. (pending before the
14 Legislature as this bill), service credit in the Teachers' Pension and
15 Annuity Fund, Police and Firemen's Retirement System, State
16 Police Retirement System, or the Public Employees' Retirement
17 System shall also be considered in determining if the participant
18 met the requirements of this paragraph.

19 (cf: P.L.2007, c.103, s.13)

20

21 15. Section 11 of P.L.2007, c.92 (C.43:15C-11) is amended to
22 read as follows:

23 11. Any person entitled to become a participant in the retirement
24 program shall not be allowed any of the group life insurance and
25 disability benefits if on the date of filing an application for
26 participation the person is 60 or more years of age, or if the person
27 makes application for participation in the retirement program
28 beyond the year after first becoming eligible for participation,
29 regardless of age, unless the participant furnishes satisfactory
30 evidence of insurability and on the effective date of participation is
31 actively at work and performing all regular duties at the customary
32 place of employment.

33 The effective date of coverage for such benefits shall be the first
34 day of the month which immediately follows the date when such
35 evidence is determined to be satisfactory.

36 Such evidence of insurability shall not be required of any person
37 enrolling in the retirement program upon transfer from another
38 State-administered retirement system, if such retirement system
39 provided a benefit of a similar nature and the transferring person
40 was covered by such a benefit at the time of the transfer. If such
41 transferring person was not covered by such a benefit at the time of
42 the transfer, the person may be allowed the benefit under the group
43 policy or policies; however, any such person shall furnish
44 satisfactory evidence of insurability if he had been unable or failed
45 to give such evidence as a member of the retirement system from
46 which the person transferred. Such evidence of insurability shall not
47 be required of any member of the Teachers' Pension and Annuity
48 Fund, Police and Firemen's Retirement System, State Police

1 Retirement System, or the Public Employees' Retirement System
2 who is enrolling in the retirement program pursuant to paragraph
3 (5) of subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
4 amended by section 12 of P.L.2007, c.103 and section 7 of P.L. . . .,
5 c. (pending before the Legislature as this bill), if such retirement
6 system provides a benefit of a similar nature and the participant is
7 covered by such a benefit at the time of enrollment in the program.

8 Any person who must furnish satisfactory evidence of
9 insurability under the provisions of this section and who ceases to
10 be a participant in the retirement program without such evidence
11 having been given shall continue to be subject to the same
12 requirement if the person subsequently becomes a participant.
13 (cf: P.L.2007, c.103, s.14)

14

15 16. Section 13 of P.L.2007, c.92 (C.43:15C-13) is amended to
16 read as follows:

17 13. The disability benefit coverage provided under a group
18 policy or policies shall provide a monthly income if the participant
19 becomes totally disabled from occupational or nonoccupational
20 causes for a period of at least six consecutive months following the
21 effective date of the coverage. The monthly disability benefit may
22 be paid by the insurance company so long as the participant remains
23 disabled up to the seventieth birthday, provided the disability
24 commenced prior to the sixtieth birthday. The benefit shall
25 terminate when the participant is no longer considered totally
26 disabled or begins to receive retirement benefits.

27 The participant shall be considered totally disabled if the
28 participant is unable to perform each duty of the participant's
29 occupation and is under the regular care of a physician. After the 24
30 months following the commencement of such disability benefit
31 payments, the participant shall be unable to engage in any gainful
32 occupation for which the participant is reasonably fitted by
33 education, training or experience. Total disability shall not be
34 considered to exist if the participant is gainfully employed.
35 Following an agreement with the insurance company and the
36 policyholder, the participant may continue to receive disability
37 benefits for a limited time while performing some type of work.
38 During the period of rehabilitation, the monthly benefit shall be the
39 regular payment less 80% of the participant's earnings from such
40 rehabilitative position.

41 A participant shall be deemed to be in service and covered by the
42 disability benefit insurance provisions for a period of no more than
43 six months while on official leave of absence without pay if
44 satisfactory evidence is presented to the Division of Pensions and
45 Benefits that such leave of absence without pay is due to illness and
46 that the participant was not actively engaged in any gainful
47 occupation during such period of leave of absence without pay.

1 Disability benefit insurance provisions of the group policy or
2 policies shall not cover disability resulting from or contributed to
3 by pregnancy, act of war, intentionally self-inflicted injury, or
4 attempted suicide whether or not sane. For purposes of such
5 disability benefit coverage, the participant shall not be considered
6 to be disabled while the participant is imprisoned or while outside
7 the United States, its territories or possessions, or Canada.

8 If the participant has recovered from the disability for which the
9 member had received benefits and again becomes totally disabled
10 while insured, the later disability shall be regarded as a continuation
11 of the prior one unless the participant has returned to full-time
12 covered employment for at least six months. If the later absence is
13 due to an unrelated cause and the participant had returned to full-
14 time work, it shall be considered a new disability. The disability
15 benefit insurance cannot be converted to an individual policy.

16 No participant shall be covered by the disability benefit
17 provision of the group policy or policies except upon the
18 completion of one year of full-time continuous employment in a
19 position eligible for participation in the Defined Contribution
20 Retirement Program. For a member who is a participant pursuant to
21 paragraph (5) of subsection a. of section 2 of P.L.2007, c.92
22 (C.43:15C-2) as amended by section 12 of P.L.2007, c.103 and
23 section 7 of P.L. , c. (pending before the Legislature as this bill),
24 completion of one year of full-time continuous employment in a
25 position eligible for membership in the Teachers' Pension and
26 Annuity Fund, Police and Firemen's Retirement System, State
27 Police Retirement System, or the Public Employees' Retirement
28 System shall also be considered in determining if the participant
29 met the requirements of this paragraph.

30 (cf: P.L.2007, c.103, s.15)

31

32 17. Section 14 of P.L.2007, c.92 (C.43:15C-14) is amended to
33 read as follows:

34 14. The disability benefit provided under a group policy or
35 policies shall be in an amount equal to 60% of the participant's base
36 monthly salary, reduced by periodic benefits to which the
37 participant may be entitled during the period of total disability. For
38 a member who is a participant pursuant to paragraph (5) of
39 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
40 amended by section 12 of P.L.2007, c.103 and section 7 of P.L. ,
41 c. (pending before the Legislature as this bill), base monthly salary
42 for this disability benefit shall mean the base or contractual salary
43 upon which contributions were made to the Teachers' Pension and
44 Annuity Fund, Police and Firemen's Retirement System, State
45 Police Retirement System, or the Public Employees' Retirement
46 System and to this program.

47 The periodic benefit by which the monthly disability benefit may
48 be reduced shall include salary or wages, retirement benefits or

1 benefits from any source for which the State or other public
2 employer has paid any part of the cost or made payroll deductions,
3 Social Security disability or other benefits, including dependents'
4 benefits, and benefits paid by Social Security at the option of the
5 participant before the age of 65, but not including any increase in
6 Social Security benefits enacted after the disability benefit under
7 such group policy or policies has commenced, and any other
8 periodic benefits provided by law except on account of military
9 service.

10 When a participant begins to receive a disability benefit under
11 such group policy or policies, the insurance company shall pay an
12 amount equal to the employee contribution which would have been
13 required of the participant and deducted from the participant's base
14 salary in order to meet the participant's obligation for the program.
15 Such amount shall be paid by the insurance company without
16 reduction by any other periodic benefit which the participant is
17 eligible to receive. Such amount shall be paid by the insurance
18 company to the insurer or insurers for the participant's retirement
19 annuity.

20 Premiums for such disability coverage shall be paid from a
21 special fund, hereby created, called the "Defined Contribution
22 Retirement Program Disability Premium Fund." The State Treasurer
23 shall estimate annually the amount that will be required for
24 premiums for such benefits for the ensuing fiscal year and shall
25 certify such amounts that shall be applied to the total State and
26 other employer contributions due on behalf of the participants in the
27 retirement program from the State and other employers, depositing
28 such amounts in the premium fund. Additionally, employers will
29 pay their share of the administrative costs of the program. The
30 intervals for all payments and the allocation of administrative costs
31 shall be determined by the Division of Pensions and Benefits
32 including due dates and penalties for noncompliance.

33 (cf: P.L.2007, c.103, s.16)

34

35 18. Section 4 of P.L.1944, c.255 (C.43:16A-4) is amended to
36 read as follows:

37 4. a. Only service as a policeman or fireman paid for by an
38 employer, which was rendered by a member since that member's
39 enrollment, or since that member's last enrollment in case of a break
40 in service, plus service, if any, covered by a prior service liability,
41 shall be considered as creditable service for the purposes of this act.
42 A member may purchase credit for temporary service as a
43 policeman or fireman, or as the holder of a title which, following
44 the termination of that temporary service, became covered by the
45 provisions of P.L.1944, c.255 (C.43:16A-1 et seq.), if that
46 temporary service shall have resulted, without interruption, in a
47 valid permanent or probational appointment as a policeman or
48 fireman or to a position, the title of which became covered by the

1 retirement system following the member's appointment thereto.
2 The purchase shall be made in the same manner and be subject to
3 the same terms and conditions provided for the purchase of previous
4 membership service by section 1 of P.L.1973, c.63 (C.43:16A-
5 11.4).

6 b. In the case of a member for whom compensation is defined
7 in paragraph (b) of subsection (26) of section 1 of P.L.1944, c.255
8 (C.43:16A-1), the retirement system shall credit the member with
9 the time of all service rendered by the member during the part of
10 any year that the member was a participant of the Defined
11 Contribution Retirement Program, pursuant to paragraph (5) of
12 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
13 amended by section 7 of P.L. , c. (pending before the Legislature
14 as this bill), and making contributions to that program.
15 (cf: P.L.1991, c.138, s.11)
16

17 19. Section 6 of P.L.1965, c.89 (C.53:5A-6) is amended to read
18 as follows;

19 6. a. Service as a full-time commissioned officer,
20 noncommissioned officer or trooper rendered as a member, and
21 service credit which was transferred from the former "State Police
22 Retirement and Benevolent Fund," shall, if the required
23 contributions are made by the State and the member, be considered
24 as creditable service. In addition, service as a chief inspector,
25 deputy chief inspector, inspector and special inspector in the
26 Division of Motor Vehicles or equivalent Civil Service
27 classifications, including Chief, Highway Patrol Bureau; Assistant
28 Chief (Major), Highway Patrol Bureau; Captain, Highway Patrol
29 Bureau; Lieutenant, Highway Patrol Bureau; Sergeant, Highway
30 Patrol Bureau; and Officer, Highway Patrol Bureau, and service
31 credit may be transferred from the Police and Firemen's Retirement
32 System and the Public Employees' Retirement System and shall, if
33 the required contributions are made by the State and the member, be
34 considered as creditable service. In addition, service as a member
35 of the State Capitol Police Force, or as a Supervising Inspector,
36 Principal Inspector, Senior Inspector, or Inspector Recruit in the
37 Alcoholic Beverage Control Enforcement Bureau or as a Principal
38 Marine Law Enforcement Officer, Senior Marine Law Enforcement
39 Officer, or Marine Law Enforcement Officer in the Bureau of
40 Marine Law Enforcement and service credit transferred from the
41 Police and Firemen's Retirement System or the Public Employees'
42 Retirement System shall, if the required contributions are made by
43 the State and the member, be considered as creditable service.

44 A member on suspension shall be considered in service for the
45 period of the suspension, but the period of suspension shall not be
46 considered as creditable service unless the member receives salary
47 therefor.

1 If an employee's membership has been terminated and he is re-
2 enrolled as a member of the retirement system, he may purchase
3 credit for all of his previous membership service by paying into the
4 annuity savings fund the amount required by applying the factor,
5 supplied by the actuary, as being applicable to his age at the time of
6 the purchase, to his salary at that time. Such purchase may be made
7 in regular installments equal to at least 1/2 the normal contribution
8 to the retirement system, over a maximum period of 10 years. In
9 order to give to such person the same credit for such service as he
10 had at the time of termination, his pension credit shall be restored as
11 it was at the time of his termination, upon the completion of one
12 year of membership after his election to make the purchase and the
13 payment of at least 1/2 the total amount due, except that in the case
14 of retirement pursuant to sections 8, 27 and 28 of chapter 89 of the
15 laws of 1965, the credit granted for the service being purchased
16 shall be in direct proportion as the amount paid bears to the total
17 amount of the arrearage obligation.

18 b. Any member of the retirement system, who, prior to
19 becoming a member, had established service credits in another
20 retirement system supported in whole or in part by the State, or who
21 had rendered service to the State prior to becoming a member, or
22 had purchased service credits while in the Police and Firemen's
23 Retirement System or the Public Employees' Retirement System,
24 while serving as chief inspector, deputy chief inspector, inspector or
25 special inspector in the Enforcement Bureau, Division of Motor
26 Vehicles, or as a member of the State Capitol Police Force, or as a
27 Supervising Inspector, Principal Inspector, Senior Inspector,
28 Inspector, or Inspector Recruit in the Alcoholic Beverage Control
29 Enforcement Bureau, or as a Principal Marine Law Enforcement
30 Officer, Senior Marine Law Enforcement Officer, or Marine Law
31 Enforcement Officer in the Bureau of Marine Law Enforcement, for
32 which he desires to establish credit in this retirement system, shall
33 be permitted to purchase such credit or to transfer such previously
34 purchased credit. If such credit is established and except as
35 provided in subsection f., it shall be included in the computation of
36 a retirement allowance on the basis of 1% of final compensation for
37 each year of such service credit.

38 c. Not more than one year shall be credited for all service in a
39 calendar year.

40 d. In computing service, time during which a member was
41 absent on an official leave without pay shall be credited if such
42 leave was for a period of: (1) less than three months; or (2) up to a
43 maximum of two years, if the leave was due to the member's
44 personal illness and the period of leave is allowed for retirement
45 purposes within one year following his return to service after the
46 termination of such leave.

47 e. The method of computation and the terms of the purchase of
48 service permitted by subsections b. and d. of this section shall be

1 identical to those stipulated for the purchase of previous
2 membership service by members of the system, as provided by
3 subsection a. of this section.

4 f. For any person who becomes a member of the retirement
5 system pursuant to P.L.1997, c.19 (C.53:1-8.2 et al.) and is required
6 to retire pursuant to section 8 of P.L.1965, c.89 (C.53:5A-8) with
7 less than 20 years of creditable service in the retirement system, an
8 amount of service credit transferred or purchased pursuant to
9 subsection b. which when added to the amount of creditable service
10 in the retirement system equals 20 years shall be considered
11 creditable service in the retirement system. Transferred or
12 purchased service credit in excess of the amount necessary to
13 provide 20 years of creditable service in the retirement system shall
14 be included in the computation of a retirement allowance on the
15 basis provided in subsection b.

16 g. In the case of a member for whom compensation is defined
17 in paragraph (2) of subsection u. of section 3 of P.L.1965, c.89
18 (C.53:5A-3), the retirement system shall credit the member with the
19 time of all service rendered by the member during the part of any
20 year that the member was a participant of the Defined Contribution
21 Retirement Program, pursuant to paragraph (5) of subsection a. of
22 section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 7
23 of P.L. , c. (pending before the Legislature as this bill), and
24 making contributions to that program.

25 (cf: P.L.1997, c.19, s.8)

26

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

28 18A:66-2. As used in this article:

29 a. "Accumulated deductions" means the sum of all the
30 amounts, deducted from the compensation of a member or
31 contributed by or in behalf of the member, including interest
32 credited to January 1, 1956, standing to the credit of the member's
33 individual account in the annuity savings fund.

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

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

38 d. (1) "Compensation" means the contractual salary, for services
39 as a teacher as defined in this article, which is in accordance with
40 established salary policies of the member's employer for all
41 employees in the same position but shall not include individual
42 salary adjustments which are granted primarily in anticipation of
43 the member's retirement or additional remuneration for performing
44 temporary or extracurricular duties beyond the regular school day or
45 the regular school year.

46 (2) In the case of a person who becomes a member of the
47 retirement system on or after July 1, 2007, "compensation" means
48 the amount of the contractual salary equivalent to the annual

1 maximum wage contribution base for Social Security, pursuant to
2 the Federal Insurance Contributions Act, for services as a teacher as
3 defined in this article, which is in accordance with established
4 salary policies of the member's employer for all employees in the
5 same position but shall not include individual salary adjustments
6 which are granted primarily in anticipation of the member's
7 retirement or additional remuneration for performing temporary or
8 extracurricular duties beyond the regular school day or the regular
9 school year. This paragraph shall not apply to a person who at the
10 time of enrollment in the retirement system on or after July 1, 2007
11 transfers service credit from another State-administered retirement
12 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
13 member of the retirement system who has been granted a retirement
14 allowance and is reenrolled in the retirement system on or after July
15 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
16 again in a position that makes the person eligible to be a member of
17 the retirement system.

18 For the period of July 1, 2009 through June 30, 2011,
19 "contractual salary" for State employees shall include wage
20 increases under a collective negotiations agreement notwithstanding
21 that, by amendment to that collective negotiations agreement, the
22 effective date of the contractual increase has been deferred. For the
23 purpose of this paragraph, "State employee" means an employee in
24 the Executive Branch of State government of New Jersey.

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

28 f. (1) "Final compensation" means the average annual
29 compensation for which contributions are made for the three years
30 of creditable service in New Jersey immediately preceding the
31 member's retirement or death, or it shall mean the average annual
32 compensation for New Jersey service for which contributions are
33 made during any three fiscal years of his or her membership
34 providing the largest possible benefit to the member or the
35 member's beneficiary.

36 (2) In the case of a person who becomes a member of the
37 retirement system on or after the effective date of P.L. _____,
38 c. (pending before the Legislature as this bill), "final
39 compensation" means the average annual compensation for which
40 contributions are made for the five years of creditable service in
41 New Jersey immediately preceding the member's retirement or
42 death, or it shall mean the average annual compensation for New
43 Jersey service for which contributions are made during any five
44 fiscal years of his or her membership providing the largest possible
45 benefit to the member or the member's beneficiary.

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

- 1 h. "Pension" means payments for life derived from
2 appropriations made by the State or employers to the Teachers'
3 Pension and Annuity Fund.
- 4 i. "Annuity reserve" means the present value of all payments
5 to be made on account of any annuity or benefit in lieu of an
6 annuity, granted under the provisions of this article, computed on
7 the basis of such mortality tables recommended by the actuary as
8 the board of trustees adopts, with regular interest.
- 9 j. "Pension reserve" means the present value of all payments to
10 be made on account of any pension or benefit in lieu of a pension
11 granted to a member from the Teachers' Pension and Annuity Fund,
12 computed on the basis of such mortality tables recommended by the
13 actuary as the board of trustees adopts, with regular interest.
- 14 k. "Present-entrant" means any member of the Teachers'
15 Pension and Annuity Fund who had established status as a "present-
16 entrant member" of said fund prior to January 1, 1956.
- 17 l. "Rate of contribution initially certified" means the rate of
18 contribution certified by the retirement system in accordance with
19 N.J.S.18A:66-29.
- 20 m. "Regular interest" shall mean interest as determined by the
21 State Treasurer, after consultation with the Directors of the
22 Divisions of Investment and Pensions, the board of trustees and the
23 actuary. It shall bear a reasonable relationship to the percentage rate
24 of earnings on investments based on the market value of assets but
25 shall not exceed the assumed percentage rate of increase applied to
26 salaries plus 3%, provided however that the board of trustees shall
27 not set the average percentage rate of increase applied to salaries
28 below 6%.
- 29 n. "Retirement allowance" means the pension plus the annuity.
- 30 o. "School service" means any service as a "teacher" as defined
31 in this section.
- 32 p. "Teacher" means any regular teacher, special teacher,
33 helping teacher, teacher clerk, principal, vice-principal, supervisor,
34 supervising principal, director, superintendent, city superintendent,
35 assistant city superintendent, county superintendent, State
36 Commissioner or Assistant Commissioner of Education, members
37 of the State Department of Education who are certificated,
38 unclassified professional staff and other members of the teaching or
39 professional staff of any class, public school, high school, normal
40 school, model school, training school, vocational school, truant
41 reformatory school, or parental school, and of any and all classes or
42 schools within the State conducted under the order and
43 superintendence, and wholly or partly at the expense of the State
44 Board of Education, of a duly elected or appointed board of
45 education, board of school directors, or board of trustees of the
46 State or of any school district or normal school district thereof, and
47 any persons under contract or engagement to perform one or more
48 of these functions. It shall also mean any person who serves, while

1 on an approved leave of absence from regular duties as a teacher, as
2 an officer of a local, county or State labor organization which
3 represents, or is affiliated with an organization which represents,
4 teachers as defined in this subsection. No person shall be deemed a
5 teacher within the meaning of this article who is a substitute
6 teacher. In all cases of doubt the board of trustees shall determine
7 whether any person is a teacher as defined in this article.

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

16 r. "Veteran" means any honorably discharged officer, soldier,
17 sailor, airman, marine or nurse who served in any Army, Air Force
18 or Navy of the Allies of the United States in World War I between
19 July 14, 1914, and November 11, 1918, or who served in any Army,
20 Air Force or Navy of the Allies of the United States in World War
21 II, between September 1, 1939, and September 2, 1945, and who
22 was inducted into such service through voluntary enlistment, and
23 was a citizen of the United States at the time of such enlistment, and
24 who did not, during or by reason of such service, renounce or lose
25 United States citizenship, and any officer, soldier, sailor, marine,
26 airman, nurse or army field clerk who has served in the active
27 military or naval service of the United States and has or shall be
28 discharged or released therefrom under conditions other than
29 dishonorable, in any of the following wars, uprisings, insurrections,
30 expeditions or emergencies, and who has presented to the retirement
31 system evidence of such record of service in form and content
32 satisfactory to said retirement system:

33 (1) The Indian wars and uprisings during any of the periods
34 recognized by the War Department of the United States as periods
35 of active hostility;

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

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

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

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

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

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

1 (8) The Mexican border patrol, having actually participated in
2 engagements against Mexicans between April 12, 1911, and June
3 16, 1919;

4 (9) World War I, between April 6, 1917, and November 11,
5 1918;

6 (10) World War II, between September 16, 1940, and December
7 31, 1946, who shall have served at least 90 days in such active
8 service, exclusive of any period of assignment (1) for a course of
9 education or training under the Army Specialized Training Program
10 or the Navy College Training Program, which course was a
11 continuation of a civilian course and was pursued to completion, or
12 (2) as a cadet or midshipman at one of the service academies, any
13 part of which 90 days was served between said dates; provided that
14 any person receiving an actual service-incurred injury or disability
15 shall be classed as a veteran, whether or not that person has
16 completed the 90-day service as herein provided;

17 (11) Korean conflict on or after June 23, 1950, and on or prior to
18 January 31, 1955, who shall have served at least 90 days in such
19 active service, exclusive of any period of assignment (1) for a
20 course of education or training under the Army Specialized
21 Training Program or the Navy College Training Program, which
22 course was a continuation of a civilian course and was pursued to
23 completion, or (2) as a cadet or midshipman at one of the service
24 academies, any part of which 90 days was served between said
25 dates; provided that any person receiving an actual service-incurred
26 injury or disability shall be classed as a veteran, whether or not that
27 person has completed the 90-day service as herein provided; and
28 provided further that any member classed as a veteran pursuant to
29 this subsection prior to August 1, 1966, shall continue to be classed
30 as a veteran, whether or not that person completed the 90-day
31 service between said dates as herein provided;

32 (12) Lebanon crisis, on or after July 1, 1958, who has served in
33 Lebanon or on board any ship actively engaged in patrolling the
34 territorial waters of that nation for a period, continuous or in the
35 aggregate, of at least 14 days commencing on or before November
36 1, 1958 or the date of termination of that conflict, as proclaimed by
37 the President of the United States or Congress, whichever date of
38 termination is the latest, in such active service; provided, that any
39 person receiving an actual service-incurred injury or disability shall
40 be classed as a veteran whether or not that person has completed the
41 14 days' service as herein provided;

42 (13) Vietnam conflict, on or after December 31, 1960, and on or
43 prior to May 7, 1975, who shall have served at least 90 days in such
44 active service, exclusive of any period of assignment (1) for a
45 course of education or training under the Army Specialized
46 Training Program or the Navy College Training Program, which
47 course was a continuation of a civilian course and was pursued to
48 completion, or (2) as a cadet or midshipman at one of the service

1 academies, any part of which 90 days was served between said
2 dates; and exclusive of any service performed pursuant to the
3 provisions of section 511(d) of Title 10, United States Code,
4 pursuant to an enlistment in the Army National Guard or as a
5 reserve for service in the Army Reserve, Naval Reserve, Air Force
6 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
7 that any person receiving an actual service-incurred injury or
8 disability shall be classed as a veteran, whether or not that person
9 has completed the 90-day service as herein provided;

10 (14) Lebanon peacekeeping mission, on or after September 26,
11 1982, who has served in Lebanon or on board any ship actively
12 engaged in patrolling the territorial waters of that nation for a
13 period, continuous or in the aggregate, of at least 14 days
14 commencing on or before December 1, 1987 or the date of
15 termination of that mission, as proclaimed by the President of the
16 United States or Congress, whichever date of termination is the
17 latest, in such active service; provided, that any person receiving an
18 actual service-incurred injury or disability shall be classed as a
19 veteran whether or not that person has completed the 14 days'
20 service as herein provided;

21 (15) Grenada peacekeeping mission, on or after October 23,
22 1983, who has served in Grenada or on board any ship actively
23 engaged in patrolling the territorial waters of that nation for a
24 period, continuous or in the aggregate, of at least 14 days
25 commencing on or before November 21, 1983 or the date of
26 termination of that mission, as proclaimed by the President of the
27 United States or Congress, whichever date of termination is the
28 latest, in such active service; provided, that any person receiving an
29 actual service-incurred injury or disability shall be classed as a
30 veteran whether or not that person has completed the 14 days'
31 service as herein provided;

32 (16) Panama peacekeeping mission, on or after December 20,
33 1989 or the date of inception of that mission, as proclaimed by the
34 President of the United States or Congress, whichever date of
35 inception is earliest, who has served in Panama or on board any ship
36 actively engaged in patrolling the territorial waters of that nation for
37 a period, continuous or in the aggregate, of at least 14 days
38 commencing on or before January 31, 1990 or the date of
39 termination of that mission, as proclaimed by the President of the
40 United States or Congress, whichever date of termination is the
41 latest, in such active service; provided, that any person receiving an
42 actual service-incurred injury or disability shall be classed as a
43 veteran whether or not that person has completed the 14 days'
44 service as herein provided;

45 (17) Operation "Desert Shield/Desert Storm" mission in the
46 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
47 or the date of inception of that operation, as proclaimed by the
48 President of the United States or Congress, whichever date of

1 inception is earliest, who has served in the Arabian peninsula or on
2 board any ship actively engaged in patrolling the Persian Gulf for a
3 period, continuous or in the aggregate, of at least 14 days
4 commencing on or before the date of termination of that mission, as
5 proclaimed by the President of the United States or Congress,
6 whichever date of termination is the latest, in such active service;
7 provided, that any person receiving an actual service-incurred injury
8 or disability shall be classed as a veteran whether or not that person
9 has completed the 14 days' service as herein provided;

10 (18) Operation Northern Watch and Operation Southern Watch,
11 on or after August 27, 1992, or the date of inception of that
12 operation, as proclaimed by the President of the United States,
13 Congress or United States Secretary of Defense, whichever date of
14 inception is earliest, who served in the theater of operation,
15 including in the Arabian peninsula and the Persian Gulf, and in
16 direct support of that operation for a period, continuously or in the
17 aggregate, of at least 14 days in such active service, commencing on
18 or before the date of termination of the operation, as proclaimed by
19 the President of the United States, Congress or United States
20 Secretary of Defense, whichever date of termination is latest;
21 provided, that any person receiving an actual service-incurred injury
22 or disability while engaged in such service shall be classed as a
23 veteran whether or not that person has completed the 14 days'
24 service as herein provided;

25 (19) Operation "Restore Hope" in Somalia, on or after December
26 5, 1992, or the date of inception of that operation as proclaimed by
27 the President of the United States or Congress, whichever date is
28 earliest, who has served in Somalia or on board any ship actively
29 engaged in patrolling the territorial waters of that nation for a
30 period, continuously or in the aggregate, of at least 14 days in such
31 active service commencing on or before March 31, 1994; provided
32 that any person receiving an actual service-incurred injury or
33 disability shall be classed as a veteran whether or not that person
34 has completed the 14-day service as herein provided;

35 (20) Operations "Joint Endeavor" and "Joint Guard" in the
36 Republic of Bosnia and Herzegovina, on or after November 20,
37 1995, who served in such active service in direct support of one or
38 both of the operations for at least 14 days, continuously or in the
39 aggregate, commencing on or before June 20, 1998, and (1) was
40 deployed in that nation or in another area in the region, or (2) was
41 on board a United States naval vessel operating in the Adriatic Sea,
42 or (3) operated in airspace above the Republic of Bosnia and
43 Herzegovina; provided that any person receiving an actual service-
44 incurred injury or disability shall be classed as a veteran whether or
45 not that person completed the 14-day service requirement;

46 (21) Operation "Enduring Freedom", on or after September 11,
47 2001, who served in a theater of operation and in direct support of
48 that operation for a period, continuously or in the aggregate, of at

1 least 14 days in such active service commencing on or before the
2 date the President of the United States or the United States
3 Secretary of Defense designates as the termination date of that
4 operation; provided, that any person receiving an actual service-
5 incurred injury or disability while engaged in such service shall be
6 classed as a veteran whether or not that person has completed the 14
7 days' service as herein provided; and

8 (22) Operation "Iraqi Freedom", on or after the date the President
9 of the United States or the United States Secretary of Defense
10 designates as the inception date of that operation, who served in
11 Iraq or in another area in the region in direct support of that
12 operation for a period, continuously or in the aggregate, of at least
13 14 days in such active service commencing on or before the date the
14 President of the United States or the United States Secretary of
15 Defense designates as the termination date of that operation;
16 provided, that any person receiving an actual service-incurred injury
17 or disability while engaged in such service shall be classed as a
18 veteran whether or not that person has completed the 14 days'
19 service as herein provided.

20 "Veteran" also means any honorably discharged member of the
21 American Merchant Marine who served during World War II and is
22 declared by the United States Department of Defense to be eligible
23 for federal veterans' benefits.

24 s. "Child" means a deceased member's unmarried child either
25 (a) under the age of 18 or (b) of any age who, at the time of the
26 member's death, is disabled because of mental retardation or
27 physical incapacity, is unable to do any substantial, gainful work
28 because of the impairment and the impairment has lasted or can be
29 expected to last for a continuous period of not less than 12 months,
30 as affirmed by the medical board.

31 t. (1) "Widower," for employees of the State, means the man to
32 whom a member was married, or a domestic partner as defined in
33 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
34 the date of her death and to whom she continued to be married or a
35 domestic partner until the date of her death and who was receiving
36 at least one-half of his support from the member in the 12-month
37 period immediately preceding the member's death or the accident
38 which was the direct cause of the member's death. The dependency
39 of such a widower will be considered terminated by marriage of, or
40 establishment of a domestic partnership by, the widower subsequent
41 to the death of the member. In the event of the payment of an
42 accidental death benefit, the five-year qualification shall be waived.

43 (2) Subject to the provisions of paragraph (3) of this subsection,
44 "widower," for employees of public employers other than the State,
45 means the man to whom a member was married at least five years
46 before the date of her death and to whom she continued to be
47 married until the date of her death and who was receiving at least
48 one-half of his support from the member in the 12-month period

1 immediately preceding the member's death or the accident which
2 was the direct cause of the member's death. The dependency of such
3 a widower shall be considered terminated by marriage of the
4 widower subsequent to the death of the member. In the event of the
5 payment of an accidental death benefit, the five-year qualification
6 shall be waived.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "widower" as defined in
9 paragraph (2) of this subsection shall include domestic partners as
10 provided in paragraph (1) of this subsection.

11 u. (1) "Widow," for employees of the State, means the woman
12 to whom a member was married, or a domestic partner as defined in
13 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
14 the date of his death and to whom he continued to be married or a
15 domestic partner until the date of his death and who was receiving
16 at least one-half of her support from the member in the 12-month
17 period immediately preceding the member's death or the accident
18 which was the direct cause of the member's death. The dependency
19 of such a widow will be considered terminated by the marriage of,
20 or establishment of a domestic partnership by, the widow
21 subsequent to the member's death. In the event of the payment of an
22 accidental death benefit, the five-year qualification shall be waived.

23 (2) Subject to the provisions of paragraph (3) of this subsection,
24 "widow," for employees of public employers other than the State,
25 means the woman to whom a member was married at least five
26 years before the date of his death and to whom he continued to be
27 married until the date of his death and who was receiving at least
28 one-half of her support from the member in the 12-month period
29 immediately preceding the member's death or the accident which
30 was the direct cause of the member's death. The dependency of such
31 a widow shall be considered terminated by the marriage of the
32 widow subsequent to the member's death. In the event of the
33 payment of an accidental death benefit, the five-year qualification
34 shall be waived.

35 (3) A public employer other than the State may adopt a
36 resolution providing that the term "widower" as defined in
37 paragraph (2) of this subsection shall include domestic partners as
38 provided in paragraph (1) of this subsection.

39 v. "Parent" means the parent of a member who was receiving at
40 least one-half of the parent's support from the member in the 12-
41 month period immediately preceding the member's death or the
42 accident which was the direct cause of the member's death. The
43 dependency of such a parent will be considered terminated by
44 marriage of the parent subsequent to the death of the member.

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

1 x. (1) "Spouse," for employees of the State, means the husband
2 or wife, or domestic partner as defined in section 3 of P.L.2003,
3 c.246 (C.26:8A-3), of a member.

4 (2) Subject to the provisions of paragraph (1) of this subsection,
5 "spouse," for employees of public employers other than the State,
6 means the husband or wife of a member.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "spouse" as defined in paragraph
9 (2) of this subsection shall include domestic partners as provided in
10 paragraph (1) of this subsection.

11 (cf: P.L.2009, c.85, s.2)

12

13 21. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read
14 as follows:

15 6. As used in this act:

16 a. "Accumulated deductions" means the sum of all the
17 amounts, deducted from the compensation of a member or
18 contributed by or on behalf of the member, standing to the credit of
19 the member's individual account in the annuity savings fund.

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

22 c. "Annuity reserve" means the present value of all payments
23 to be made on account of any annuity or benefit in lieu of an
24 annuity, granted under the provisions of this act, computed on the
25 basis of such mortality tables recommended by the actuary as the
26 board of trustees adopts, with regular interest.

27 d. "Beneficiary" means any person receiving a retirement
28 allowance or other benefit as provided in this act.

29 e. "Child" means a deceased member's unmarried child either
30 (1) under the age of 18 or (2) of any age who, at the time of the
31 member's death, is disabled because of mental retardation or
32 physical incapacity, is unable to do any substantial, gainful work
33 because of the impairment and the impairment has lasted or can be
34 expected to last for a continuous period of not less than 12 months,
35 as affirmed by the medical board.

36 f. "Parent" shall mean the parent of a member who was
37 receiving at least 1/2 of the parent's support from the member in the
38 12-month period immediately preceding the member's death or the
39 accident which was the direct cause of the member's death. The
40 dependency of such a parent will be considered terminated by
41 marriage of the parent subsequent to the death of the member.

42 g. (1) "Widower," for employees of the State, means the man to
43 whom a member was married, or a domestic partner as defined in
44 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
45 the date of her death and to whom she continued to be married or a
46 domestic partner until the date of her death and who was receiving
47 at least 1/2 of his support from the member in the 12-month period
48 immediately preceding the member's death or the accident which

1 was the direct cause of the member's death. The dependency of such
2 a widower will be considered terminated by marriage of, or
3 establishment of a domestic partnership by, the widower subsequent
4 to the death of the member. In the event of the payment of an
5 accidental death benefit, the five-year qualification shall be waived.

6 (2) Subject to the provisions of paragraph (3) of this subsection,
7 "widower," for employees of public employers other than the State,
8 means the man to whom a member was married at least five years
9 before the date of her death and to whom she continued to be
10 married until the date of her death and who was receiving at least
11 1/2 of his support from the member in the 12-month period
12 immediately preceding the member's death or the accident which
13 was the direct cause of the member's death. The dependency of such
14 a widower shall be considered terminated by marriage of the
15 widower subsequent to the death of the member. In the event of the
16 payment of an accidental death benefit, the five-year qualification
17 shall be waived.

18 (3) A public employer other than the State may adopt a
19 resolution providing that the term "widower" as defined in
20 paragraph (2) of this subsection shall include domestic partners as
21 provided in paragraph (1) of this subsection.

22 h. (1) "Final compensation" means the average annual
23 compensation for which contributions are made for the three years
24 of creditable service in New Jersey immediately preceding the
25 member's retirement or death, or it shall mean the average annual
26 compensation for New Jersey service for which contributions are
27 made during any three fiscal years of his or her membership
28 providing the largest possible benefit to the member or the
29 member's beneficiary.

30 (2) In the case of a person who becomes a member of the
31 retirement system on or after the effective date of
32 P.L. , c. (pending before the Legislature as this bill), "final
33 compensation" means the average annual compensation for which
34 contributions are made for the five years of creditable service in
35 New Jersey immediately preceding the member's retirement or
36 death, or it shall mean the average annual compensation for New
37 Jersey service for which contributions are made during any five
38 fiscal years of his or her membership providing the largest possible
39 benefit to the member or the member's beneficiary.

40 i. "Fiscal year" means any year commencing with July 1 and
41 ending with June 30 next following.

42 j. "Medical board" shall mean the board of physicians
43 provided for in section 17 of P.L.1954, c.84 (C.43:15A-17).

44 k. "Pension" means payments for life derived from
45 appropriations made by the employer as provided in this act.

46 l. "Pension reserve" means the present value of all payments to
47 be made on account of any pension or benefit in lieu of a pension
48 granted under the provisions of this act, computed on the basis of

1 such mortality tables recommended by the actuary as the board of
2 trustees adopts, with regular interest.

3 m. "Public Employees' Retirement System of New Jersey,"
4 hereinafter referred to as the "retirement system" or "system," is the
5 corporate name of the arrangement for the payment of retirement
6 allowances and other benefits under the provisions of this act
7 including the several funds placed under said system. By that name
8 all of its business shall be transacted, its funds invested, warrants
9 for money drawn, and payments made and all of its cash and
10 securities and other property held.

11 n. "Regular interest" shall mean interest as determined by the
12 State Treasurer, after consultation with the Directors of the
13 Divisions of Investment and Pensions, the board of trustees and the
14 actuary. It shall bear a reasonable relationship to the percentage rate
15 of earnings on investments based on the market value of the assets
16 but shall not exceed the assumed percentage rate of increase applied
17 to salaries plus 3%, provided however that the board of trustees
18 shall not set the average percentage rate of increase applied to
19 salaries below 6%.

20 o. "Retirement allowance" means the pension plus the annuity.

21 p. "Veteran" means any honorably discharged officer, soldier,
22 sailor, airman, marine or nurse who served in any Army, Air Force
23 or Navy of the Allies of the United States in World War I, between
24 July 14, 1914, and November 11, 1918, or who served in any Army,
25 Air Force or Navy of the Allies of the United States in World War
26 II, between September 1, 1939, and September 2, 1945, and who
27 was inducted into such service through voluntary enlistment, and
28 was a citizen of the United States at the time of such enlistment, and
29 who did not, during or by reason of such service, renounce or lose
30 United States citizenship, and any officer, soldier, sailor, marine,
31 airman, nurse or army field clerk, who has served in the active
32 military or naval service of the United States and has or shall be
33 discharged or released therefrom under conditions other than
34 dishonorable, in any of the following wars, uprisings, insurrections,
35 expeditions, or emergencies, and who has presented to the
36 retirement system evidence of such record of service in form and
37 content satisfactory to said retirement system:

38 (1) The Indian wars and uprisings during any of the periods
39 recognized by the War Department of the United States as periods
40 of active hostility;

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

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

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

- 1 (5) The army of Cuban occupation between July 18, 1898, and
2 May 20, 1902;
- 3 (6) The army of Cuban pacification between October 6, 1906,
4 and April 1, 1909;
- 5 (7) The Mexican punitive expedition between March 14, 1916,
6 and February 7, 1917;
- 7 (8) The Mexican border patrol, having actually participated in
8 engagements against Mexicans between April 12, 1911, and June
9 16, 1919;
- 10 (9) World War I, between April 6, 1917, and November 11,
11 1918;
- 12 (10) World War II, between September 16, 1940, and December
13 31, 1946, who shall have served at least 90 days in such active
14 service, exclusive of any period of assignment (1) for a course of
15 education or training under the Army Specialized Training Program
16 or the Navy College Training Program which course was a
17 continuation of a civilian course and was pursued to completion, or
18 (2) as a cadet or midshipman at one of the service academies any
19 part of which 90 days was served between said dates; provided, that
20 any person receiving an actual service-incurred injury or disability
21 shall be classed as a veteran whether or not that person has
22 completed the 90-day service as herein provided;
- 23 (11) Korean conflict on or after June 23, 1950, and on or prior to
24 January 31, 1955, who shall have served at least 90 days in such
25 active service, exclusive of any period of assignment (1) for a
26 course of education or training under the Army Specialized
27 Training Program or the Navy College Training Program which
28 course was a continuation of a civilian course and was pursued to
29 completion, or (2) as a cadet or midshipman at one of the service
30 academies, any part of which 90 days was served between said
31 dates; provided, that any person receiving an actual service-incurred
32 injury or disability shall be classed as a veteran whether or not that
33 person has completed the 90-day service as herein provided; and
34 provided further, that any member classed as a veteran pursuant to
35 this paragraph prior to August 1, 1966, shall continue to be classed
36 as a veteran whether or not that person completed the 90-day
37 service between said dates as herein provided;
- 38 (12) Lebanon crisis, on or after July 1, 1958, who has served in
39 Lebanon or on board any ship actively engaged in patrolling the
40 territorial waters of that nation for a period, continuous or in the
41 aggregate, of at least 14 days commencing on or before November
42 1, 1958 or the date of termination of that conflict, as proclaimed by
43 the President of the United States or Congress, whichever date of
44 termination is the latest, in such active service; provided, that any
45 person receiving an actual service-incurred injury or disability shall
46 be classed as a veteran whether or not that person has completed the
47 14 days' service as herein provided;

1 (13) Vietnam conflict on or after December 31, 1960, and on or
2 prior to May 7, 1975, who shall have served at least 90 days in such
3 active service, exclusive of any period of assignment (1) for a
4 course of education or training under the Army Specialized
5 Training Program or the Navy College Training Program which
6 course was a continuation of a civilian course and was pursued to
7 completion, or (2) as a cadet or midshipman at one of the service
8 academies, any part of which 90 days was served between said
9 dates; and exclusive of any service performed pursuant to the
10 provisions of section 511(d) of Title 10, United States Code,
11 pursuant to an enlistment in the Army National Guard or as a
12 reserve for service in the Army Reserve, Naval Reserve, Air Force
13 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
14 that any person receiving an actual service-incurred injury or
15 disability shall be classed as a veteran whether or not that person
16 has completed the 90 days' service as herein provided;

17 (14) Lebanon peacekeeping mission, on or after September 26,
18 1982, who has served in Lebanon or on board any ship actively
19 engaged in patrolling the territorial waters of that nation for a
20 period, continuous or in the aggregate, of at least 14 days
21 commencing on or before December 1, 1987 or the date of
22 termination of that mission, as proclaimed by the President of the
23 United States or Congress, whichever date of termination is the
24 latest, in such active service; provided, that any person receiving an
25 actual service-incurred injury or disability shall be classed as a
26 veteran whether or not that person has completed the 14 days'
27 service as herein provided;

28 (15) Grenada peacekeeping mission, on or after October 23,
29 1983, who has served in Grenada or on board any ship actively
30 engaged in patrolling the territorial waters of that nation for a
31 period, continuous or in the aggregate, of at least 14 days
32 commencing on or before November 21, 1983 or the date of
33 termination of that mission, as proclaimed by the President of the
34 United States or Congress, whichever date of termination is the
35 latest, in such active service; provided, that any person receiving an
36 actual service-incurred injury or disability shall be classed as a
37 veteran whether or not that person has completed the 14 days'
38 service as herein provided;

39 (16) Panama peacekeeping mission, on or after December 20,
40 1989 or the date of inception of that mission, as proclaimed by the
41 President of the United States or Congress, whichever date of
42 inception is earliest, who has served in Panama or on board any ship
43 actively engaged in patrolling the territorial waters of that nation for
44 a period, continuous or in the aggregate, of at least 14 days
45 commencing on or before January 31, 1990 or the date of
46 termination of that mission, as proclaimed by the President of the
47 United States or Congress, whichever date of termination is the
48 latest, in such active service; provided, that any person receiving an

1 actual service-incurred injury or disability shall be classed as a
2 veteran whether or not that person has completed the 14 days'
3 service as herein provided;

4 (17) Operation "Desert Shield/Desert Storm" mission in the
5 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
6 or the date of inception of that operation, as proclaimed by the
7 President of the United States or Congress, whichever date of
8 inception is earliest, who has served in the Arabian peninsula or on
9 board any ship actively engaged in patrolling the Persian Gulf for a
10 period, continuous or in the aggregate, of at least 14 days
11 commencing on or before the date of termination of that mission, as
12 proclaimed by the President of the United States or Congress,
13 whichever date of termination is the latest, in such active service;
14 provided, that any person receiving an actual service-incurred injury
15 or disability shall be classed as a veteran whether or not that person
16 has completed the 14 days' service as herein provided;

17 (18) Operation Northern Watch and Operation Southern Watch,
18 on or after August 27, 1992, or the date of inception of that
19 operation, as proclaimed by the President of the United States,
20 Congress or United States Secretary of Defense, whichever date of
21 inception is earliest, who served in the theater of operation,
22 including in the Arabian peninsula and the Persian Gulf, and in
23 direct support of that operation for a period, continuously or in the
24 aggregate, of at least 14 days in such active service, commencing on
25 or before the date of termination of that operation, as proclaimed by
26 the President of the United States, Congress or United States
27 Secretary of Defense, whichever date of termination is the latest;
28 provided, that any person receiving an actual service-incurred injury
29 or disability while engaged in such service shall be classed as a
30 veteran whether or not that person has completed the 14 days'
31 service as herein provided;

32 (19) Operation "Restore Hope" in Somalia, on or after December
33 5, 1992, or the date of inception of that operation as proclaimed by
34 the President of the United States or Congress, whichever date is
35 earliest, who has served in Somalia or on board any ship actively
36 engaged in patrolling the territorial waters of that nation for a
37 period, continuously or in the aggregate, of at least 14 days in such
38 active service commencing on or before March 31, 1994; provided
39 that any person receiving an actual service-incurred injury or
40 disability shall be classed as a veteran whether or not that person
41 has completed the 14-day service as herein provided;

42 (20) Operations "Joint Endeavor" and "Joint Guard" in the
43 Republic of Bosnia and Herzegovina, on or after November 20,
44 1995, who served in such active service in direct support of one or
45 both of the operations for at least 14 days, continuously or in the
46 aggregate, commencing on or before June 20, 1998 and (1) was
47 deployed in that nation or in another area in the region, or (2) was
48 on board a United States naval vessel operating in the Adriatic Sea,

1 or (3) operated in airspace above the Republic of Bosnia and
2 Herzegovina; provided that any person receiving an actual service-
3 incurred injury or disability shall be classed as a veteran whether or
4 not that person completed the 14-day service requirement;

5 (21) Operation "Enduring Freedom", on or after September 11,
6 2001, who served in a theater of operation and in direct support of
7 that operation for a period, continuously or in the aggregate, of at
8 least 14 days in such active service commencing on or before the
9 date the President of the United States or the United States
10 Secretary of Defense designates as the termination date of that
11 operation; provided, that any person receiving an actual service-
12 incurred injury or disability while engaged in such service shall be
13 classed as a veteran whether or not that person has completed the 14
14 days' service as herein provided; and

15 (22) Operation "Iraqi Freedom", on or after the date the President
16 of the United States or the United States Secretary of Defense
17 designates as the inception date of that operation, who served in
18 Iraq or in another area in the region in direct support of that
19 operation for a period, continuously or in the aggregate, of at least
20 14 days in such active service commencing on or before the date the
21 President of the United States or the United States Secretary of
22 Defense designates as the termination date of that operation;
23 provided, that any person receiving an actual service-incurred injury
24 or disability while engaged in such service shall be classed as a
25 veteran whether or not that person has completed the 14 days'
26 service as herein provided.

27 "Veteran" also means any honorably discharged member of the
28 American Merchant Marine who served during World War II and is
29 declared by the United States Department of Defense to be eligible
30 for federal veterans' benefits.

31 q. (1) "Widow," for employees of the State, means the woman
32 to whom a member was married, or a domestic partner as defined in
33 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
34 the date of his death and to whom he continued to be married or a
35 domestic partner until the date of his death and who was receiving
36 at least 1/2 of her support from the member in the 12-month period
37 immediately preceding the member's death or the accident which
38 was the direct cause of the member's death. The dependency of such
39 a widow will be considered terminated by the marriage of, or
40 establishment of a domestic partnership by, the widow subsequent
41 to the member's death. In the event of the payment of an accidental
42 death benefit, the five-year qualification shall be waived.

43 (2) Subject to the provisions of paragraph (3) of this subsection,
44 "widow," for employees of public employers other than the State,
45 means the woman to whom a member was married at least five
46 years before the date of his death and to whom he continued to be
47 married until the date of his death and who was receiving at least
48 1/2 of her support from the member in the 12-month period

1 immediately preceding the member's death or the accident which
2 was the direct cause of the member's death. The dependency of such
3 a widow shall be considered terminated by the marriage of the
4 widow subsequent to the member's death. In the event of the
5 payment of an accidental death benefit, the five-year qualification
6 shall be waived.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "widow" as defined in paragraph
9 (2) of this subsection shall include domestic partners as provided in
10 paragraph (1) of this subsection.

11 r. (1) "Compensation" means the base or contractual salary, for
12 services as an employee, which is in accordance with established
13 salary policies of the member's employer for all employees in the
14 same position but shall not include individual salary adjustments
15 which are granted primarily in anticipation of the member's
16 retirement or additional remuneration for performing temporary or
17 extracurricular duties beyond the regular workday or the regular
18 work year.

19 (2) In the case of a person who becomes a member of the
20 retirement system on or after July 1, 2007, "compensation" means
21 the amount of base or contractual salary equivalent to the annual
22 maximum wage contribution base for Social Security, pursuant to
23 the Federal Insurance Contributions Act, for services as an
24 employee, which is in accordance with established salary policies of
25 the member's employer for all employees in the same position but
26 shall not include individual salary adjustments which are granted
27 primarily in anticipation of the member's retirement or additional
28 remuneration for performing temporary or extracurricular duties
29 beyond the regular workday or the regular work year. This
30 paragraph shall not apply to a person who at the time of enrollment
31 in the retirement system on or after July 1, 2007 transfers service
32 credit from another State-administered retirement system pursuant
33 to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a
34 former member of the retirement system who has been granted a
35 retirement allowance and is reenrolled in the retirement system on
36 or after July 1, 2007 pursuant to section 27 of P.L.1966, c.217
37 (C.43:15A-57.2) after becoming employed again in a position that
38 makes the person eligible to be a member of the retirement system.

39 In cases where salary includes maintenance, the retirement
40 system shall fix the value of that part of the salary not paid in
41 money which shall be considered under this act.

42 For the period of July 1, 2009 through June 30, 2011,
43 "contractual salary" for State employees shall include wage
44 increases under a collective negotiations agreement notwithstanding
45 that, by amendment to that collective negotiations agreement, the
46 effective date of the contractual increase has been deferred. For the
47 purpose of this paragraph, "State employee" means an employee in
48 the Executive Branch of State government of New Jersey but shall

1 not include employees of agencies authorized to participate in the
2 system under section 73 of P.L.1954, c.84 (C.43:15A-73) or
3 P.L.1990, c.25 (C.43:15A-73.2 et al.).
4 (cf: P.L.2009, c.85, s.1)

5
6 22. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to
7 read as follows:

8 1. As used in this act:

9 (1) "Retirement system" or "system" shall mean the Police and
10 Firemen's Retirement System of New Jersey as defined in section 2
11 of this act.

12 (2) (a) "Policeman" shall mean a permanent, full-time employee
13 of a law enforcement unit as defined in section 2 of P.L.1961, c.56
14 (C.52:17B-67) or the State, other than an officer or trooper of the
15 Division of State Police whose position is covered by the State
16 Police Retirement System, whose primary duties include the
17 investigation, apprehension or detention of persons suspected or
18 convicted of violating the criminal laws of the State and who:

19 (i) is authorized to carry a firearm while engaged in the actual
20 performance of his official duties;

21 (ii) has police powers;

22 (iii) is required to complete successfully the training
23 requirements prescribed by P.L.1961, c.56 (C.52:17B-66 et seq.) or
24 comparable training requirements as determined by the board of
25 trustees; and

26 (iv) is subject to the physical and mental fitness requirements
27 applicable to the position of municipal police officer established by
28 an agency authorized to establish these requirements on a Statewide
29 basis, or comparable physical and mental fitness requirements as
30 determined by the board of trustees.

31 The term shall also include an administrative or supervisory
32 employee of a law enforcement unit or the State whose duties
33 include general or direct supervision of employees engaged in
34 investigation, apprehension or detention activities or training
35 responsibility for these employees and a requirement for
36 engagement in investigation, apprehension or detention activities if
37 necessary, and who is authorized to carry a firearm while in the
38 actual performance of his official duties and has police powers.

39 (b) "Fireman" shall mean a permanent, full-time employee of a
40 firefighting unit whose primary duties include the control and
41 extinguishment of fires and who is subject to the training and
42 physical and mental fitness requirements applicable to the position
43 of municipal firefighter established by an agency authorized to
44 establish these requirements on a Statewide basis, or comparable
45 training and physical and mental fitness requirements as determined
46 by the board of trustees. The term shall also include an
47 administrative or supervisory employee of a firefighting unit whose
48 duties include general or direct supervision of employees engaged

1 in fire control and extinguishment activities or training
2 responsibility for these employees and a requirement for
3 engagement in fire control and extinguishment activities if
4 necessary. As used in this paragraph, "firefighting unit" shall mean
5 a municipal fire department, a fire district, or an agency of a county
6 or the State which is responsible for control and extinguishment of
7 fires.

8 (3) "Member" shall mean any policeman or fireman included in
9 the membership of the retirement system pursuant to this
10 amendatory and supplementary act, P.L.1989, c.204 (C.43:16A-15.6
11 et al.).

12 (4) "Board of trustees" or "board" shall mean the board provided
13 for in section 13 of this act.

14 (5) "Medical board" shall mean the board of physicians
15 provided for in section 13 of this act.

16 (6) "Employer" shall mean the State of New Jersey, the county,
17 municipality or political subdivision thereof which pays the
18 particular policeman or fireman.

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

21 (8) "Creditable service" shall mean service rendered for which
22 credit is allowed as provided under section 4 of this act.

23 (9) "Regular interest" shall mean interest as determined by the
24 State Treasurer, after consultation with the Directors of the
25 Divisions of Investment and Pensions, the board of trustees and the
26 actuary. It shall bear a reasonable relationship to the percentage
27 rate of earnings on investments based on the market value of assets
28 but shall not exceed the assumed percentage rate of increase applied
29 to salaries plus 3%, provided however that the board of trustees
30 shall not set the average percentage rate of increase applied to
31 salaries below 6%.

32 (10) "Aggregate contributions" shall mean the sum of all the
33 amounts, deducted from the compensation of a member or
34 contributed by him or on his behalf, standing to the credit of his
35 individual account in the annuity savings fund.

36 (11) "Annuity" shall mean payments for life derived from the
37 aggregate contributions of a member.

38 (12) "Pension" shall mean payments for life derived from
39 contributions by the employer.

40 (13) "Retirement allowance" shall mean the pension plus the
41 annuity.

42 (14) "Earnable compensation" shall mean the full rate of the
43 salary that would be payable to an employee if he worked the full
44 normal working time for his position. In cases where salary
45 includes maintenance, the retirement system shall fix the value of
46 that part of the salary not paid in money which shall be considered
47 under this act.

1 (15) "Average final compensation" shall mean [the average
2 annual salary upon which contributions are made for the three years
3 of creditable service immediately preceding his retirement or death,
4 or it shall mean the average annual salary for which contributions
5 are made during any three fiscal years of his or her membership
6 providing the largest possible benefit to the member or his
7 beneficiary] final compensation.

8 (16) "Retirement" shall mean the termination of the member's
9 active service with a retirement allowance granted and paid under
10 the provisions of this act.

11 (17) "Annuity reserve" shall mean the present value of all
12 payments to be made on account of any annuity or benefit in lieu of
13 any annuity computed upon the basis of such mortality tables
14 recommended by the actuary as shall be adopted by the board of
15 trustees, and regular interest.

16 (18) "Pension reserve" shall mean the present value of all
17 payments to be made on account of any pension or benefit in lieu of
18 any pension computed upon the basis of such mortality tables
19 recommended by the actuary as shall be adopted by the board of
20 trustees, and regular interest.

21 (19) "Actuarial equivalent" shall mean a benefit of equal value
22 when computed upon the basis of such mortality tables
23 recommended by the actuary as shall be adopted by the board of
24 trustees, and regular interest.

25 (20) "Beneficiary" shall mean any person receiving a retirement
26 allowance or other benefit as provided by this act.

27 (21) "Child" shall mean a deceased member's or retirant's
28 unmarried child (a) under the age of 18, or (b) 18 years of age or
29 older and enrolled in a secondary school, or (c) under the age of 24
30 and enrolled in a degree program in an institution of higher
31 education for at least 12 credit hours in each semester, provided that
32 the member died in active service as a result of an accident met in
33 the actual performance of duty at some definite time and place, and
34 the death was not the result of the member's willful misconduct, or
35 (d) of any age who, at the time of the member's or retirant's death, is
36 disabled because of mental retardation or physical incapacity, is
37 unable to do any substantial, gainful work because of the
38 impairment and his impairment has lasted or can be expected to last
39 for a continuous period of not less than 12 months, as affirmed by
40 the medical board.

41 (22) "Parent" shall mean the parent of a member who was
42 receiving at least one-half of his support from the member in the
43 12-month period immediately preceding the member's death or the
44 accident which was the direct cause of the member's death. The
45 dependency of such a parent will be considered terminated by
46 marriage of the parent subsequent to the death of the member.

47 (23) (a) "Widower," for employees of the State, means the man
48 to whom a member or retirant was married, or a domestic partner as

1 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
2 her death and who has not since remarried or established a domestic
3 partnership. In the event of the payment of accidental death
4 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
5 the restriction concerning remarriage or establishment of a domestic
6 partnership shall be waived.

7 (b) Subject to the provisions of paragraph (c) of this subsection,
8 "widower," for employees of public employers other than the State,
9 means the man to whom a member or retirant was married on the
10 date of her death and who has not remarried.

11 (c) A public employer other than the State may adopt a
12 resolution providing that the term "widower" as defined in
13 paragraph (b) of this subsection shall include domestic partners as
14 provided in paragraph (a) of this subsection.

15 (24) (a) "Widow," for employees of the State, means the woman
16 to whom a member or retirant was married, or a domestic partner as
17 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
18 his death and who has not since remarried or established a domestic
19 partnership. In the event of the payment of accidental death
20 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
21 the restriction concerning remarriage or establishment of a domestic
22 partnership shall be waived.

23 (b) Subject to the provisions of paragraph (c) of this subsection,
24 "widow," for employees of public employers other than the State,
25 means the woman to whom a member or retirant was married on the
26 date of his death and who has not remarried.

27 (c) A public employer other than the State may adopt a
28 resolution providing that the term "widow" as defined in paragraph
29 (b) of this subsection shall include domestic partners as provided in
30 paragraph (a) of this subsection.

31 (25) "Fiscal year" shall mean any year commencing with July 1,
32 and ending with June 30, next following.

33 (26) (a) "Compensation" shall mean the base salary, for services
34 as a member as defined in this act, which is in accordance with
35 established salary policies of the member's employer for all
36 employees in the same position but shall not include individual
37 salary adjustments which are granted primarily in anticipation of
38 the member's retirement or additional remuneration for performing
39 temporary duties beyond the regular workday.

40 (b) In the case of a person who becomes a member of the
41 retirement system on or after the effective date of P.L. _____,
42 c. (pending before the Legislature as this bill), "compensation"
43 means the amount of base salary equivalent to the annual maximum
44 wage contribution base for Social Security, pursuant to the Federal
45 Insurance Contributions Act, for services as a member as defined in
46 this act, which is in accordance with established salary policies of
47 the member's employer for all employees in the same position but
48 shall not include individual salary adjustments which are granted

1 primarily in anticipation of the member's retirement or additional
2 remuneration for performing temporary duties beyond the regular
3 workday.

4 (27) "Department" shall mean any police or fire department of a
5 municipality or a fire department of a fire district located in a
6 township or a county police or park police department or the
7 appropriate department of the State or instrumentality thereof.

8 (28) (a) "Final compensation" means the compensation received
9 by the member in the last 12 months of creditable service preceding
10 his retirement or death.

11 (b) In the case of a person who becomes a member of the
12 retirement system on or after the effective date of
13 P.L. , c. (pending before the Legislature as this bill), "final
14 compensation" means the average annual compensation for service
15 for which contributions are made during any three fiscal years of
16 membership providing the largest possible benefit to the member or
17 the member's beneficiary.

18 (29) (Deleted by amendment, P.L.1992, c.78).

19 (30) (Deleted by amendment, P.L.1992, c.78).

20 (31) (a) "Spouse," for employees of the State, means the husband
21 or wife, or domestic partner as defined in section 3 of P.L.2003,
22 c.246 (C.26:8A-3), of a member.

23 (b) Subject to the provisions of paragraph (c) of this subsection,
24 "spouse," for employees of public employers other than the State,
25 means the husband or wife of a member.

26 (c) A public employer other than the State may adopt a
27 resolution providing that the term "spouse" as defined in paragraph
28 (b) of this subsection shall include domestic partners as provided in
29 paragraph (a) of this subsection.

30 (cf: P.L.2003, c.246, s.43)

31

32 23. Section 3 of P.L.1965, c.89 (C.53:5A-3) is amended to read
33 as follows:

34 3. As used in this act:

35 a. "Aggregate contributions" means the sum of all the amounts,
36 deducted from the salary of a member or contributed by him or on
37 his behalf, standing to the credit of his individual account in the
38 Annuity Savings Fund. Interest credited on contributions to the
39 former "State Police Retirement and Benevolent Fund" shall be
40 included in a member's aggregate contributions.

41 b. "Annuity" means payments for life derived from the
42 aggregate contributions of a member.

43 c. "Annuity reserve" means the present value of all payments
44 to be made on account of any annuity or benefit in lieu of an
45 annuity, computed upon the basis of such mortality tables
46 recommended by the actuary as the board of trustees adopts and
47 regular interest.

- 1 d. "Beneficiary" means any person entitled to receive any
2 benefit pursuant to the provisions of this act by reason of the death
3 of a member or retirant.
- 4 e. "Board of trustees" or "board" means the board provided for
5 in section 30 of this act.
- 6 f. "Child" means a deceased member's or retirant's unmarried
7 child either (a) under the age of 18 or (b) of any age who, at the
8 time of the member's or retirant's death, is disabled because of
9 mental retardation or physical incapacity, is unable to do any
10 substantial, gainful work because of the impairment and his
11 impairment has lasted or can be expected to last for a continuous
12 period of not less than 12 months, as affirmed by the medical board.
- 13 g. "Creditable service" means service rendered for which credit
14 is allowed on the basis of contributions made by the member or the
15 State.
- 16 h. "Parent" means the parent of a member who was receiving at
17 least one-half of his support from the member in the 12-month
18 period immediately preceding the member's death or the accident
19 which was the direct cause of the member's death. The dependency
20 of such a parent will be considered terminated by marriage of the
21 parent subsequent to the death of the member.
- 22 i. (1) "Final compensation" means the average compensation
23 received by the member in the last 12 months of creditable service
24 preceding his retirement or death. Such term includes the value of
25 the member's maintenance allowance for this same period.
- 26 (2) In the case of a person who becomes a member of the
27 retirement system on or after the effective date of
28 P.L. , c. (pending before the Legislature as this bill), "final
29 compensation" means the average annual compensation for service
30 for which contributions are made during any three fiscal years of
31 membership providing the largest possible benefit to the member or
32 the member's beneficiary. Such term includes the value of the
33 member's maintenance allowance for this same period.
- 34 j. (1) "Final salary" means the average salary received by the
35 member in the last 12 months of creditable service preceding his
36 retirement or death. Such term shall not include the value of the
37 member's maintenance allowance.
- 38 (2) In the case of a person who becomes a member of the
39 retirement system on or after the effective date of
40 P.L. , c. (pending before the Legislature as this bill), "final
41 salary" means the average annual salary for service for which
42 contributions are made during any three fiscal years of membership
43 providing the largest possible benefit to the member or the
44 member's beneficiary. Such term shall not include the value of the
45 member's maintenance allowance.
- 46 k. "Fiscal year" means any year commencing with July 1 and
47 ending with June 30 next following.

- 1 l. "Medical board" means the board of physicians provided for
2 in section 30 of this act.
- 3 m. "Member" means any full-time, commissioned officer, non-
4 commissioned officer or trooper of the Division of State Police of
5 the Department of Law and Public Safety of the State of New Jersey
6 enrolled in the retirement system established by this act.
- 7 n. "Pension" means payment for life derived from contributions
8 by the State.
- 9 o. "Pension reserve" means the present value of all payments to
10 be made on account of any pension or benefit in lieu of any pension
11 computed on the basis of such mortality tables recommended by the
12 actuary as shall be adopted by the board of trustees and regular
13 interest.
- 14 p. "Regular interest" means interest as determined by the State
15 Treasurer, after consultation with the Directors of the Divisions of
16 Investment and Pensions, the board of trustees and the actuary. It
17 shall bear a reasonable relationship to the percentage rate of
18 earnings on investments based on the market value of the assets but
19 shall not exceed the assumed percentage rate of increase applied to
20 salaries plus 3%, provided however that the board of trustees shall
21 not set the average percentage rate of increase applied to salaries
22 below 6%.
- 23 q. "Retirant" means any former member receiving a retirement
24 allowance as provided by this act.
- 25 r. "Retirement allowance" means the pension plus the annuity.
- 26 s. "State Police Retirement System of New Jersey," herein also
27 referred to as the "retirement system" or "system," is the corporate
28 name of the arrangement for the payment of retirement allowances
29 and of the benefits under the provisions of this act including the
30 several funds placed under said system. By that name, all of its
31 business shall be transacted, its funds invested, warrants for moneys
32 drawn, and payments made and all of its cash and securities and
33 other property held. All assets held in the name of the former
34 "State Police Retirement and Benevolent Fund" shall be transferred
35 to the retirement system established by this act.
- 36 t. "Surviving spouse" means the person to whom a member or
37 a retirant was married, or a domestic partner as defined in section 3
38 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the
39 member or retirant. The dependency of such a surviving spouse will
40 be considered terminated by the marriage of, or establishment of a
41 domestic partnership by, the surviving spouse subsequent to the
42 member's or the retirant's death, except that in the event of the
43 payment of accidental death benefits, pursuant to section 14 of
44 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving
45 spouse or domestic partner will not be considered terminated by the
46 marriage of, or establishment of a domestic partnership by, the
47 surviving spouse subsequent to the member's death.

1 u. (1) "Compensation" for purposes of computing pension
2 contributions means the base salary, for services as a member as
3 defined in this act, which is in accordance with established salary
4 policies of the State for all employees in the same position but shall
5 not include individual salary adjustments which are granted
6 primarily in anticipation of the member's retirement or additional
7 remuneration for performing temporary duties beyond the regular
8 workday or shift.

9 (2) In the case of a person who becomes a member of the
10 retirement system on or after the effective date of P.L. ,
11 c. (pending before the legislature as this bill), "compensation"
12 means the amount of base salary equivalent to the annual maximum
13 wage contribution base for Social Security, pursuant to the Federal
14 Insurance Contributions Act, for services as a member as defined in
15 this act, which is in accordance with established salary policies of
16 the State for all employees in the same position but shall not include
17 individual salary adjustments which are granted primarily in
18 anticipation of the member's retirement or additional remuneration
19 for performing temporary duties beyond the regular workday or
20 shift.

21 (cf: P.L.2003, c.246, s.46)

22

23 24. N.J.S.18A:66-19 is amended to read as follows:

24 18A:66-19. The annuity savings fund shall be the fund in which
25 shall be credited accumulated deductions and contributions by
26 members or on their behalf to provide for their allowances.

27 A single account shall be established in this fund for each person
28 who is or shall become a member and all contributions deducted
29 from each such member's compensation shall be credited to **[his]**
30 this single account **[regardless of the number of positions a member**
31 **might hold or the number of employers he might have].**

32 (cf: P.L.1971, c. 121, s. 9)

33

34 25. (New section) a. Notwithstanding the provisions of any law
35 to the contrary, after the effective date of P.L. , c. (pending
36 before the Legislature as this bill), a person who is or becomes a
37 member of the Teachers' Pension and Annuity Fund and becomes
38 employed in more than one office, position, or employment covered
39 by the retirement system or commences service in a covered office,
40 position, or employment with more than one employer shall be
41 eligible for membership in the retirement system based upon only
42 one of the offices, positions, or employments held concurrently. In
43 the case of a person who holds more than one office, position, or
44 employment covered by the retirement system, the retirement
45 system shall designate the position providing the higher or highest
46 compensation for the person with such concurrent positions as the
47 basis for eligibility for membership and the compensation base for
48 contributions and pension calculations.

1 b. Contributions shall be deducted only from the member's
2 compensation for the office, position, or employment designated
3 pursuant to subsection a. of this section and shall be credited to the
4 member's single account established pursuant to N.J.S.18A:66-19.
5 The designation by the retirement system of one office, position, or
6 employment upon which membership in the retirement system shall
7 be based shall be irrevocable as between or among the offices,
8 positions, or employments held at the time the designation is made
9 as long as the designated position is the one with the higher or
10 highest compensation. A member who leaves a designated office,
11 position, or employment, or acquires a different or additional office,
12 position, or employment, may receive a new designation by the
13 retirement system from among the offices, positions, or
14 employments then held. Service in an office, position, or
15 employment other than the one designated shall not be deemed
16 creditable service for the purposes of the retirement system.

17 c. The provisions of subsections a. and b. of this section shall
18 not apply to a person who, on the effective date of
19 P.L. , c. (pending before the Legislature as this bill), is a
20 member of the retirement system and holds more than one office,
21 position, or employment covered by the retirement system with one
22 or more employers, while the member continues to hold without a
23 break in service more than one of those offices, positions, or
24 employments. Any additional office, position, or employment
25 acquired by the member shall not be deemed creditable service for
26 the purposes of the retirement system and no designation for that
27 member shall be made until only one of the offices, positions, or
28 employments held on the effective date remains.

29
30 26. Section 25 of P.L.1954, c.84 (C.43:15A-25) is amended to
31 read as follows:

32 25. a. The annuity savings fund shall be the fund in which shall
33 be credited accumulated deductions and contributions by members
34 or on their behalf to provide for their allowances. A single account
35 shall be established in this fund for each person who is or shall
36 become a member and all contributions deducted from each such
37 member's compensation shall be credited to **【his】 this single**
38 **account 【regardless of the number of positions a member might**
39 **hold or the number of employers as he might have】.**

40 b. (1) Members enrolled in the retirement system on or after
41 July 1, 1994 shall contribute 5% of compensation to the system.
42 Members enrolled in the system prior to July 1, 1994 shall
43 contribute 5% of compensation to the system effective with the
44 payroll period for which the beginning date is closest to July 1,
45 1995, provided, however, that any member enrolled before July 1,
46 1994, whose full contribution rate under the system prior to the
47 revisions by this act was less than 6%, shall pay 4% of
48 compensation to the system effective with the payroll period for

1 which the beginning date is closest to July 1, 1995, and 5% of
2 compensation to the system effective with the payroll period for
3 which the beginning date is closest to July 1, 1996.

4 (2) Members enrolled in the retirement system on or after July
5 1, 2007 who are:

6 employees of the State, other than employees of the Judicial
7 Branch;

8 employees of an independent State authority, board, commission,
9 corporation, agency or organization;

10 employees of a local school district, regional school district,
11 county vocational school district, county special services school
12 district, jointure commission, educational services commission,
13 State-operated school district, charter school, county college, any
14 officer, board, or commission under the authority of the
15 Commissioner of Education or of the State Board of Education, and
16 any other public entity which is established pursuant to authority
17 provided by Title 18A of the New Jersey Statutes; or

18 employees of a State public institution of higher education, other
19 than employees of the University of Medicine and Dentistry of New
20 Jersey shall contribute 5.5% of compensation to the system, and all
21 such members described above enrolled in the system prior to July
22 1, 2007 shall contribute 5.5% of compensation to the system
23 effective with the payroll period for which the beginning date is
24 closest to July 1, 2007.

25 Members enrolled in the retirement system on or after July 1,
26 2008, other than those described in the paragraph above, shall
27 contribute 5.5% of compensation to the system. Members enrolled
28 in the system prior to July 1, 2008, other than those described in the
29 paragraph above, shall contribute 5.5% of compensation to the
30 system effective with the payroll period that begins immediately
31 after July 1, 2008.

32 c. The retirement system shall certify to each State department
33 or subdivision thereof, and to each branch of the State service not
34 included in a State department, and to every other employer, the
35 proportion of each member's compensation to be deducted and to
36 facilitate the making of deductions the retirement system may
37 modify the deduction required by a member by such an amount as
38 shall not exceed 1/10 of 1% of the compensation upon the basis of
39 which the deduction is to be made.

40 If payment in full, representing the monthly or biweekly
41 transmittal and report of salary deductions, is not made within 15
42 days of the due date established by the retirement system, interest at
43 the rate of 6% per annum shall commence to run against the total
44 transmittal of salary deductions for the period on the first day after
45 such fifteenth day.

46 d. Every employee to whom this act applies shall be deemed to
47 consent and agree to any deduction from his compensation required
48 by this act and to all other provisions of this act. Notwithstanding

1 any other law, rule or regulation affecting the salary, pay,
2 compensation, other perquisites, or tenure of a person to whom this
3 act applies, or shall apply, and notwithstanding that the minimum
4 salary, pay, or compensation or other perquisites provided by law
5 for him shall be reduced thereby, payment, less such deductions,
6 shall be a full and complete discharge and acquittance of all claims
7 and demands for service rendered by him during the period covered
8 by such payment.

9 (cf: P.L.2007, c.103, s.2)

10

11 27. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to
12 read as follows:

13 1. Members of the Legislature commencing service on or after
14 the effective date of sections 1 through 19 of P.L.2007, c.92
15 (C.43:15C-1 through C.43:15C-15, C.43:3C-9, C.43:15A-7,
16 C.43:15A-75 and C.43:15A-135) shall not be eligible for
17 membership in the retirement system based on service in that
18 elective office. A member of the Legislature enrolled in the
19 retirement system as of that effective date who continues to hold
20 office as a member of the Legislature without a break in service
21 shall be eligible to continue membership in the retirement system
22 under the terms and conditions of the member's enrollment, except
23 that during service in the Legislature, a legislator shall be a member
24 of the retirement system on the basis of only one position of service
25 in an elected office or of employment with a participating employer,
26 as designated by the retirement system pursuant to section 28 of
27 P.L. , c. (C.)(pending before the Legislature as this bill).

28 (cf: P.L.2007, c.92, s.19)

29

30 28. (New section) a. Notwithstanding the provisions of any law
31 to the contrary, after the effective date of P.L. , c. (pending
32 before the Legislature as this bill), a person who is or becomes a
33 member of the Public Employees' Retirement System and becomes
34 employed in more than one office, position, or employment covered
35 by the retirement system or commences service in a covered office,
36 position, or employment with more than one employer shall be
37 eligible for membership in the retirement system based upon only
38 one of the offices, positions, or employments held concurrently. In
39 the case of a person who holds more than one office, position, or
40 employment covered by the retirement system, the retirement
41 system shall designate the position providing the higher or highest
42 compensation for the person with such concurrent positions as the
43 basis for eligibility for membership and the compensation base for
44 contributions and pension calculations.

45 b. Contributions shall be deducted only from the member's
46 compensation for the office, position, or employment designated
47 pursuant to subsection a. of this section and shall be credited to the
48 member's single account established pursuant to section 25 of

1 P.L.1954, c.84 (C.43:15A-25), or in the case of an eligible member
2 of the Legislature, the legislative account established pursuant to
3 section 2 of P.L.1972, c.167 (C.43:15A-136). The designation by
4 the retirement system of one office, position or employment upon
5 which membership in the retirement system shall be based shall be
6 irrevocable as between or among the offices, positions, or
7 employments held at the time the designation is made as long as the
8 designated position is the one with the higher or highest
9 compensation. A member who leaves a designated office, position,
10 or employment or acquires a different or additional office, position,
11 or employment, may receive a new designation by the retirement
12 system from among the offices, positions, or employments then
13 held. Service in an office, position, or employment other than the
14 one designated shall not be deemed creditable service for the
15 purposes of the retirement system.

16 c. The provisions of subsections a. and b. of this section shall
17 not apply to a person who, on the effective date of P.L. ,
18 c. (pending before the Legislature as this bill), is a member of the
19 retirement system and holds more than one office, position, or
20 employment covered by the retirement system with one or more
21 employers, while the member continues to hold without a break in
22 service more than one of those offices, positions, or employments.
23 Any additional office, position, or employment acquired by the
24 member shall not be deemed creditable service for the purposes of
25 the retirement system and no designation for that member shall be
26 made until only one of the offices, positions, or employments held
27 on the effective date remains.

28

29 29. Section 5 of P.L.1997, c.113 (C.43:3C-9.5) is amended to
30 read as follows:

31 5. a. For purposes of this section, a "non-forfeitable right to
32 receive benefits" means that the benefits program, for any employee
33 for whom the right has attached, cannot be reduced. The provisions
34 of this section shall not apply to post-retirement medical benefits
35 which are provided pursuant to law.

36 b. Vested members of the Teachers' Pension and Annuity Fund,
37 the Judicial Retirement System, the Prison Officers' Pension Fund,
38 the Public Employees' Retirement System, the Consolidated Police
39 and Firemen's Pension Fund, the Police and Firemen's Retirement
40 System, and the State Police Retirement System, upon the
41 attainment of five years of service credit in the retirement system or
42 fund or on the date of enactment of this bill, whichever is later,
43 shall have a non-forfeitable right to receive benefits as provided
44 under the laws governing the retirement system or fund upon the
45 attainment of five years of service credit in the retirement system or
46 fund or on the effective date of this act, whichever is later. This
47 subsection shall not be applicable to a person who becomes a
48 member of these systems or funds on or after the effective date of

1 P.L. , c. (pending before the Legislature as this bill), except that
2 such person shall not include a person who at the time of enrollment
3 in the retirement system or fund on or after that effective date
4 transfers service credit, as permitted, from another State-
5 administered retirement system or fund of which the person was a
6 member immediately prior to the effective date and continuously
7 thereafter, but shall include a former member of the retirement
8 system or fund who has been granted a retirement allowance and is
9 reenrolled in the retirement system or fund on or after that effective
10 date after becoming employed again in a position that makes the
11 person eligible to be a member of the retirement system.

12 c. The State shall make an annual normal contribution and an
13 annual unfunded accrued liability contribution to each system or
14 fund pursuant to standard actuarial practices authorized by law,
15 unless both of the following conditions are met: (1) there is no
16 existing unfunded accrued liability contribution due to the system
17 or fund at the close of the valuation period applicable to the
18 upcoming fiscal year; and (2) there are excess valuation assets in
19 excess of the actuarial accrued liability of the system or fund at the
20 close of the valuation period applicable to the upcoming fiscal year.

21 d. This act shall not be construed to preclude forfeiture,
22 suspension or reduction in benefits for dishonorable service.

23 e. Except as expressly provided herein and only to the extent
24 so expressly provided, nothing in this act shall be deemed to (1)
25 limit the right of the State to alter, modify or amend such retirement
26 systems and funds, or (2) create in any member a right in the corpus
27 or management of a retirement system or pension fund.

28 (cf: P.L.1997, c.113, s.5)

29

30 ¹[30. (New section) a. Notwithstanding any other provision of
31 law to the contrary, a person who commences service in an
32 employment, office or position that makes the person eligible to be
33 a member of the Teachers' Pension and Annuity Fund, the Judicial
34 Retirement System, the Public Employees' Retirement System, the
35 Police and Firemen's Retirement System, or the State Police
36 Retirement System, or a member of the retirement system with less
37 than 10 years of service credit, shall have the option to choose
38 either to be enrolled in the relevant retirement system or enrolled in
39 the Defined Contribution Retirement Program established pursuant
40 to P.L.2007, c.92 (C.43:15C-1 et al.) with regard to that particular
41 employment, office, or position by irrevocably waiving all rights
42 and benefits which would otherwise be provided by the relevant
43 retirement system.

44 b. When a member of the Teachers' Pension and Annuity Fund,
45 the Judicial Retirement System, the Public Employees' Retirement
46 System, the Police and Firemen's Retirement System, or the State
47 Police Retirement System elects to transfer to the Defined
48 Contribution Retirement Program by filing the proper application

1 form declaring the election to participate in the program, the
2 respective retirement system shall transfer the amount of all of the
3 member's accumulated deductions standing to the credit of the
4 member in the annuity savings fund, plus regular interest, less any
5 outstanding loan, except that no interest shall be payable in the case
6 of a member who has less than three years of membership credit for
7 which the member has made contributions. The interest payable
8 shall be such proportion of the interest determined at the regular
9 rate of 2% per annum bears to the regular rate of interest.

10 c. Notwithstanding any other provision of law to the contrary,
11 a person who commences service in an employment, office, or
12 position that makes the person eligible to be a member or
13 participant of the Teachers' Pension and Annuity Fund, the Judicial
14 Retirement System, the Public Employees' Retirement System, the
15 Police and Firemen's Retirement System, the State Police
16 Retirement System, the Alternate Benefit Program, or the Defined
17 Contribution Program, or a member or participant of the retirement
18 system or program with less than 10 years of service credit, shall
19 have the option to choose to not enroll or to withdraw from
20 enrollment in the relevant retirement system or program with regard
21 to that particular employment, office, or position by irrevocably
22 waiving all rights and benefits which would otherwise be provided
23 by the relevant retirement system or program. All relevant
24 provisions of law with regard to withdrawals from a retirement
25 system or program shall be applicable to such a withdrawal.】¹

26
27 ¹【31.】 30.¹ Section 2 of P.L.2001, c.366 (C.43:15A-156) is
28 amended to read as follows:

29 2. a. Notwithstanding the provisions of any other law,
30 prosecutors shall be members of the Prosecutors Part, established
31 pursuant to P.L.2001, c.366 (C.43:15A-155 et seq.), of the Public
32 Employees' Retirement System, established pursuant to P.L.1954,
33 c.84 (C.43:15A-1 et seq.), if enrolled in the part prior to the
34 effective date of P.L. , c. (pending before the Legislature as this
35 bill), and shall be subject to the same membership and benefit
36 provisions as State employees, except as provided by P.L.2001,
37 c.366. Membership in the retirement system shall be a condition of
38 employment for service as a prosecutor for a prosecutor enrolled in
39 the part prior to the effective date of P.L. , c. (pending before the
40 Legislature as this bill). Any service credit which has been
41 established in the Public Employees' Retirement System by a
42 prosecutor prior to the effective date of this act shall be established
43 in the Prosecutors Part without further assessment of cost to the
44 prosecutor; provided, however, any service credit which has been
45 established in the Public Employees' Retirement System by a
46 member of the retirement system in any position prior to service as
47 a county prosecutor, nominated and appointed pursuant to Article
48 VII, Section II, paragraph 1 of the New Jersey Constitution, shall be

1 established in the Prosecutors Part without further assessment of
2 cost to the prosecutor.

3 A prosecutor who becomes a member of the retirement system
4 on or after the effective date of P.L. , c. (pending before the
5 Legislature as this bill) shall not be a member of the Prosecutors
6 Part and the provisions of P.L.2001, c.366 (C.43:15A-155 et seq.)
7 shall not apply to such prosecutor or the prosecutor's beneficiary.

8 b. All outstanding obligations, such as loans, purchases and
9 other arrearage, shall be satisfied by a prosecutor as previously
10 scheduled for payment to the Public Employees' Retirement
11 System.

12 (cf: P.L.2003, c.140, s.1)

13

14 ¹~~32.~~ 31.¹ Section 16 of P.L.1964, c.241 (C.43:16A-11.1) is
15 amended to read as follows:

16 16. a. Should a member resign after having established 25 years
17 of creditable service, he may elect "special retirement," provided,
18 that such election is communicated by such member to the
19 retirement system by filing a written application, duly attested,
20 stating at what time subsequent to the execution and filing thereof
21 he desires to be retired. He shall receive, in lieu of the payment
22 provided in section 11, a retirement allowance which shall consist
23 of:

24 (1) An annuity which shall be the actuarial equivalent of his
25 aggregate contributions, and

26 (2) A pension in the amount which, when added to the
27 member's annuity, will provide a total retirement allowance of 65%
28 of his final compensation, plus 1% of his final compensation
29 multiplied by the number of years of creditable service over 25 but
30 not over 30]; or, beginning in the fiscal year immediately following
31 the adoption of the valuation report by the retirement system board
32 of trustees in which the funded level is in excess of 104%, a pension
33 in the amount which, when added to the member's annuity, will
34 provide a total retirement allowance of 70% of final compensation,
35 plus 1% of final compensation multiplied by the number of years of
36 creditable service over 25 but not over 30]; provided, however, that
37 any member who has earned, prior to July 1, 1979, more than 30
38 years of creditable service, shall receive an additional 1% of his
39 final compensation for each year of his creditable service over 30.

40 The board of trustees shall retire him at the time specified or at
41 such other time within one month after the date so specified as the
42 board finds advisable.

43 Upon the receipt of proper proofs of the death of such a retired
44 member, there shall be paid to his beneficiary an amount equal to
45 one-half of the final compensation received by the member.

46 b. The "special retirement" allowance payable under subsection
47 a. of this section to any person who retired under the retirement
48 system prior to December 20, 1989 shall be increased by an amount

1 equal to 5% of the person's final compensation or by such lesser
2 amount as would, if added to the allowance payable at the time of
3 retirement, provide a total retirement allowance of 70% of final
4 compensation, except that in the case of such a retirant who retired
5 on or after July 1, 1979 and had earned prior to that date more than
6 30 years of creditable service, the amount of the increase shall be
7 equal to 5% of the person's final compensation irrespective of the
8 total retirement allowance which such an increase would provide.
9 The provisions of this subsection shall not be construed either to
10 require a reduction in the retirement allowance payable to any
11 retirant or to provide for the payment of any adjustment in such an
12 allowance with respect to any period of time prior to the first day of
13 the month following that effective date.

14 (cf: P.L.2003, c.108, s.2)

15

16 ¹~~33.~~ 32.¹ Section 15 of P.L.1944, c.255 (C.43:16A-15) is
17 amended to read as follows:

18 15. (1) The contributions required for the support of the
19 retirement system shall be made by members and their employers.

20 (2) The uniform percentage contribution rate for members shall
21 be 8.5% of compensation.

22 (3) (Deleted by amendment, P.L.1989, c.204).

23 (4) Upon the basis of the tables recommended by the actuary
24 which the board adopts and regular interest, the actuary shall
25 compute annually, beginning as of June 30, 1991, the amount of
26 contribution which shall be the normal cost as computed under the
27 projected unit credit method attributable to service rendered under
28 the retirement system for the year beginning on July 1 immediately
29 succeeding the date of the computation. This shall be known as the
30 "normal contribution."

31 (5) (Deleted by amendment, P.L.1989, c.204).

32 (6) (Deleted by amendment, P.L.1994, c.62.)

33 (7) Each employer shall cause to be deducted from the salary of
34 each member the percentage of earnable compensation prescribed in
35 subsection (2) of this section. To facilitate the making of
36 deductions, the retirement system may modify the amount of
37 deduction required of any member by an amount not to exceed 1/10
38 of 1% of the compensation upon which the deduction is based.

39 (8) The deductions provided for herein shall be made
40 notwithstanding that the minimum salary provided for by law for
41 any member shall be reduced thereby. Every member shall be
42 deemed to consent and agree to the deductions made and provided
43 for herein, and payment of salary or compensation less said
44 deduction shall be a full and complete discharge and acquittance of
45 all claims and demands whatsoever for the service rendered by such
46 person during the period covered by such payment, except as to the
47 benefits provided under this act. The chief fiscal officer of each
48 employer shall certify to the retirement system in such manner as

1 the retirement system may prescribe, the amounts deducted; and
2 when deducted shall be paid into said annuity savings fund, and
3 shall be credited to the individual account of the member from
4 whose salary said deduction was made.

5 (9) With respect to employers other than the State, upon the
6 basis of the tables recommended by the actuary which the board
7 adopts and regular interest, the actuary shall compute the amount of
8 the accrued liability as of June 30, 1991 under the projected unit
9 credit method, which is not already covered by the assets of the
10 retirement system, valued in accordance with the asset valuation
11 method established in this section. Using the total amount of this
12 unfunded accrued liability, the actuary shall compute the initial
13 amount of contribution which, if the contribution is increased at a
14 specific rate and paid annually for a specific period of time, will
15 amortize this liability. The State Treasurer shall determine, upon
16 the advice of the Director of the Division of Pensions and Benefits,
17 the board of trustees and the actuary, the rate of increase for the
18 contribution and the time period for full funding of this liability,
19 which shall not exceed 40 years on initial application of this section
20 as amended by this act, P.L.1994, c.62. This shall be known as the
21 "accrued liability contribution." Any increase or decrease in the
22 unfunded accrued liability as a result of actuarial losses or gains for
23 the 10 valuation years following valuation year 1991 shall serve to
24 increase or decrease, respectively, the unfunded accrued liability
25 contribution. Thereafter, any increase or decrease in the unfunded
26 accrued liability as a result of actuarial losses or gains for
27 subsequent valuation years shall serve to increase or decrease,
28 respectively, the amortization period for the unfunded accrued
29 liability, unless an increase in the amortization period will cause it
30 to exceed 30 years. If an increase in the amortization period as a
31 result of actuarial losses for a valuation year would exceed 30 years,
32 the accrued liability contribution shall be computed for the
33 valuation year in the same manner provided for the computation of
34 the initial accrued liability contribution under this section.

35 With respect to the State, upon the basis of the tables
36 recommended by the actuary which the board adopts and regular
37 interest, the actuary shall annually determine if there is an amount
38 of the accrued liability, computed under the projected unit credit
39 method, which is not already covered by the assets of the retirement
40 system, valued in accordance with the asset valuation method
41 established in this section. This shall be known as the "unfunded
42 accrued liability." If there was no unfunded accrued liability for the
43 valuation period immediately preceding the current valuation
44 period, the actuary, using the total amount of this unfunded accrued
45 liability, shall compute the initial amount of contribution which, if
46 the contribution is increased at a specific rate and paid annually for
47 a specific period of time, will amortize this liability. The State
48 Treasurer shall determine, upon the advice of the Director of the

1 Division of Pensions and Benefits, the board of trustees and the
2 actuary, the rate of increase for the contribution and the time period
3 for full funding of this liability, which shall not exceed 30 years.
4 This shall be known as the "accrued liability contribution."
5 Thereafter, any increase or decrease in the unfunded accrued
6 liability as a result of actuarial losses or gains for subsequent
7 valuation years shall serve to increase or decrease, respectively, the
8 amortization period for the unfunded accrued liability, unless an
9 increase in the amortization period will cause it to exceed 30 years.
10 If an increase in the amortization period as a result of actuarial
11 losses for a valuation year would exceed 30 years, the accrued
12 liability contribution shall be computed for the valuation year in the
13 same manner provided for the computation of the initial accrued
14 liability contribution under this section. The State may pay all or
15 any portion of its unfunded accrued liability under the retirement
16 system from any source of funds legally available for the purpose,
17 including, without limitation, the proceeds of bonds authorized by
18 law for this purpose.

19 The value of the assets to be used in the computation of the
20 contributions provided for under this section for valuation periods
21 shall be the value of the assets for the preceding valuation period
22 increased by the regular interest rate, plus the net cash flow for the
23 valuation period (the difference between the benefits and expenses
24 paid by the system and the contributions to the system) increased by
25 one half of the regular interest rate, plus 20% of the difference
26 between this expected value and the full market value of the assets
27 as of the end of the valuation period. This shall be known as the
28 "valuation assets." Notwithstanding the first sentence of this
29 paragraph, the valuation assets for the valuation period ending June
30 30, 1995 shall be the full market value of the assets as of that date
31 and, with respect to the valuation assets allocated to the State, shall
32 include the proceeds from the bonds issued pursuant to the "Pension
33 Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et
34 seq.), paid to the system by the New Jersey Economic Development
35 Authority to fund the unfunded accrued liability of the system.
36 Notwithstanding the first sentence of this paragraph, the percentage
37 of the difference between the expected value and the full market
38 value of the assets to be added to the expected value of the assets
39 for the valuation period ending June 30, 1998 for the State shall be
40 100% and for other employers shall be 57% plus such additional
41 percentage as is equivalent to \$150,000,000. Notwithstanding the
42 first sentence of this paragraph, the amount of the difference
43 between the expected value and the full market value of the assets
44 to be added to the expected value of the assets for the valuation
45 period ending June 30, 1999 shall include an additional amount of
46 the market value of the assets sufficient to fund (1) the unfunded
47 accrued liability for the supplementary "special retirement"
48 allowances provided under subsection b. of section 16 of P.L.1964,

1 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the
2 full credit toward benefits under the retirement system for service
3 credited in the Public Employees' Retirement System and
4 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)
5 and the reimbursement of the cost of any credit purchase pursuant
6 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under
7 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

8 "Excess valuation assets" means, with respect to the valuation
9 assets allocated to the State, the valuation assets allocated to the
10 State for a valuation period less the actuarial accrued liability of the
11 State for the valuation period, and beginning with the valuation
12 period ending June 30, 1998, less the present value of the expected
13 additional normal cost contributions attributable to the provisions of
14 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the
15 active members employed by the State as of the valuation period
16 over the expected working lives of the active members in
17 accordance with the tables of actuarial assumptions applicable to
18 the valuation period, and less the present value of the expected
19 additional normal cost contributions attributable to the provisions of
20 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
21 (C.43:16A-11.1) payable on behalf of the active members employed
22 by the State as of the valuation period over the expected working
23 lives of the active members in accordance with the tables of
24 actuarial assumptions applicable to the valuation period, if the sum
25 is greater than zero. "Excess valuation assets" means, with respect
26 to the valuation assets allocated to other employers, the valuation
27 assets allocated to the other employers for a valuation period less
28 the actuarial accrued liability of the other employers for the
29 valuation period, excluding the unfunded accrued liability for early
30 retirement incentive benefits pursuant to P.L.1993, c.99 for the
31 other employers, and beginning with the valuation period ending
32 June 30, 1998, less the present value of the expected additional
33 normal cost contributions attributable to the provisions of P.L.1999,
34 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active
35 members employed by other employers as of the valuation period
36 over the expected working lives of the active members in
37 accordance with the tables of actuarial assumptions applicable to
38 the valuation period, and less the present value of the expected
39 additional normal cost contributions attributable to the provisions of
40 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
41 (C.43:16A-11.1) payable on behalf of the active members employed
42 by other employers as of the valuation period over the expected
43 working lives of the active members in accordance with the tables
44 of actuarial assumptions applicable to the valuation period, if the
45 sum is greater than zero.

46 If there are excess valuation assets allocated to the State or to the
47 other employers for the valuation period ending June 30, 1995, the
48 normal contributions payable by the State or by the other employers

1 for the valuation periods ending June 30, 1995, and June 30, 1996
2 which have not yet been paid to the retirement system shall be
3 reduced to the extent possible by the excess valuation assets
4 allocated to the State or to the other employers, respectively,
5 provided that with respect to the excess valuation assets allocated to
6 the State, the General Fund balances that would have been paid to
7 the retirement system except for this provision shall first be
8 allocated as State aid to public schools to the extent that additional
9 sums are required to comply with the May 14, 1997 decision of the
10 New Jersey Supreme Court in *Abbott v. Burke*.

11 If there are excess valuation assets allocated to the other
12 employers for the valuation period ending June 30, 1998, the
13 accrued liability contributions payable by the other employers for
14 the valuation period ending June 30, 1997 shall be reduced to the
15 extent possible by the excess valuation assets allocated to the other
16 employers.

17 If there are excess valuation assets allocated to the State or to the
18 other employers for a valuation period ending after June 30, 1998,
19 the State Treasurer may reduce the normal contribution payable by
20 the State or by other employers for the next valuation period as
21 follows:

22 (1) for valuation periods ending June 30, 1996 through June 30,
23 2000, to the extent possible by up to 100% of the excess valuation
24 assets allocated to the State or to the other employers, respectively;

25 (2) for the valuation period ending June 30, 2001, to the extent
26 possible by up to 84% of the excess valuation assets allocated to the
27 State or to the other employers, respectively;

28 (3) for the valuation period ending June 30, 2002, to the extent
29 possible by up to 68% of the excess valuation assets allocated to the
30 State or to the other employers, respectively; and

31 (4) for valuation periods ending June 30, 2003 through June 30,
32 2007, to the extent possible by up to 50% of the excess valuation
33 assets allocated to the State or to the other employers, respectively.

34 Notwithstanding the discretion provided to the State Treasurer in
35 the previous paragraph to reduce the amount of the normal
36 contribution payable by employers other than the State, the State
37 Treasurer shall reduce the amount of the normal contribution
38 payable by employers other than the State by \$150,000,000 in the
39 aggregate for the valuation period ending June 30, 1998, and then
40 the State Treasurer may reduce further pursuant to the provisions of
41 the previous paragraph the normal contribution payable by such
42 employers for that valuation period.

43 **【**As of the valuation report in which the funded level is in excess
44 of 104%, an amount equal to the present value of the future normal
45 contributions for the benefits provided by P.L.2003, c.108 as
46 amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be
47 credited to the benefit enhancement fund. If there are excess
48 valuation assets after reductions in normal contributions as

1 authorized in the preceding paragraphs, for a valuation period
2 beginning with the valuation period in which the benefits provided
3 by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by
4 P.L.2003, c.108 apply, an amount of excess valuation assets not to
5 exceed the amount of the member contributions for the fiscal year
6 in which the normal contributions are payable shall be credited to
7 the benefit enhancement fund. The amount of excess valuation
8 assets credited to the benefit enhancement fund shall not exceed the
9 present value of the expected additional normal and accrued
10 liability contributions attributable to the provisions of section 16 of
11 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,
12 payable on behalf of the active members over the expected working
13 lives of the active members in accordance with the tables of
14 actuarial assumptions for the valuation period. No additional
15 excess valuation assets shall be credited to the benefit enhancement
16 fund after the maximum amount is attained. Interest shall be
17 credited to the benefit enhancement fund.

18 The normal and accrued liability contributions for the increased
19 benefits for active employees under section 16 of P.L.1964, c.241
20 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid
21 from the benefit enhancement fund. If assets in the benefit
22 enhancement fund are insufficient to pay the normal and accrued
23 liability contributions for the increased benefits for a valuation
24 period, the retirement system shall pay the amount of normal and
25 accrued liability contributions for the increased benefits not covered
26 by assets from the benefit enhancement fund.】

27 The normal and accrued liability contributions shall be certified
28 annually by the retirement system and shall be included in the
29 budget of the employer and levied and collected in the same manner
30 as any other taxes are levied and collected for the payment of the
31 salaries of members.

32 Notwithstanding the preceding sentence, the normal and accrued
33 liability contributions to be included in the budget of and paid by
34 the employer other than the State shall be as follows: for the
35 payment due in the State fiscal year ending on June 30, 2004, 20%
36 of the amount certified by the retirement system; for the payment
37 due in the State fiscal year ending on June 30, 2005, a percentage of
38 the amount certified by the retirement system as the State Treasurer
39 shall determine but not more than 40%; for the payment due in the
40 State fiscal year ending on June 30, 2006, a percentage of the
41 amount certified by the retirement system as the State Treasurer
42 shall determine but not more than 60%; and for the payment due in
43 the State fiscal year ending on June 30, 2007, a percentage of the
44 amount certified by the retirement system as the State Treasurer
45 shall determine but not more than 80%.

46 The State Treasurer shall reduce the normal and accrued liability
47 contributions payable by employers other than the State to 50
48 percent of the amount certified annually by the retirement system

1 for payments due in the State fiscal year ending June 30, 2009. An
2 employer that elects to pay the reduced normal and accrued liability
3 contribution shall adopt a resolution, separate and apart from other
4 budget resolutions, stating that the employer needs to pay the
5 reduced contribution and providing an explanation of that need
6 which shall include (1) a description of its inability to meet the levy
7 cap without jeopardizing public safety, health, and welfare or
8 without jeopardizing the fiscal stability of the employer, or (2) a
9 description of another condition that offsets the long term fiscal
10 impact of the payment of the reduced contribution. An employer
11 also shall document those actions it has taken to reduce its
12 operating costs, or provide a description of relevant anticipated
13 circumstances that could have an impact on revenues or
14 expenditures. This resolution shall be submitted to and approved by
15 the Local Finance Board after making a finding that these fiscal
16 conditions are valid and affirming the findings contained in the
17 employer resolution.

18 An employer that elects to pay 100 percent of the amount
19 certified by the retirement system for the State fiscal year ending
20 June 30, 2009 shall be credited with such payment and any such
21 amounts shall not be included in the employer's unfunded liability.

22 The actuaries for the retirement system shall determine the
23 unfunded liability of the retirement system, by employer, for the
24 reduced normal and accrued liability contributions provided under
25 P.L.2009, c.19. This unfunded liability shall be paid by the
26 employer in level annual payments over a period of 15 years
27 beginning with the payments due in the State fiscal year ending
28 June 30, 2012 and shall be adjusted by the rate of return on the
29 actuarial value of assets.

30 The retirement system shall annually certify to each employer
31 the contributions due to the contingent reserve fund for the liability
32 under P.L.2009, c.19. The contributions certified by the retirement
33 system shall be paid by the employer to the retirement system on or
34 before the date prescribed by law for payment of employer
35 contributions for basic retirement benefits. If payment of the full
36 amount of the contribution certified is not made within 30 days
37 after the last date for payment of employer contributions for basic
38 retirement benefits, interest at the rate of 10% per year shall be
39 assessed against the unpaid balance on the first day after the
40 thirtieth day.

41 (10) The treasurer or corresponding officer of the employer shall
42 pay to the State Treasurer no later than April 1 of the State's fiscal
43 year in which payment is due the amount so certified as payable by
44 the employer, and shall pay monthly to the State Treasurer the
45 amount of the deductions from the salary of the members in the
46 employ of the employer, and the State Treasurer shall credit such
47 amount to the appropriate fund or funds, of the retirement system.

1 If payment of the full amount of the employer's obligation is not
2 made within 30 days of the due date established by this act, interest
3 at the rate of 10% per annum shall commence to run against the
4 unpaid balance thereof on the first day after such 30th day.

5 If payment in full, representing the monthly transmittal and
6 report of salary deductions, is not made within 15 days of the due
7 date established by the retirement system, interest at the rate of 10%
8 per annum shall commence to run against the total transmittal of
9 salary deductions for the period on the first day after such 15th day.

10 (11) The expenses of administration of the retirement system
11 shall be paid by the State of New Jersey. Each employer shall
12 reimburse the State for a proportionate share of the amount paid by
13 the State for administrative expense. This proportion shall be
14 computed as the number of members under the jurisdiction of such
15 employer bears to the total number of members in the system. The
16 pro rata share of the cost of administrative expense shall be
17 included with the certification by the retirement system of the
18 employer's contribution to the system.

19 (12) Notwithstanding anything to the contrary, the retirement
20 system shall not be liable for the payment of any pension or other
21 benefits on account of the employees or beneficiaries of any
22 employer participating in the retirement system, for which reserves
23 have not been previously created from funds, contributed by such
24 employer or its employees for such benefits.

25 (13) (Deleted by amendment, P.L.1992, c.125.)

26 (14) Commencing with valuation year 1991, with payment to be
27 made in Fiscal Year 1994, the Legislature shall annually
28 appropriate and the State Treasurer shall pay into the pension
29 accumulation fund of the retirement system an amount equal to
30 1.1% of the compensation of the members of the system for the
31 valuation year to fund the benefits provided by section 16 of
32 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

33 (15) If the valuation assets are insufficient to fund the normal
34 and accrued liability costs attributable to P.L.1999, c.428
35 (C.43:16A-15.8 et al.) as provided hereinabove, the normal and
36 unfunded accrued liability contributions required to fund these costs
37 for the State and other employers shall be paid by the State.

38 (16) The savings realized as a result of the amendments to this
39 section by P.L.2001, c.44 in the payment of normal contributions
40 computed by the actuary for the valuation periods ending June 30,
41 1998 for employers other than the State shall be used solely and
42 exclusively by a county or municipality for the purpose of reducing
43 the amount that is required to be raised by the local property tax
44 levy by the county for county purposes or by the municipality for
45 municipal purposes, as appropriate. The Director of the Division of
46 Local Government Services in the Department of Community
47 Affairs shall certify for each year that each county or municipality
48 has complied with the requirements set forth herein. If the director

1 finds that a county or municipality has not used the savings solely
2 and exclusively for the purpose of reducing the amount that is
3 required to be raised by the local property tax levy by the county for
4 county purposes or by the municipality for municipal purposes, as
5 appropriate, the director shall direct the county or municipal
6 governing body, as appropriate, to make corrections to its budget.
7 (cf: P.L.2009, c.19, s.2)

8
9 ¹~~34.~~ 33.¹ Section 16 of P.L.1944, c.255 (C.43:16A-16) is
10 amended to read as follows:

11 16. (1) All the assets of the retirement system shall be credited
12 according to the purpose for which they are held to one of five
13 funds, namely, the annuity savings fund, the pension accumulation
14 fund, the retirement reserve fund, and the special reserve fund~~],~~ and
15 the benefit enhancement fund~~].~~

16 (2) The annuity savings fund shall be a fund in which shall be
17 credited accumulated contributions by members or on their behalf
18 to provide for their allowances. The aggregate contributions of a
19 member withdrawn by him or paid to his estate or his designated
20 beneficiary in event of his death as provided in this act shall be paid
21 from the annuity savings fund. Upon the retirement of a member
22 where the aggregate contributions of the member are to be provided
23 in the form of an annuity, the aggregate contributions of the
24 member shall be transferred from the annuity savings fund to the
25 retirement reserve fund.

26 (3) The pension accumulation fund shall be the fund in which
27 shall be credited contributions made by employers. Upon the death
28 of a member either before or after retirement any lump sum benefit
29 payable shall be charged to the pension accumulation fund. Upon
30 the retirement or death of a member the reserve of any pension
31 payable to or on his account shall be transferred to the retirement
32 reserve fund. The retirement system at the end of each fiscal year
33 shall allow interest on the balance of the retirement reserve fund as
34 of the beginning of said fiscal year at the regular interest rate
35 applicable thereto to cover the interest creditable for the year. The
36 amount so allowed shall be due and payable and shall be credited
37 annually. All other income received on the securities, funds and
38 investments of the retirement system shall be credited to the
39 pension accumulation fund, except as provided by subsection (5) of
40 this section. The retirement system, upon the advice of the actuary,
41 shall transfer to and from the pension accumulation fund any
42 surplus or deficit in the retirement reserve fund.

43 (4) The retirement reserve fund shall be the fund from which all
44 retirement allowances and benefits in lieu thereof shall be paid. If
45 the retirement allowance of a member who has been retired is
46 subsequently canceled, the appropriate reserve shall be transferred
47 to the pension accumulation fund and the annuity savings fund.

1 (5) The special reserve fund shall be the fund to which any
2 earnings in excess of the amounts annually allowed under the
3 provisions of subsection (3) of this section shall be transferred. No
4 additional amounts shall be credited to the special reserve fund at
5 any time when the total accumulations in such fund equal 1% of the
6 book value of the investments of the retirement system. In this
7 event, any such excess shall be credited to the pension accumulation
8 fund. All losses from the sale of securities shall be charged against
9 the special reserve fund. The special reserve fund shall be
10 considered for valuation purposes by the actuary as an asset of the
11 retirement system.

12 (cf: P.L.2003, c.108, s.4)

13

14 ¹**[35.] 34.** (New section) The provision of N.J.S.18A:66-2,
15 N.J.S.18A:66-36, N.J.S.18A:66-37, N.J.S.18A:66-44,
16 N.J.S.18A:66-71 as amended by P.L. , c. (pending before the
17 Legislature as this bill) concerning persons who become members
18 of the retirement system on or after the effective date of
19 P.L. , c. (pending before the Legislature as this bill) shall not
20 apply to a person who at the time of enrollment in the retirement
21 system on or after that effective date transfers service credit, as
22 permitted, from another State-administered retirement system of
23 which the person was a member immediately prior to the effective
24 date and continuously thereafter, but shall apply to a former
25 member of the retirement system who has been granted a retirement
26 allowance and is reenrolled in the retirement system on or after that
27 effective date after becoming employed again in a position that
28 makes the person eligible to be a member of the retirement system.

29

30 ¹**[36.] 35.** (New section) The provision of section 6 of
31 P.L.1954, c.84 (C.43:15A-6), section 38 of P.L.1954, c.84
32 (C.43:15A-38), section 41 of P.L.1954, c.84 (C.43:15A-41), section
33 48 of P.L.1954, c.84 (C.43:15A-48), section 61 of P.L.1954, c.84
34 (C.43:15A-61) as amended by P.L. , c. (pending before the
35 Legislature as this bill) concerning persons who become members
36 of the retirement system on or after the effective date of P.L. ,
37 c. (pending before the Legislature as this bill) shall not apply to a
38 person who at the time of enrollment in the retirement system on or
39 after that effective date transfers service credit, as permitted, from
40 another State-administered retirement system of which the person
41 was a member immediately prior to the effective date and
42 continuously thereafter, but shall apply to a former member of the
43 retirement system who has been granted a retirement allowance and
44 is reenrolled in the retirement system on or after that effective date
45 after becoming employed again in a position that makes the person
46 eligible to be a member of the retirement system.

1 ¹**[37.]** 36.¹ (New section) The provision of section 1 of
2 P.L.1944, c.255 (C.43:16A-1) as amended by P.L. , c. (pending
3 before the Legislature as this bill) concerning persons who become
4 members of the retirement system on or after the effective date of
5 P.L. , c. (pending before the Legislature as this bill) shall not
6 apply to a person who at the time of enrollment in the retirement
7 system on or after that effective date transfers service credit , as
8 permitted, from another State-administered retirement system of
9 which the person was a member immediately prior to the effective
10 date and continuously thereafter, but shall apply to a former
11 member of the retirement system who has been granted a retirement
12 allowance and is reenrolled in the retirement system on or after that
13 effective date after becoming employed again in a position that
14 makes the person eligible to be a member of the retirement system.
15

16 ¹**[38.]** 37.¹ (New section) The provision of section 3 of
17 P.L.1965, c.89 (C.53:5A-3) as amended by P.L. , c. (pending
18 before the Legislature as this bill) concerning persons who become
19 members of the retirement system on or after the effective date of
20 P.L. , c. (pending before the Legislature as this bill) shall not
21 apply to a person who at the time of enrollment in the retirement
22 system on or after that effective date transfers service credit, as
23 permitted, from another State-administered retirement system of
24 which the person was a member immediately prior to the effective
25 date and continuously thereafter, but shall apply to a former
26 member of the retirement system who has been granted a retirement
27 allowance and is reenrolled in the retirement system on or after that
28 effective date after becoming employed again in a position that
29 makes the person eligible to be a member of the retirement system.
30

31 ¹**[39.]** 38.¹ (New section) Commencing July 1, 2011 and
32 thereafter, the contribution required, by law, to be made by the State
33 to the Teachers' Pension and Annuity Fund, established pursuant to
34 N.J.S.18A:66-1 et seq., the Judicial Retirement System, established
35 pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison Officers'
36 Pension Fund, established pursuant to P.L.1941, c.220 (C.43:7-7 et
37 seq.), the Public Employees' Retirement System, established
38 pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the Consolidated
39 Police and Firemen's Pension Fund, established pursuant to
40 R.S.43:16-1 et seq., the Police and Firemen's Retirement System,
41 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), and
42 the State Police Retirement System, established pursuant to
43 P.L.1965, c.89 (C.53:5A-1 et seq.), shall be made in full each year
44 to each system or fund in the manner and at the time provided by
45 law. The contribution shall be computed by actuaries for each
46 system or fund based on an annual valuation of the assets and
47 liabilities of the system or fund pursuant to consistent and generally
48 accepted actuarial standards and shall include the normal

1 contribution and the unfunded accrued liability contribution. The
2 State with regard to its obligations funded through the annual
3 appropriations act shall be in compliance with this requirement
4 provided the State makes a payment, to each State-administered
5 retirement system or fund, of at least 1/7th of the full contribution,
6 as computed by the actuaries, in the State fiscal year commencing
7 July 1, 2011 and a payment in each subsequent fiscal year that
8 increases by at least an additional 1/7th until payment of the full
9 contribution is made in the seventh fiscal year and thereafter.

10

11 ¹~~40.~~ 39.¹ This act shall take effect on the 60th day following
12 enactment.

SENATE, No. 2

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

Sponsored by:

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

Senator KEVIN J. O'TOOLE

District 40 (Bergen, Essex and Passaic)

Senator CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblywoman SHEILA Y. OLIVER

District 34 (Essex and Passaic)

Assemblyman ALEX DECROCE

District 26 (Morris and Passaic)

Co-Sponsored by:

Senators Vitale, Lesniak, Oroho, Kyrillos, Codey, Beach, Gordon, T.Kean, A.R.Bucco, Cardinale, Beck, B.Smith, Stack, Doherty, Madden, Sweeney, Buono, Ruiz, Gill, Pennacchio, Ciesla and Haines

SYNOPSIS

Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 3/23/2010)

1 AN ACT concerning various changes to the State-administered
2 retirement systems and amending and supplementing various
3 parts of the statutory law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:66-4 is amended to read as follows:

9 18A:66-4. a. The membership of the retirement system shall
10 consist of:

11 (a) all members of the teachers' pension and annuity fund
12 enrolled as such as of December 31, 1955;

13 (b) any person becoming a teacher on or after January 1, 1956,
14 except any person who has attained the age of 60 years prior to
15 becoming a teacher after June 30, 1958 but before July 1, 1968;

16 (c) every teacher veteran as of January 1, 1956, who is not a
17 member of the "Teachers' Pension and Annuity Fund" as of such
18 date and who shall not have notified the board of trustees within 30
19 days of such date that he does not desire to become a member;

20 (d) any teacher employed on January 1, 1956, who is not a
21 member of the Teachers' Pension and Annuity Fund and who elects
22 to become a member under the provisions of N.J.S.18A:66-10.

23 b. (1) Before or on **【the effective date of P.L.2008, c.89】**
24 November 1, 2008, no person in employment, office or position, for
25 which the annual salary or remuneration is fixed at less than
26 \$500.00 shall be eligible to become a member of the retirement
27 system.

28 (2) After **【the effective date of P.L.2008, c.89】** November 1,
29 2008, a person who was a member of the retirement system on that
30 **【effective】** date and continuously thereafter shall be eligible to be a
31 member of the retirement system in employment, office or position,
32 for which the annual salary or remuneration is fixed at \$500 or
33 more.

34 (3) After the **【effective date of P.L.2008, c.89】** November 1,
35 2008 and before or on the effective date of P.L. , c. (pending
36 before the Legislature as this bill), a person who was not a member
37 of the retirement system on **【that effective date】** November 1, 2008,
38 or who was a member of the retirement system on that **【effective】**
39 date but not continuously thereafter, and who is in employment,
40 office or position, for which the annual salary or remuneration is
41 certified by the applicable public entity at \$7,500 or more, shall be
42 eligible to become a member of the retirement system. The \$7,500
43 minimum annual salary or remuneration amount shall be adjusted
44 annually by the Director of the Division of Pensions and Benefits,
45 by regulation, in accordance with changes in the Consumer Price

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】 in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 Index but by no more than 4 percent. "Consumer Price Index"
2 means the average of the annual increase, expressed as a
3 percentage, in the consumer price index for all urban consumers in
4 the New York City and Philadelphia metropolitan statistical areas
5 during the preceding calendar year as reported by the United States
6 Department of Labor.

7 (4) After the effective date of P.L. , c. (pending before the
8 Legislature as this bill), no person in an employment, office or
9 position of the State, or an agency, board, commission, authority or
10 instrumentality of the State, for which the hours of work are fixed at
11 fewer than 35 per week shall be eligible to become a member of the
12 retirement system; and no person in employment, office or position
13 with a board of education or other education employer for which the
14 hours of work are fixed by a resolution of the board of education or
15 other education employer at fewer than 32 per week shall be
16 eligible to become a member of the retirement system. Any hour or
17 part thereof, during which the person does not work due to the
18 person's participation in a voluntary or mandatory furlough
19 program shall not be deducted in determining if a person's hours of
20 work are fixed at fewer than 35 or 32 per week, as appropriate, for
21 the purpose of eligibility.

22 (cf: P.L.2008, c.89, s.5)

23

24 2. N.J.S.18A:66-8 is amended to read as follows:

25 18A:66-8. a. If a teacher:

26 (1) is dismissed by an employer by reason of reduction in
27 number of teachers employed in the school district, institution or
28 department when in the judgment of the employer it is advisable to
29 abolish any office, position or employment for reasons of a
30 reduction in the number of pupils, economy, a change in the
31 administrative or supervisory organization or other good cause; or
32 becomes unemployed by reason of the creation of a regional school
33 district or a consolidated school district; or has been discontinued
34 from service without personal fault or through leave of absence
35 granted by an employer or permitted by any law of this State; and

36 (2) has not withdrawn the accumulated member's contributions
37 from the retirement system, the teacher's membership may continue,
38 notwithstanding any provisions of this article, if the member returns
39 to service within a period of 10 years from the date of
40 discontinuance from service. No credit for retirement purposes
41 shall be allowed to the member covering the period of
42 discontinuance, except as provided in this section. In computing
43 the service or in computing final compensation, no time after
44 September 1, 1919, during which a member shall have been
45 employed as a teacher at an annual salary or remuneration, or a
46 number of hours of work, fixed at less than that which is required
47 for membership pursuant to N.J.S.18A:66-4 as applicable to the
48 member shall be credited [, except that in] . In computing the

1 service or in computing final compensation, no time after the
2 effective date of P.L. , c. (pending before the Legislature as this
3 bill), during which a member shall have been employed as a teacher
4 for fewer than 32 hours per week shall be credited, unless the
5 member shall have been a member since that effective date
6 continuously. In the case of a veteran member credit shall be given
7 for service rendered prior to January 1, 1955, in an employment,
8 office or position if the annual salary or remuneration therefor was
9 fixed at not less than \$300.00 and the service consisted of the
10 performance of the full duties of the employment, office or position.

11 b. A teacher may purchase credit for time during which the
12 teacher shall have been absent on an official leave without pay. The
13 credit shall be purchased for a period of time equal to:

14 (1) three months or the duration of the leave, whichever is less;
15 or

16 (2) if the leave was due to the member's personal illness, two
17 years or the duration of the leave, whichever is less; or

18 (3) the period of leave that is specifically allowed for retirement
19 purposes by the provisions of any law of this State.

20 The purchase shall be made in the same manner and be subject to
21 the same terms and conditions provided for the purchase of previous
22 membership service by N.J.S.18A:66-9.

23 (cf: P.L.2008. c.89, s.6)
24

25 3. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
26 as follows:

27 7. There is hereby established the Public Employees'
28 Retirement System of New Jersey in the Division of Pensions and
29 Benefits of the Department of the Treasury. The membership of the
30 retirement system shall include:

31 a. The members of the former "State Employees' Retirement
32 System of New Jersey" enrolled as such as of December 30, 1954,
33 who shall not have claimed for refund their accumulated deductions
34 in said system as provided in this section;

35 b. Any person becoming an employee of the State or other
36 employer after January 2, 1955 and every veteran, other than a
37 retired member who returns to service pursuant to subsection b. of
38 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
39 whose appointments are seasonal, becoming an employee of the
40 State or other employer after such date, including a temporary
41 employee with at least one year's continuous service. The
42 membership of the retirement system shall not include those
43 persons appointed to serve as described in paragraphs (2) and (3) of
44 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
45 person who was a member of the retirement system prior to the
46 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-
47 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
48 C.43:15A-135) and continuously thereafter; and

1 c. Every employee veteran in the employ of the State or other
2 employer on January 2, 1955, who is not a member of any
3 retirement system supported wholly or partly by the State.

4 d. Membership in the retirement system shall be optional for
5 elected officials other than veterans, and for school crossing guards,
6 who having become eligible for benefits under other pension
7 systems are so employed on a part-time basis. Elected officials
8 commencing service on or after the effective date of sections 1
9 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
10 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
11 be eligible for membership in the retirement system based on
12 service in the elective public office, except that an elected official
13 enrolled in the retirement system as of that effective date who
14 continues to hold that elective public office without a break in
15 service shall be eligible to continue membership in the retirement
16 system under the terms and conditions of enrollment. Service in the
17 Legislature shall be considered a single elective public office. Any
18 part-time school crossing guard who is eligible for benefits under
19 any other pension system and who was hired as a part-time school
20 crossing guard prior to March 4, 1976, may at any time terminate
21 his membership in the retirement system by making an application
22 in writing to the board of trustees of the retirement system. Upon
23 receiving such application, the board of trustees shall terminate his
24 enrollment in the system and direct the employer to cease accepting
25 contributions from the member or deducting from the compensation
26 paid to the member. State employees who become members of any
27 other retirement system supported wholly or partly by the State as a
28 condition of employment shall not be eligible for membership in
29 this retirement system. Notwithstanding any other law to the
30 contrary, all other persons accepting employment in the service of
31 the State shall be required to enroll in the retirement system as a
32 condition of their employment, regardless of age.

33 (1) Before or on **【the effective date of P.L.2008, c.89】**
34 November 1, 2008, no person in employment, office or position, for
35 which the annual salary or remuneration is fixed at less than
36 \$1,500.00, shall be eligible to become a member of the retirement
37 system.

38 (2) After **【the effective date of P.L.2008, c.89】** November 1,
39 2008, a person who was a member of the retirement system on that
40 **【effective】** date and continuously thereafter shall be eligible to be a
41 member of the retirement system in employment, office or position,
42 for which the annual salary or remuneration is fixed at \$1,500 or
43 more.

44 (3) After **【the effective date of P.L.2008, c.89】** November 1,
45 2008 and before or on the effective date of P.L. , c. (pending
46 before the Legislature as this bill), a person who was not a member
47 of the retirement system on **【that effective date】** November 1, 2008,

1 or who was a member of the retirement system on that [effective]
2 date but not continuously thereafter, and who is in employment,
3 office or position, for which the annual salary or remuneration is
4 certified by the applicable public entity at \$7,500 or more, shall be
5 eligible to become a member of the retirement system. The \$7,500
6 minimum annual salary or remuneration amount shall be adjusted
7 annually by the Director of the Division of Pensions and Benefits,
8 by regulation, in accordance with changes in the Consumer Price
9 Index but by no more than 4 percent. "Consumer Price Index"
10 means the average of the annual increase, expressed as a
11 percentage, in the consumer price index for all urban consumers in
12 the New York City and Philadelphia metropolitan statistical areas
13 during the preceding calendar year as reported by the United States
14 Department of Labor.

15 (4) After the effective date of P.L. , c. (pending before the
16 Legislature as this bill), no person in an employment, office or
17 position of the State, or an agency, board, commission, authority or
18 instrumentality of the State, for which the hours of work are fixed at
19 fewer than 35 per week shall be eligible to become a member of the
20 retirement system; and no person in employment, office or position
21 with a political subdivision of the State, or an agency, board,
22 commission, authority or instrumentality of a political subdivision
23 of the State, for which the hours of work are fixed by an ordinance
24 or resolution of the political subdivision, or agency, board,
25 commission, authority or instrumentality thereof, at fewer than 32
26 per week shall be eligible to become a member of the retirement
27 system. Any hour or part thereof, during which the person does not
28 work due to the person's participation in a voluntary or mandatory
29 furlough program shall not be deducted in determining if a person's
30 hours of work are fixed at fewer than 35 or 32 per week, as
31 appropriate, for the purpose of eligibility.

32 e. Membership of any person in the retirement system shall
33 cease if he shall discontinue his service for more than two
34 consecutive years.

35 f. The accumulated deductions of the members of the former
36 "State Employees' Retirement System" which have been set aside in
37 a trust fund designated as Fund A as provided in section 5 of this
38 act and which have not been claimed for refund prior to February 1,
39 1955 shall be transferred from said Fund A to the Annuity Savings
40 Fund of the Retirement System, provided for in section 25 of this
41 act. Each member whose accumulated deductions are so transferred
42 shall receive the same prior service credit, pension credit, and
43 membership credit in the retirement system as he previously had in
44 the former "State Employees' Retirement System" and shall have
45 such accumulated deductions credited to his individual account in
46 the Annuity Savings Fund. Any outstanding obligations of such
47 member shall be continued.

1 g. Any school crossing guard electing to terminate his
2 membership in the retirement system pursuant to subsection d. of
3 this section shall, upon his request, receive a refund of his
4 accumulated deductions as of the date of his appointment to the
5 position of school crossing guard. Such refund of contributions
6 shall serve as a waiver of all benefits payable to the employee, to
7 his dependent or dependents, or to any of his beneficiaries under the
8 retirement system.

9 h. A temporary employee who is employed under the federal
10 Workforce Investment Act shall not be eligible for membership in
11 the system. Membership for temporary employees employed under
12 the federal Job Training Partnership Act, Pub.L.97-300 (29
13 U.S.C.s.1501) who are in the system on September 19, 1986 shall
14 be terminated, and affected employees shall receive a refund of
15 their accumulated deductions as of the date of commencement of
16 employment in a federal Job Training Partnership Act program.
17 Such refund of contributions shall serve as a waiver of all benefits
18 payable to the employee, to his dependent or dependents, or to any
19 of his beneficiaries under the retirement system.

20 i. Membership in the retirement system shall be optional for a
21 special service employee who is employed under the federal Older
22 American Community Service Employment Act, Pub.L.94-135 (42
23 U.S.C.s.3056). Any special service employee employed under the
24 federal Older American Community Service Employment Act,
25 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
26 the effective date of P.L.1996, c.139 may terminate membership in
27 the retirement system by making an application in writing to the
28 board of trustees of the retirement system. Upon receiving the
29 application, the board shall terminate enrollment in the system and
30 the member shall receive a refund of accumulated deductions as of
31 the date of commencement of employment in a federal Older
32 American Community Service Employment Act program. This
33 refund of contributions shall serve as a waiver of all benefits
34 payable to the employee, to any dependent or dependents, or to any
35 beneficiary under the retirement system.

36 j. An employee of the South Jersey Port Corporation who was
37 employed by the South Jersey Port Corporation as of the effective
38 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
39 employed within 365 days of such effective date by a subsidiary
40 corporation or other corporation, which has been established by the
41 Delaware River Port Authority pursuant to subdivision (m) of
42 Article I of the compact creating the Delaware River Port Authority
43 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
44 146), shall be eligible to continue membership while an employee
45 of such subsidiary or other corporation.
46 (cf: P.L.2008, c.89, s.7)

1 4. Section 39 of P.L.1954, c.84 (C.43:15A-39) is amended to
2 read as follows:

3 39. In computing for retirement purposes the total service of a
4 member about to be retired, the retirement system shall credit the
5 member with the time of all service rendered by the member since
6 that member's last enrollment, and in addition with all the service to
7 which the member is entitled and with no other service. Except as
8 otherwise provided in this act, this service credit shall be final and
9 conclusive for retirement purposes unless the member shall
10 discontinue service for more than two consecutive years. In the case
11 of a member for whom compensation is defined in paragraph (2) of
12 subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the
13 retirement system shall credit the member with the time of all
14 service rendered by the member during the part of any year that the
15 member was a participant of the Defined Contribution Retirement
16 Program, pursuant to paragraph (5) of subsection a. of section 2 of
17 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,
18 c.103, and making contributions to that program.

19 For the purpose of computing service for retirement purposes,
20 the board shall fix and determine by appropriate rules and
21 regulations how much service in any year shall equal a year of
22 service and a part of a year of service. Not more than one year shall
23 be credited for all service in a calendar year. A member may
24 purchase credit for time during which the member shall have been
25 absent on an official leave without pay. The credit shall be
26 purchased for a period of time equal to:

27 (1) three months or the duration of the leave, whichever is less;
28 or

29 (2) if the leave was due to the member's personal illness, two
30 years or the duration of the leave, whichever is less; or

31 (3) the period of leave that is specifically allowed for retirement
32 purposes by the provisions of any law of this State.

33 The purchase shall be made in the same manner and be subject to
34 the same terms and conditions provided for the purchase of previous
35 membership service credit by section 8 of P.L.1954, c.84
36 (C.43:15A-8). In computing the service or in computing final
37 compensation, no time during which a member was in employment,
38 office, or position for which the annual salary or remuneration was
39 fixed at less than \$500.00 in the case of service rendered prior to
40 November 6, 1986, or for which the annual salary or remuneration,
41 or the number of hours of work, is fixed at less than that which was
42 required for membership pursuant to section 7 of P.L.1954, c.84
43 (C.43:15A-7) as applicable to the member in the case of service
44 rendered on or after that date, shall be credited[, except that in] .
45 In computing the service or in computing final compensation, no
46 time during which a member was in employment, office, or position
47 for which the hours of work were fewer per week than those
48 required for membership pursuant to subsection d. of section 7 of

1 P.L.1954, c.84 (C.43:15A-7) after the effective date of
2 P.L. , c. (pending before the Legislature as this bill) shall be
3 credited, unless the member shall have been a member since that
4 effective date continuously. In the case of a veteran member credit
5 shall be given for service rendered prior to January 2, 1955, in an
6 employment, office or position if the annual salary or remuneration
7 therefor was fixed at not less than \$300.00 and such service
8 consisted of the performance of the full duties of the employment,
9 office or position.
10 (cf: P.L.2008, c.89, s.8)

11
12 5. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to
13 read as follows:

14 65. (a) All employees of any public agency or organization of
15 this State, which employs persons engaged in service to the public,
16 shall be eligible to participate in the Public Employees' Retirement
17 System; provided the employer consents thereto by resolution and
18 files a certified copy of such resolution with the board of trustees of
19 the Public Employees' Retirement System and the board of trustees
20 approves thereof by resolution. Such organization shall be referred
21 to in this act as the employer. If the participation of such
22 employees is so approved then the employer shall contribute to the
23 contingent reserve fund on account of its members at the same rate
24 per centum as would be paid by employers other than the State.

25 (b) Notwithstanding the provisions of subsection (a) of this
26 section, every person becoming an employee of a public agency or
27 organization of this State, which employs persons engaged in
28 service to the public, after June 30, 1966, who is not eligible to
29 become a member of any other retirement system, shall be required
30 to participate in the Public Employees' Retirement System.
31 Notwithstanding the provisions of subsection (a) of this section,
32 membership in the Public Employees' Retirement System shall be
33 optional with any person in the employ of any such public agency
34 or organization on June 30, 1966, provided such person is not
35 required to be a member pursuant to another provision of this act,
36 and provided further that such person is not eligible to be a member
37 of any other retirement system. The provisions of this subsection
38 shall not apply to any person whose position is temporary or
39 seasonal, nor to any person in office, position or employment for
40 which the annual salary or remuneration, or the number of hours or
41 work, is fixed at less than that which is required for membership
42 pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable
43 to the member, nor to any person whose position is not covered by
44 the old-age and survivors' insurance provisions of the federal Social
45 Security Act. After the effective date of P.L. , c. (pending
46 before the Legislature as this bill), the provisions of this subsection
47 shall not apply to any person in office, position or employment for
48 which the hours of work are fewer per week than those required for

1 membership pursuant to subsection d. of section 7 of P.L.1954, c.84
2 (C.43:15A-7), unless the person shall have been a member since
3 that effective date continuously. The public agency or organization
4 employing any such person who becomes a member of the
5 retirement system pursuant to this subsection shall contribute to the
6 contingent reserve fund on account of such employees at the same
7 rate per centum as would be paid by employers other than the State.
8 (cf: P.L.2008, c.89, s.9)

9
10 6. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to
11 read as follows:

12 75. (a) If this act is so adopted it shall become effective in the
13 county or municipality adopting it on June 30 of the following year.
14 Membership in the Public Employees' Retirement System shall be
15 optional with the employees of the county, board of education or
16 municipality in the service on the day the act becomes effective or
17 on June 30, 1966, whichever is earlier, in such county, board of
18 education or municipality except in the case of public employee
19 veterans who on such date are members. An employee who elects
20 to become a member within one year after this act so takes effect
21 shall be entitled to prior service covering service rendered to the
22 county, board of education or municipality prior to July 1, 1966 or
23 prior to the date this act so becomes effective, whichever is earlier.
24 Membership shall be compulsory for all employees entering the
25 service of the county, board of education or municipality on July 1,
26 1966 or after the date this act becomes effective, whichever is
27 earlier. Where any such employee entering the service of the
28 county, board of education or municipality after the date this act so
29 becomes effective has had prior service for which evidence
30 satisfactory to the retirement system is presented, as an employee in
31 such county, board of education or municipality before the date
32 upon which this act so becomes effective, or July 1, 1966,
33 whichever is earlier, such employee shall be entitled to prior service
34 covering service rendered to the county, board of education or
35 municipality prior to the date this act so becomes effective, or July
36 1, 1966, whichever is earlier.

37 (b) Notwithstanding the provisions of section 74 of this act and
38 subsection (a) of this section, every person, other than a non-veteran
39 elected official, becoming an employee of a county, board of
40 education, municipality or school district after June 30, 1966, who
41 is not eligible to become a member of another retirement system,
42 shall be required to become a member of the Public Employees'
43 Retirement System. Notwithstanding the provisions of section 74
44 of this act and subsection (a) of this section, membership in the
45 retirement system shall be optional with any elected official who is
46 not a veteran, regardless of the date he assumes office, and with any
47 other person in the employ of any county, board of education,
48 municipality or school district on June 30, 1966, provided such

1 elected official or other person is not then a member and is not
2 required to be a member of the retirement system pursuant to
3 another provision of this act, and provided further that such person
4 is not eligible to be a member of another retirement system.
5 Elected officials commencing service on or after the effective date
6 of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through
7 C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-
8 135) shall not be eligible for membership in the retirement system
9 based on service in the elective public office, except that an elected
10 official enrolled in the retirement system as of that effective date
11 who continues to hold that elective public office without a break in
12 service shall be eligible to continue membership in the retirement
13 system under the terms and conditions of enrollment.

14 The provisions of this subsection shall not apply to any person
15 whose position is temporary or seasonal, nor to any person in
16 office, position or employment for which the annual salary or
17 remuneration, or the number of hours of work, is fixed at less than
18 that which is required for membership pursuant to section 7 of
19 P.L.1954, c.84 (C.43:15A-7) as applicable to the member, nor to
20 any person whose position is not covered by the old age and
21 survivors' insurance provisions of the federal Social Security Act.
22 After the effective date of P.L. _____, c. _____ (pending before the
23 Legislature as this bill), the provisions of this subsection shall not
24 apply to any person in office, position or employment for which the
25 hours of work are fewer per week than those required for
26 membership pursuant to subsection d. of section 7 of P.L.1954, c.84
27 (C.43:15A-7), unless the person shall have been a member since
28 that effective date continuously. No credit shall be allowed to any
29 person becoming a member of the retirement system pursuant to
30 this subsection for service rendered to the employer prior to July 1,
31 1966, until the provisions of section 74 of this act have been
32 complied with, in which event such credit shall be allowed in
33 accordance with the provisions of subsection (a) of this section;
34 except that the governing body of any county, board of education or
35 municipality may, by resolution, consent to the allowance of such
36 credit and file a certified copy of such resolution with the board of
37 trustees of the Public Employees' Retirement System.
38 (cf: P.L.2008, c.89, s.10)

39

40 7. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read
41 as follows:

42 2. a. The following persons shall be eligible and shall
43 participate in the Defined Contribution Retirement Program:

44 (1) A person who commences service on or after the effective
45 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an
46 elective public office of this State or of a political subdivision
47 thereof, except that it shall not include a person who holds elective
48 public office on the effective date of this section and is enrolled in

1 the Public Employees' Retirement System while that person
2 continues to hold that elective public office without a break in
3 service. Service in the Legislature shall be considered a single
4 elective public office.

5 (2) A person who commences service on or after the effective
6 date of this section in an employment, office or position of the State
7 or of a political subdivision thereof, or an agency, board,
8 commission, authority or instrumentality of the State or of a
9 subdivision, pursuant to an appointment by the Governor that
10 requires the advice and consent of the Senate, or pursuant to an
11 appointment by the Governor to serve at the pleasure of the
12 Governor only during his or her term of office. This paragraph shall
13 not be deemed to include a person otherwise eligible for
14 membership in the State Police Retirement System or the Judicial
15 Retirement System.

16 (3) A person who commences service on or after the effective
17 date of this section in an employment, office or position in a
18 political subdivision of the State, or an agency, board, commission,
19 authority or instrumentality of a subdivision, pursuant to an
20 appointment by an elected public official or elected governing
21 body, that requires the specific consent or approval of the elected
22 governing body of the political subdivision that is substantially
23 similar in nature to the advice and consent of the Senate for
24 appointments by the Governor of the State as that similarity is
25 determined by the elected governing body and set forth in an
26 adopted ordinance or resolution, pursuant to guidelines or policy
27 that shall be established by the Local Finance Board in the
28 Department of Community Affairs or the Department of Education,
29 as appropriate to the elected governing body. This paragraph shall
30 not be deemed to include a person otherwise eligible for
31 membership in the Teachers' Pension and Annuity Fund or the
32 Police and Firemen's Retirement System, or a person who is
33 employed or appointed in the regular or normal course of
34 employment or appointment procedures and consented to or
35 approved in a general or routine manner appropriate for and
36 followed by the political subdivision, or the agency, board,
37 commission, authority or instrumentality of a subdivision, or a
38 person who holds a professional license or certificate to perform
39 and is performing as a certified health officer, tax assessor, tax
40 collector, municipal planner, chief financial officer, registered
41 municipal clerk, construction code official, licensed uniform
42 subcode inspector, qualified purchasing agent, or certified public
43 works manager.

44 (4) A person who is granted a pension or retirement allowance
45 under any pension fund or retirement system established under the
46 laws of this State and elects to participate pursuant to section 1 of
47 P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

1 (5) A member of the Teachers' Pension and Annuity Fund,
2 Police and Firemen's Retirement System, State Police Retirement
3 System, or the Public Employees' Retirement System for whom
4 compensation is defined as the amount of base or contractual salary
5 equivalent to the annual maximum wage contribution base for
6 Social Security, pursuant to the Federal Insurance Contributions
7 Act, for contribution and benefit purposes **[in either]** of those
8 retirement systems, for whom participation in this retirement
9 program shall be with regard to any excess over the maximum
10 compensation only.

11 (6) A person in employment, office or position for which the
12 annual salary or remuneration is less, or the hours of work per week
13 are fewer, than that which is required to become a member of the
14 Teachers' Pension and Annuity Fund or the Public Employees'
15 Retirement System, or to make contributions to those systems as a
16 member on the basis of any such employment, office or position,
17 after **[the effective date of P.L.2008, c.89]** November 1, 2008.

18 (7) A person electing to participate pursuant to section 30
19 of P.L. , c. (C.)(pending before the Legislature as this bill).

20 b. No person shall be eligible to participate in the retirement
21 program with respect to any public employment, office, or position
22 if:

23 (1) the base salary for that employment, office, or position is
24 less than **[\$1,500]** \$5,000 per year;

25 (2) the person is, on the basis of service in that employment,
26 office, or position, eligible for membership or enrolled as a member
27 of another State or locally-administered pension fund or retirement
28 system established under the laws of this State including the
29 Alternate Benefit Program, except as otherwise specifically
30 provided in subsection a. of this section;

31 (3) the person is receiving a benefit as a retiree from any other
32 State or locally-administered pension fund or retirement system
33 established under the laws of this State, except as provided in
34 section 1 of P.L.1977, c.171 (C.43:3C-3); or

35 (4) the person is an officer or employee of a political
36 subdivision of this State or of a board of education, or of any
37 agency, authority or instrumentality thereof, who is ineligible for
38 membership in the Public Employees' Retirement System pursuant
39 to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

40 c. **[A person eligible and required to participate in the**
41 **retirement program whose base salary is less than \$5,000 may at the**
42 **commencement of service in an employment, office or position**
43 **irrevocably elect to waive participation with regard to that**
44 **employment, office, or position by filing, at the time and on a form**
45 **required by the division, a written waiver with the Division of**
46 **Pensions and Benefits that waives all rights and benefits that would**
47 **otherwise be provided by the retirement program.]**

1 A person eligible and required to participate in the retirement
2 program pursuant to paragraph (5) of subsection a. of this section
3 may elect to waive participation with regard to that employment,
4 office, or position by filing, when first eligible, on a form required
5 by the division, a written waiver with the Division of Pensions and
6 Benefits that waives all rights and benefits that would otherwise be
7 provided by the retirement program. Such a person may thereafter
8 elect to participate in the retirement program by filing, on a form
9 required by the division, a written election to participate in the
10 retirement program and participation in the retirement program
11 pursuant to such election shall commence on the January 1 next
12 following the filing of the election to participate.

13 d. Service credited to a participant in the Defined Contribution
14 Retirement Program shall not be recognized as service credit to
15 determine eligibility for employer-paid health care benefits in
16 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),
17 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or
18 any other law, rule or regulation.
19 (cf: P.L.2008, c.89, s.11)

20

21 8. N.J.S.18A:66-36 is amended to read as follows:

22 18A:66-36. Should a member of the Teachers' Pension and
23 Annuity Fund, after having completed 10 years of service, be
24 separated voluntarily or involuntarily from the service, before
25 reaching service retirement age, and not by removal for conduct
26 unbecoming a teacher or other just cause under the provisions of
27 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,
28 such person may elect to receive, in lieu of the payment provided in
29 N.J.S.18A:66-34:

30 a. The payments provided for in N.J.S.18A:66-37, if he so
31 qualified under said section; or

32 b. A deferred retirement allowance beginning at age 60, or for
33 a person who becomes a member of the retirement system on or
34 after the effective date of P.L.2008, c.89 beginning at age 62, which
35 shall be made up of an annuity derived from the member's
36 accumulated deductions at the time of his severance from the
37 service, and a pension in the amount which, when added to the
38 member's annuity, will provide a total retirement allowance of 1/64
39 of **[his]** final compensation for each year of service credited as
40 Class A service and 1/55 of **[his]** final compensation for each year
41 of service credited as class B service, or for a person who becomes
42 a member of the retirement system on or after the effective date of
43 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
44 compensation for each year of service credited as class B service,
45 calculated in accordance with N.J.S.18A:66-44, with optional
46 privileges provided for in N.J.S.18A:66-47 if he exercises such
47 optional privilege at least 30 days before his attainment of the
48 normal retirement age; provided, that such election is

1 communicated by such member to the retirement system in writing
2 stating at what time subsequent to the execution and filing thereof
3 he desires to be retired; and provided, further, that such member
4 may later elect: (1) to receive the payments provided for in
5 N.J.S.18A:66-37, if he had qualified under that section at the time
6 of leaving service, except that in order to avail himself of the
7 optional privileges pursuant to N.J.S.18A:66-47, he must exercise
8 such optional privilege at least 30 days before the effective date of
9 his retirement; or (2) to withdraw his accumulated deductions with
10 interest as provided in N.J.S.18A:66-34. If such member shall die
11 before attaining service retirement age, then his accumulated
12 deductions, plus regular interest after January 1, 1956, shall be paid
13 in accordance with N.J.S.18A:66-38, and, in addition if such
14 member shall die after attaining service retirement age and has not
15 withdrawn his accumulated deductions, an amount equal to 3/16 of
16 the compensation upon which contributions by the member to the
17 annuity savings fund were based in the last year of creditable
18 service shall be paid to such member's beneficiary.

19 Any member who, having elected to receive a deferred
20 retirement allowance, again becomes an employee covered by the
21 retirement system while under the age of 60 or, if that person
22 became a member of the retirement system on or after the effective
23 date of P.L.2008, c.89, while under the age of 62, shall thereupon
24 be reenrolled. If he had discontinued his service for more than two
25 consecutive years, subsequent contributions shall be at a rate
26 applicable to the age resulting from the subtraction of his years of
27 creditable service at the time of his last discontinuance of
28 contributing membership from his age at the time of his return to
29 service. He shall be credited with all service as a member standing
30 to his credit at the time of his election to receive a deferred
31 retirement allowance.

32 (cf: P.L.2008, c.89, s.19)

33

34 9. N.J.S.18A:66-37 is amended to read as follows:

35 18A:66-37. Should a member resign after having established 25
36 years of creditable service before reaching age 60, or before
37 reaching the age of 62 if the person became a member of the
38 retirement system on or after the effective date of P.L.2008, c.89,
39 the member may elect "early retirement," provided, that such
40 election is communicated by such member to the retirement system
41 by filing a written application, duly attested, stating at what time
42 subsequent to the execution and filing thereof the member desires to
43 be retired. The member shall receive, in lieu of the payment
44 provided in N.J.S.18A:66-34, an annuity which is the actuarial
45 equivalent of the member's accumulated deductions and a pension
46 in the amount which, when added to the member's annuity, will
47 provide a total retirement allowance of 1/64 of the member's final
48 compensation for each year of service credited as class A service

1 and 1/55 of the member's final compensation for each year of
2 service credited as class B service, or for a person who becomes a
3 member of the retirement system on or after the effective date of
4 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
5 compensation for each year of service credited as class B service,
6 calculated in accordance with N.J.S.18A:66-44, reduced:

7 (a) by 1/4 of 1% for each month that the member lacks of being
8 age 55; or

9 (b) for a person who becomes a member of the retirement
10 system on or after July 1, 2007, by 1/4 of 1% for each month that
11 the member lacks of being age 55 and by 1/12 of 1% for each
12 month that the member lacks of being age 60 but over age 55; or

13 (c) for a person who becomes a member of the retirement
14 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
15 for each month that the member lacks of being age 55 and by 1/12
16 of 1% for each month that the member lacks of being age 62 but
17 over age 55; provided, however, that upon the receipt of proper
18 proofs of the death of such a member there shall be paid to the
19 member's beneficiary an amount equal to 3/16 of the compensation
20 upon which contributions by the member to the annuity savings
21 fund were based in the last year of creditable service or in the year
22 of the member's highest contractual salary, whichever is higher.

23 Subparagraph (b) or (c) of this section shall not apply to a person
24 who at the time of enrollment in the retirement system on or after
25 July 1, 2007 transfers service credit from another State-
26 administered retirement system pursuant to N.J.S.18A:66-15.1, but
27 shall apply to a former member of the retirement system who has
28 been granted a retirement allowance and is reenrolled in the
29 retirement system on or after July 1, 2007 pursuant to
30 N.J.S.18A:66-53.2 after becoming employed again in a position that
31 makes the person eligible to be a member of the retirement system.

32 The board of trustees shall retire the member at the time
33 specified or at such other time within one month after the date so
34 specified as the board finds advisable.

35 (cf: P.L.2008, c.89, s.20)

36
37 10. N.J.S.18A:66-44 is amended to read as follows:

38 18A:66-44. A member, upon retirement for service, shall receive
39 a retirement allowance consisting of:

40 (a) an annuity which shall be the actuarial equivalent of his
41 accumulated deductions, together with interest after January 1,
42 1956, less any excess contributions as provided in N.J.S.18A:66-20;
43 and

44 (b) a pension in the amount which, when added to the member's
45 annuity, will provide a total retirement allowance of 1/64 of **[his]**
46 final compensation for each year of service credited as class A
47 service and 1/55 of **[his]** final compensation for each year of
48 service credited as class B service, or for a person who becomes a

1 member of the retirement system on or after the effective date of
2 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
3 compensation for each year of service credited as class B service.

4 Upon the receipt of proper proofs of the death of a member who
5 has retired on a service retirement allowance, there shall be paid to
6 the member's beneficiary, an amount equal to 3/16 of the
7 compensation upon which contributions by the member to the
8 annuity savings fund were based in the last year of creditable
9 service or in the year of the member's highest contractual salary,
10 whichever is higher.

11 (cf: P.L.2001, c.133, s.6)

12

13 11. Section 38 of P.L.1954, c.84 (C.43:15A-38) is amended to
14 read as follows:

15 38. Should a member of the Public Employees' Retirement
16 System, after having completed 10 years of service, be separated
17 voluntarily or involuntarily from the service, before reaching
18 service retirement age, and not by removal for cause on charges of
19 misconduct or delinquency, such person may elect to receive:

20 (a) The payments provided for in section 41b. of this act, if he
21 so qualifies under said section, or;

22 (b) A deferred retirement allowance, beginning at the retirement
23 age, which shall be made up of an annuity derived from the
24 accumulated deductions standing to the credit of the individual
25 member's account in the annuity savings fund at the time of his
26 severance from the service together with regular interest, and a
27 pension which when added to the annuity will produce a total
28 retirement allowance of 1/64 of [his] final compensation for each
29 year of service credited as Class A service and 1/55 of [his] final
30 compensation for each year of service credited as Class B service,
31 or for a person who becomes a member of the retirement system on
32 or after the effective date of P.L. , c. (pending before the
33 Legislature as this bill) 1/60 of final compensation for each year of
34 service credited as Class B service, calculated in accordance with
35 section 48 of this act, with optional privileges provided for in
36 section 50 of this act if he exercises such optional privilege at least
37 30 days before his attainment of the normal retirement age;
38 provided, that such election is communicated by such member to
39 the retirement system in writing stating at what time subsequent to
40 the execution and filing thereof he desires to be retired; and
41 provided further, that such member, as referred to in this subsection
42 may later elect: (1) to receive the payments provided for in section
43 41b. of this act, if he had qualified under that section at the time of
44 leaving service, except that in order to avail himself of the optional
45 privileges pursuant to section 50, he must exercise such optional
46 privilege at least 30 days before the effective date of his retirement;
47 or (2) to withdraw his accumulated deductions with interest as
48 provided in section 41a. If such member shall die before attaining

1 service retirement age then his accumulated deductions, plus regular
2 interest, shall be paid in accordance with section 41c.; or if such
3 member shall die after attaining service retirement age and has not
4 withdrawn his accumulated deductions, an amount equal to 3/16 of
5 the compensation received by the member in the last year of
6 creditable service shall be paid to such person, if living, as he shall
7 have nominated by written designation duly executed and filed with
8 the retirement system; otherwise to the executor or administrator of
9 the member's estate.
10 (cf: P.L.2001, c.133, s.11)
11

12 12. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to
13 read as follows:

14 41. a. A member who withdraws from service or ceases to be an
15 employee for any cause other than death or retirement shall, upon
16 the filing of an application therefor, receive all of his accumulated
17 deductions standing to the credit of his individual account in the
18 annuity savings fund, plus regular interest, less any outstanding
19 loan, except that for any period after June 30, 1944, the interest
20 payable shall be such proportion of the interest determined at the
21 regular rate of 2% per annum bears to the regular rate of interest,
22 and except that no interest shall be payable in the case of a member
23 who has less than three years of membership credit for which he has
24 made contributions. He shall cease to be a member two years from
25 the date he discontinued service as an eligible employee, or, if prior
26 thereto, upon payment to him of his accumulated deductions. If any
27 such person or member shall die before withdrawing or before
28 endorsing the check constituting the return of his accumulated
29 deductions, such deductions shall be paid to the member's
30 beneficiary. No member shall be entitled to withdraw the amounts
31 contributed by his employer covering his military leave unless he
32 shall have returned to the payroll and contributed to the retirement
33 system for a period of 90 days.

34 b. Should a member resign after having established 25 years of
35 creditable service before reaching age 60, or before reaching age 62
36 if the person became a member of the retirement system on or after
37 the effective date of P.L.2008, c.89, he may elect "early retirement,"
38 provided, that such election is communicated by such member to
39 the retirement system by filing a written application, duly attested,
40 stating at what time subsequent to the execution and filing thereof
41 he desires to be retired. He shall receive, in lieu of the payment
42 provided in subsection a. of this section, an annuity which is the
43 actuarial equivalent of his accumulated deductions together with
44 regular interest, and a pension in the amount which, when added to
45 the member's annuity, will provide a total retirement allowance of
46 1/64 of **[his]** final compensation for each year of service credited
47 as Class A service and 1/55 of **[his]** final compensation for each
48 year of service credited as Class B service, or for a person who

1 becomes a member of the retirement system on or after the effective
2 date of P.L. , c. (pending before the Legislature as this bill) 1/60
3 of final compensation for each year of service credited as Class B
4 service, calculated in accordance with section 48 (C.43:15A-48) of
5 this act, reduced:

6 (a) by 1/4 of 1% for each month that the member lacks of being
7 age 55; or

8 (b) for a person who becomes a member of the retirement
9 system on or after July 1, 2007, by 1/4 of 1% for each month that
10 the member lacks of being age 55 and by 1/12 of 1% for each
11 month that the member lacks of being age 60 but over age 55; or

12 (c) for a person who becomes a member of the retirement
13 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
14 for each month that the member lacks of being age 55 and by 1/12
15 of 1% for each month that the member lacks of being age 62 but
16 over age 55; provided, however, that upon the receipt of proper
17 proofs of the death of such a member there shall be paid to his
18 beneficiary an amount equal to three-sixteenths of the compensation
19 upon which contributions by the member to the annuity savings
20 fund were based in the last year of creditable service.

21 Paragraph (b) or (c) of this subsection shall not apply to a person
22 who at the time of enrollment in the retirement system on or after
23 July 1, 2007 transfers service credit from another State-
24 administered retirement system pursuant to section 14 of P.L.1954,
25 c.84 (C.43:15A-14), but shall apply to a former member of the
26 retirement system who has been granted a retirement allowance and
27 is reenrolled in the retirement system on or after July 1, 2007
28 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after
29 becoming employed again in a position that makes the person
30 eligible to be a member of the retirement system.

31 The board of trustees shall retire him at the time specified or at
32 such other time within one month after the date so specified as the
33 board finds advisable.

34 c. Upon the receipt of proper proofs of the death of a member
35 in service on account of which no accidental death benefit is
36 payable under section 49 there shall be paid to such member's
37 beneficiary:

38 (1) The member's accumulated deductions at the time of death
39 together with regular interest; and

40 (2) An amount equal to one and one-half times the
41 compensation upon which contributions by the member to the
42 annuity savings fund were based in the last year of creditable
43 service.

44 (cf: P.L.2008, c.89, s.23)

45
46 13. Section 48 of P.L.1954, c.84 (C.43:15A-48) is amended to
47 read as follows:

1 48. A member, upon retirement for service, shall receive a
2 retirement allowance consisting of:

3 a. An annuity which shall be the actuarial equivalent of his
4 accumulated deductions together with regular interest; and

5 b. A pension in the amount which, when added to the member's
6 annuity, will provide a total retirement allowance of 1/64 of [his]
7 final compensation for each year of service credited as Class A
8 service and 1/55 of [his] final compensation for each year of
9 service credited as Class B service, or for a person who becomes a
10 member of the retirement system on or after the effective date of
11 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
12 compensation for each year of service credited as Class B service.

13 c. Upon the receipt of proper proofs of the death of a member
14 who has retired on a service retirement allowance, there shall be
15 paid to the member's beneficiary, an amount equal to 3/16 of the
16 compensation upon which contributions by the member to the
17 annuity savings fund were based in the last year of creditable
18 service.

19 (cf: P.L.2001, c.133, s.13)

20

21 14. Section 7 of P.L.2007, c.92 (C.43:15C-7) is amended to read
22 as follows:

23 7. The benefit under a group contract or contracts providing
24 life insurance shall be in an amount equal to one and one-half the
25 base annual salary of the participant in the retirement program,
26 except that in the event of death after retirement, the amount
27 payable shall equal 3/16 of the participant's base annual salary.
28 "Base annual salary" means the base salary upon which
29 contributions by the participant and the participant's employer to the
30 retirement program were based during the last year of creditable
31 service.

32 For purposes of this section, a participant shall be deemed to be
33 in service and covered by the group life insurance for a period of
34 official leave of absence without pay when such leave is due to
35 illness or any reason other than illness, with such period to be
36 determined by the Division of Pensions and Benefits, if satisfactory
37 evidence is presented to the division of such official leave of
38 absence. A participant shall be deemed to be on an official leave of
39 absence only if the leave is formally approved by the employer
40 prior to the time the leave commenced and timely notice is filed by
41 the employer with the division. If timely notice is not filed, the
42 employer shall be responsible for the payment of any benefits
43 pursuant to this section if the participant was otherwise eligible for
44 such benefits.

45 In the event of the death of a participant in active service in the
46 first year of participation as a result of an accident met in the actual
47 performance of duty at some definite time and place, the death

1 benefit payable pursuant to this section shall be computed at the
2 annual rate of base salary.

3 No beneficiary of a retired participant shall be entitled to receive
4 the death benefits payable in the event of death after retirement
5 pursuant to this section unless the participant either: had at least 25
6 years of credited participation in the retirement program established
7 pursuant to this act; or had at least 10 years of such credited
8 participation and had attained 60 years of age and was an actively
9 employed participant in the program in the year immediately
10 preceding initial receipt of a retirement annuity. For a member who
11 is a participant pursuant to paragraph (5) of subsection a. of section
12 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of
13 P.L.2007, c.103 and section 7 of P.L. , c. (pending before the
14 Legislature as this bill), service credit in the Teachers' Pension and
15 Annuity Fund, Police and Firemen's Retirement System, State
16 Police Retirement System, or the Public Employees' Retirement
17 System shall also be considered in determining if the participant
18 met the requirements of this paragraph.

19 (cf: P.L.2007, c.103, s.13)

20

21 15. Section 11 of P.L.2007, c.92 (C.43:15C-11) is amended to
22 read as follows:

23 11. Any person entitled to become a participant in the retirement
24 program shall not be allowed any of the group life insurance and
25 disability benefits if on the date of filing an application for
26 participation the person is 60 or more years of age, or if the person
27 makes application for participation in the retirement program
28 beyond the year after first becoming eligible for participation,
29 regardless of age, unless the participant furnishes satisfactory
30 evidence of insurability and on the effective date of participation is
31 actively at work and performing all regular duties at the customary
32 place of employment.

33 The effective date of coverage for such benefits shall be the first
34 day of the month which immediately follows the date when such
35 evidence is determined to be satisfactory.

36 Such evidence of insurability shall not be required of any person
37 enrolling in the retirement program upon transfer from another
38 State-administered retirement system, if such retirement system
39 provided a benefit of a similar nature and the transferring person
40 was covered by such a benefit at the time of the transfer. If such
41 transferring person was not covered by such a benefit at the time of
42 the transfer, the person may be allowed the benefit under the group
43 policy or policies; however, any such person shall furnish
44 satisfactory evidence of insurability if he had been unable or failed
45 to give such evidence as a member of the retirement system from
46 which the person transferred. Such evidence of insurability shall not
47 be required of any member of the Teachers' Pension and Annuity
48 Fund, Police and Firemen's Retirement System, State Police

1 Retirement System, or the Public Employees' Retirement System
2 who is enrolling in the retirement program pursuant to paragraph
3 (5) of subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
4 amended by section 12 of P.L.2007, c.103 and section 7 of
5 P.L. , c. (pending before the Legislature as this bill), if such
6 retirement system provides a benefit of a similar nature and the
7 participant is covered by such a benefit at the time of enrollment in
8 the program.

9 Any person who must furnish satisfactory evidence of
10 insurability under the provisions of this section and who ceases to
11 be a participant in the retirement program without such evidence
12 having been given shall continue to be subject to the same
13 requirement if the person subsequently becomes a participant.

14 (cf: P.L.2007, c.103, s.14)

15

16 16. Section 13 of P.L.2007, c.92 (C.43:15C-13) is amended to
17 read as follows:

18 13. The disability benefit coverage provided under a group
19 policy or policies shall provide a monthly income if the participant
20 becomes totally disabled from occupational or nonoccupational
21 causes for a period of at least six consecutive months following the
22 effective date of the coverage. The monthly disability benefit may
23 be paid by the insurance company so long as the participant remains
24 disabled up to the seventieth birthday, provided the disability
25 commenced prior to the sixtieth birthday. The benefit shall
26 terminate when the participant is no longer considered totally
27 disabled or begins to receive retirement benefits.

28 The participant shall be considered totally disabled if the
29 participant is unable to perform each duty of the participant's
30 occupation and is under the regular care of a physician. After the 24
31 months following the commencement of such disability benefit
32 payments, the participant shall be unable to engage in any gainful
33 occupation for which the participant is reasonably fitted by
34 education, training or experience. Total disability shall not be
35 considered to exist if the participant is gainfully employed.
36 Following an agreement with the insurance company and the
37 policyholder, the participant may continue to receive disability
38 benefits for a limited time while performing some type of work.
39 During the period of rehabilitation, the monthly benefit shall be the
40 regular payment less 80% of the participant's earnings from such
41 rehabilitative position.

42 A participant shall be deemed to be in service and covered by the
43 disability benefit insurance provisions for a period of no more than
44 six months while on official leave of absence without pay if
45 satisfactory evidence is presented to the Division of Pensions and
46 Benefits that such leave of absence without pay is due to illness and
47 that the participant was not actively engaged in any gainful
48 occupation during such period of leave of absence without pay.

1 Disability benefit insurance provisions of the group policy or
2 policies shall not cover disability resulting from or contributed to
3 by pregnancy, act of war, intentionally self-inflicted injury, or
4 attempted suicide whether or not sane. For purposes of such
5 disability benefit coverage, the participant shall not be considered
6 to be disabled while the participant is imprisoned or while outside
7 the United States, its territories or possessions, or Canada.

8 If the participant has recovered from the disability for which the
9 member had received benefits and again becomes totally disabled
10 while insured, the later disability shall be regarded as a continuation
11 of the prior one unless the participant has returned to full-time
12 covered employment for at least six months. If the later absence is
13 due to an unrelated cause and the participant had returned to full-
14 time work, it shall be considered a new disability. The disability
15 benefit insurance cannot be converted to an individual policy.

16 No participant shall be covered by the disability benefit
17 provision of the group policy or policies except upon the
18 completion of one year of full-time continuous employment in a
19 position eligible for participation in the Defined Contribution
20 Retirement Program. For a member who is a participant pursuant to
21 paragraph (5) of subsection a. of section 2 of P.L.2007, c.92
22 (C.43:15C-2) as amended by section 12 of P.L.2007, c.103 and
23 section 7 of P.L. , c. (pending before the Legislature as this
24 bill), completion of one year of full-time continuous employment in
25 a position eligible for membership in the Teachers' Pension and
26 Annuity Fund, Police and Firemen's Retirement System, State
27 Police Retirement System, or the Public Employees' Retirement
28 System shall also be considered in determining if the participant
29 met the requirements of this paragraph.

30 (cf: P.L.2007, c.103, s.15)

31

32 17. Section 14 of P.L.2007, c.92 (C.43:15C-14) is amended to
33 read as follows:

34 14. The disability benefit provided under a group policy or
35 policies shall be in an amount equal to 60% of the participant's base
36 monthly salary, reduced by periodic benefits to which the
37 participant may be entitled during the period of total disability. For
38 a member who is a participant pursuant to paragraph (5) of
39 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
40 amended by section 12 of P.L.2007, c.103 and section 7 of P.L. ,
41 c. (pending before the Legislature as this bill), base monthly
42 salary for this disability benefit shall mean the base or contractual
43 salary upon which contributions were made to the Teachers'
44 Pension and Annuity Fund, Police and Firemen's Retirement
45 System, State Police Retirement System, or the Public Employees'
46 Retirement System and to this program.

47 The periodic benefit by which the monthly disability benefit may
48 be reduced shall include salary or wages, retirement benefits or

1 benefits from any source for which the State or other public
2 employer has paid any part of the cost or made payroll deductions,
3 Social Security disability or other benefits, including dependents'
4 benefits, and benefits paid by Social Security at the option of the
5 participant before the age of 65, but not including any increase in
6 Social Security benefits enacted after the disability benefit under
7 such group policy or policies has commenced, and any other
8 periodic benefits provided by law except on account of military
9 service.

10 When a participant begins to receive a disability benefit under
11 such group policy or policies, the insurance company shall pay an
12 amount equal to the employee contribution which would have been
13 required of the participant and deducted from the participant's base
14 salary in order to meet the participant's obligation for the program.
15 Such amount shall be paid by the insurance company without
16 reduction by any other periodic benefit which the participant is
17 eligible to receive. Such amount shall be paid by the insurance
18 company to the insurer or insurers for the participant's retirement
19 annuity.

20 Premiums for such disability coverage shall be paid from a
21 special fund, hereby created, called the "Defined Contribution
22 Retirement Program Disability Premium Fund." The State Treasurer
23 shall estimate annually the amount that will be required for
24 premiums for such benefits for the ensuing fiscal year and shall
25 certify such amounts that shall be applied to the total State and
26 other employer contributions due on behalf of the participants in the
27 retirement program from the State and other employers, depositing
28 such amounts in the premium fund. Additionally, employers will
29 pay their share of the administrative costs of the program. The
30 intervals for all payments and the allocation of administrative costs
31 shall be determined by the Division of Pensions and Benefits
32 including due dates and penalties for noncompliance.

33 (cf: P.L.2007, c.103, s.16)

34

35 18. Section 4 of P.L.1944, c.255 (C.43:16A-4) is amended to
36 read as follows:

37 4. a. Only service as a policeman or fireman paid for by an
38 employer, which was rendered by a member since that member's
39 enrollment, or since that member's last enrollment in case of a break
40 in service, plus service, if any, covered by a prior service liability,
41 shall be considered as creditable service for the purposes of this act.
42 A member may purchase credit for temporary service as a
43 policeman or fireman, or as the holder of a title which, following
44 the termination of that temporary service, became covered by the
45 provisions of P.L.1944, c.255 (C.43:16A-1 et seq.), if that
46 temporary service shall have resulted, without interruption, in a
47 valid permanent or probational appointment as a policeman or
48 fireman or to a position, the title of which became covered by the

1 retirement system following the member's appointment thereto.
2 The purchase shall be made in the same manner and be subject to
3 the same terms and conditions provided for the purchase of previous
4 membership service by section 1 of P.L.1973, c.63 (C.43:16A-
5 11.4).

6 b. In the case of a member for whom compensation is defined
7 in paragraph (b) of subsection (26) of section 1 of P.L.1944, c.255
8 (C.43:16A-1), the retirement system shall credit the member with
9 the time of all service rendered by the member during the part of
10 any year that the member was a participant of the Defined
11 Contribution Retirement Program, pursuant to paragraph (5) of
12 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
13 amended by section 7 of P.L. , c. (pending before the Legislature
14 as this bill), and making contributions to that program.
15 (cf: P.L.1991, c.138, s.11)
16

17 19. Section 6 of P.L.1965, c.89 (C.53:5A-6) is amended to read
18 as follows;

19 6. a. Service as a full-time commissioned officer,
20 noncommissioned officer or trooper rendered as a member, and
21 service credit which was transferred from the former "State Police
22 Retirement and Benevolent Fund," shall, if the required
23 contributions are made by the State and the member, be considered
24 as creditable service. In addition, service as a chief inspector,
25 deputy chief inspector, inspector and special inspector in the
26 Division of Motor Vehicles or equivalent Civil Service
27 classifications, including Chief, Highway Patrol Bureau; Assistant
28 Chief (Major), Highway Patrol Bureau; Captain, Highway Patrol
29 Bureau; Lieutenant, Highway Patrol Bureau; Sergeant, Highway
30 Patrol Bureau; and Officer, Highway Patrol Bureau, and service
31 credit may be transferred from the Police and Firemen's Retirement
32 System and the Public Employees' Retirement System and shall, if
33 the required contributions are made by the State and the member, be
34 considered as creditable service. In addition, service as a member
35 of the State Capitol Police Force, or as a Supervising Inspector,
36 Principal Inspector, Senior Inspector, or Inspector Recruit in the
37 Alcoholic Beverage Control Enforcement Bureau or as a Principal
38 Marine Law Enforcement Officer, Senior Marine Law Enforcement
39 Officer, or Marine Law Enforcement Officer in the Bureau of
40 Marine Law Enforcement and service credit transferred from the
41 Police and Firemen's Retirement System or the Public Employees'
42 Retirement System shall, if the required contributions are made by
43 the State and the member, be considered as creditable service.

44 A member on suspension shall be considered in service for the
45 period of the suspension, but the period of suspension shall not be
46 considered as creditable service unless the member receives salary
47 therefor.

1 If an employee's membership has been terminated and he is re-
2 enrolled as a member of the retirement system, he may purchase
3 credit for all of his previous membership service by paying into the
4 annuity savings fund the amount required by applying the factor,
5 supplied by the actuary, as being applicable to his age at the time of
6 the purchase, to his salary at that time. Such purchase may be made
7 in regular installments equal to at least 1/2 the normal contribution
8 to the retirement system, over a maximum period of 10 years. In
9 order to give to such person the same credit for such service as he
10 had at the time of termination, his pension credit shall be restored as
11 it was at the time of his termination, upon the completion of one
12 year of membership after his election to make the purchase and the
13 payment of at least 1/2 the total amount due, except that in the case
14 of retirement pursuant to sections 8, 27 and 28 of chapter 89 of the
15 laws of 1965, the credit granted for the service being purchased
16 shall be in direct proportion as the amount paid bears to the total
17 amount of the arrearage obligation.

18 b. Any member of the retirement system, who, prior to
19 becoming a member, had established service credits in another
20 retirement system supported in whole or in part by the State, or who
21 had rendered service to the State prior to becoming a member, or
22 had purchased service credits while in the Police and Firemen's
23 Retirement System or the Public Employees' Retirement System,
24 while serving as chief inspector, deputy chief inspector, inspector or
25 special inspector in the Enforcement Bureau, Division of Motor
26 Vehicles, or as a member of the State Capitol Police Force, or as a
27 Supervising Inspector, Principal Inspector, Senior Inspector,
28 Inspector, or Inspector Recruit in the Alcoholic Beverage Control
29 Enforcement Bureau, or as a Principal Marine Law Enforcement
30 Officer, Senior Marine Law Enforcement Officer, or Marine Law
31 Enforcement Officer in the Bureau of Marine Law Enforcement, for
32 which he desires to establish credit in this retirement system, shall
33 be permitted to purchase such credit or to transfer such previously
34 purchased credit. If such credit is established and except as
35 provided in subsection f., it shall be included in the computation of
36 a retirement allowance on the basis of 1% of final compensation for
37 each year of such service credit.

38 c. Not more than one year shall be credited for all service in a
39 calendar year.

40 d. In computing service, time during which a member was
41 absent on an official leave without pay shall be credited if such
42 leave was for a period of: (1) less than three months; or (2) up to a
43 maximum of two years, if the leave was due to the member's
44 personal illness and the period of leave is allowed for retirement
45 purposes within one year following his return to service after the
46 termination of such leave.

47 e. The method of computation and the terms of the purchase of
48 service permitted by subsections b. and d. of this section shall be

1 identical to those stipulated for the purchase of previous
2 membership service by members of the system, as provided by
3 subsection a. of this section.

4 f. For any person who becomes a member of the retirement
5 system pursuant to P.L.1997, c.19 (C.53:1-8.2 et al.) and is required
6 to retire pursuant to section 8 of P.L.1965, c.89 (C.53:5A-8) with
7 less than 20 years of creditable service in the retirement system, an
8 amount of service credit transferred or purchased pursuant to
9 subsection b. which when added to the amount of creditable service
10 in the retirement system equals 20 years shall be considered
11 creditable service in the retirement system. Transferred or
12 purchased service credit in excess of the amount necessary to
13 provide 20 years of creditable service in the retirement system shall
14 be included in the computation of a retirement allowance on the
15 basis provided in subsection b.

16 g. In the case of a member for whom compensation is defined
17 in paragraph (2) of subsection u. of section 3 of P.L.1965, c.89
18 (C.53:5A-3), the retirement system shall credit the member with the
19 time of all service rendered by the member during the part of any
20 year that the member was a participant of the Defined Contribution
21 Retirement Program, pursuant to paragraph (5) of subsection a. of
22 section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 7
23 of P.L. , c. (pending before the Legislature as this bill), and
24 making contributions to that program.

25 (cf: P.L.1997, c.19, s.8)

26

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

28 18A:66-2. As used in this article:

29 a. "Accumulated deductions" means the sum of all the
30 amounts, deducted from the compensation of a member or
31 contributed by or in behalf of the member, including interest
32 credited to January 1, 1956, standing to the credit of the member's
33 individual account in the annuity savings fund.

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

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

38 d. (1) "Compensation" means the contractual salary, for services
39 as a teacher as defined in this article, which is in accordance with
40 established salary policies of the member's employer for all
41 employees in the same position but shall not include individual
42 salary adjustments which are granted primarily in anticipation of
43 the member's retirement or additional remuneration for performing
44 temporary or extracurricular duties beyond the regular school day or
45 the regular school year.

46 (2) In the case of a person who becomes a member of the
47 retirement system on or after July 1, 2007, "compensation" means
48 the amount of the contractual salary equivalent to the annual

1 maximum wage contribution base for Social Security, pursuant to
2 the Federal Insurance Contributions Act, for services as a teacher as
3 defined in this article, which is in accordance with established
4 salary policies of the member's employer for all employees in the
5 same position but shall not include individual salary adjustments
6 which are granted primarily in anticipation of the member's
7 retirement or additional remuneration for performing temporary or
8 extracurricular duties beyond the regular school day or the regular
9 school year. This paragraph shall not apply to a person who at the
10 time of enrollment in the retirement system on or after July 1, 2007
11 transfers service credit from another State-administered retirement
12 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
13 member of the retirement system who has been granted a retirement
14 allowance and is reenrolled in the retirement system on or after July
15 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
16 again in a position that makes the person eligible to be a member of
17 the retirement system.

18 For the period of July 1, 2009 through June 30, 2011,
19 "contractual salary" for State employees shall include wage
20 increases under a collective negotiations agreement notwithstanding
21 that, by amendment to that collective negotiations agreement, the
22 effective date of the contractual increase has been deferred. For the
23 purpose of this paragraph, "State employee" means an employee in
24 the Executive Branch of State government of New Jersey.

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

28 f. (1) "Final compensation" means the average annual
29 compensation for which contributions are made for the three years
30 of creditable service in New Jersey immediately preceding the
31 member's retirement or death, or it shall mean the average annual
32 compensation for New Jersey service for which contributions are
33 made during any three fiscal years of his or her membership
34 providing the largest possible benefit to the member or the
35 member's beneficiary.

36 (2) In the case of a person who becomes a member of the
37 retirement system on or after the effective date of P.L. , c.
38 (pending before the Legislature as this bill), "final compensation"
39 means the average annual compensation for which contributions are
40 made for the five years of creditable service in New Jersey
41 immediately preceding the member's retirement or death, or it shall
42 mean the average annual compensation for New Jersey service for
43 which contributions are made during any five fiscal years of his or
44 her membership providing the largest possible benefit to the
45 member or the member's beneficiary.

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

- 1 h. "Pension" means payments for life derived from
2 appropriations made by the State or employers to the Teachers'
3 Pension and Annuity Fund.
- 4 i. "Annuity reserve" means the present value of all payments
5 to be made on account of any annuity or benefit in lieu of an
6 annuity, granted under the provisions of this article, computed on
7 the basis of such mortality tables recommended by the actuary as
8 the board of trustees adopts, with regular interest.
- 9 j. "Pension reserve" means the present value of all payments to
10 be made on account of any pension or benefit in lieu of a pension
11 granted to a member from the Teachers' Pension and Annuity Fund,
12 computed on the basis of such mortality tables recommended by the
13 actuary as the board of trustees adopts, with regular interest.
- 14 k. "Present-entrant" means any member of the Teachers'
15 Pension and Annuity Fund who had established status as a "present-
16 entrant member" of said fund prior to January 1, 1956.
- 17 l. "Rate of contribution initially certified" means the rate of
18 contribution certified by the retirement system in accordance with
19 N.J.S.18A:66-29.
- 20 m. "Regular interest" shall mean interest as determined by the
21 State Treasurer, after consultation with the Directors of the
22 Divisions of Investment and Pensions, the board of trustees and the
23 actuary. It shall bear a reasonable relationship to the percentage rate
24 of earnings on investments based on the market value of assets but
25 shall not exceed the assumed percentage rate of increase applied to
26 salaries plus 3%, provided however that the board of trustees shall
27 not set the average percentage rate of increase applied to salaries
28 below 6%.
- 29 n. "Retirement allowance" means the pension plus the annuity.
- 30 o. "School service" means any service as a "teacher" as defined
31 in this section.
- 32 p. "Teacher" means any regular teacher, special teacher,
33 helping teacher, teacher clerk, principal, vice-principal, supervisor,
34 supervising principal, director, superintendent, city superintendent,
35 assistant city superintendent, county superintendent, State
36 Commissioner or Assistant Commissioner of Education, members
37 of the State Department of Education who are certificated,
38 unclassified professional staff and other members of the teaching or
39 professional staff of any class, public school, high school, normal
40 school, model school, training school, vocational school, truant
41 reformatory school, or parental school, and of any and all classes or
42 schools within the State conducted under the order and
43 superintendence, and wholly or partly at the expense of the State
44 Board of Education, of a duly elected or appointed board of
45 education, board of school directors, or board of trustees of the
46 State or of any school district or normal school district thereof, and
47 any persons under contract or engagement to perform one or more
48 of these functions. It shall also mean any person who serves, while

1 on an approved leave of absence from regular duties as a teacher, as
2 an officer of a local, county or State labor organization which
3 represents, or is affiliated with an organization which represents,
4 teachers as defined in this subsection. No person shall be deemed a
5 teacher within the meaning of this article who is a substitute
6 teacher. In all cases of doubt the board of trustees shall determine
7 whether any person is a teacher as defined in this article.

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

16 r. "Veteran" means any honorably discharged officer, soldier,
17 sailor, airman, marine or nurse who served in any Army, Air Force
18 or Navy of the Allies of the United States in World War I between
19 July 14, 1914, and November 11, 1918, or who served in any Army,
20 Air Force or Navy of the Allies of the United States in World War
21 II, between September 1, 1939, and September 2, 1945, and who
22 was inducted into such service through voluntary enlistment, and
23 was a citizen of the United States at the time of such enlistment, and
24 who did not, during or by reason of such service, renounce or lose
25 United States citizenship, and any officer, soldier, sailor, marine,
26 airman, nurse or army field clerk who has served in the active
27 military or naval service of the United States and has or shall be
28 discharged or released therefrom under conditions other than
29 dishonorable, in any of the following wars, uprisings, insurrections,
30 expeditions or emergencies, and who has presented to the retirement
31 system evidence of such record of service in form and content
32 satisfactory to said retirement system:

33 (1) The Indian wars and uprisings during any of the periods
34 recognized by the War Department of the United States as periods
35 of active hostility;

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

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

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

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

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

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

1 (8) The Mexican border patrol, having actually participated in
2 engagements against Mexicans between April 12, 1911, and June
3 16, 1919;

4 (9) World War I, between April 6, 1917, and November 11,
5 1918;

6 (10) World War II, between September 16, 1940, and December
7 31, 1946, who shall have served at least 90 days in such active
8 service, exclusive of any period of assignment (1) for a course of
9 education or training under the Army Specialized Training Program
10 or the Navy College Training Program, which course was a
11 continuation of a civilian course and was pursued to completion, or
12 (2) as a cadet or midshipman at one of the service academies, any
13 part of which 90 days was served between said dates; provided that
14 any person receiving an actual service-incurred injury or disability
15 shall be classed as a veteran, whether or not that person has
16 completed the 90-day service as herein provided;

17 (11) Korean conflict on or after June 23, 1950, and on or prior to
18 January 31, 1955, who shall have served at least 90 days in such
19 active service, exclusive of any period of assignment (1) for a
20 course of education or training under the Army Specialized
21 Training Program or the Navy College Training Program, which
22 course was a continuation of a civilian course and was pursued to
23 completion, or (2) as a cadet or midshipman at one of the service
24 academies, any part of which 90 days was served between said
25 dates; provided that any person receiving an actual service-incurred
26 injury or disability shall be classed as a veteran, whether or not that
27 person has completed the 90-day service as herein provided; and
28 provided further that any member classed as a veteran pursuant to
29 this subsection prior to August 1, 1966, shall continue to be classed
30 as a veteran, whether or not that person completed the 90-day
31 service between said dates as herein provided;

32 (12) Lebanon crisis, on or after July 1, 1958, who has served in
33 Lebanon or on board any ship actively engaged in patrolling the
34 territorial waters of that nation for a period, continuous or in the
35 aggregate, of at least 14 days commencing on or before November
36 1, 1958 or the date of termination of that conflict, as proclaimed by
37 the President of the United States or Congress, whichever date of
38 termination is the latest, in such active service; provided, that any
39 person receiving an actual service-incurred injury or disability shall
40 be classed as a veteran whether or not that person has completed the
41 14 days' service as herein provided;

42 (13) Vietnam conflict, on or after December 31, 1960, and on or
43 prior to May 7, 1975, who shall have served at least 90 days in such
44 active service, exclusive of any period of assignment (1) for a
45 course of education or training under the Army Specialized
46 Training Program or the Navy College Training Program, which
47 course was a continuation of a civilian course and was pursued to
48 completion, or (2) as a cadet or midshipman at one of the service

1 academies, any part of which 90 days was served between said
2 dates; and exclusive of any service performed pursuant to the
3 provisions of section 511(d) of Title 10, United States Code,
4 pursuant to an enlistment in the Army National Guard or as a
5 reserve for service in the Army Reserve, Naval Reserve, Air Force
6 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
7 that any person receiving an actual service-incurred injury or
8 disability shall be classed as a veteran, whether or not that person
9 has completed the 90-day service as herein provided;

10 (14) Lebanon peacekeeping mission, on or after September 26,
11 1982, who has served in Lebanon or on board any ship actively
12 engaged in patrolling the territorial waters of that nation for a
13 period, continuous or in the aggregate, of at least 14 days
14 commencing on or before December 1, 1987 or the date of
15 termination of that mission, as proclaimed by the President of the
16 United States or Congress, whichever date of termination is the
17 latest, in such active service; provided, that any person receiving an
18 actual service-incurred injury or disability shall be classed as a
19 veteran whether or not that person has completed the 14 days'
20 service as herein provided;

21 (15) Grenada peacekeeping mission, on or after October 23,
22 1983, who has served in Grenada or on board any ship actively
23 engaged in patrolling the territorial waters of that nation for a
24 period, continuous or in the aggregate, of at least 14 days
25 commencing on or before November 21, 1983 or the date of
26 termination of that mission, as proclaimed by the President of the
27 United States or Congress, whichever date of termination is the
28 latest, in such active service; provided, that any person receiving an
29 actual service-incurred injury or disability shall be classed as a
30 veteran whether or not that person has completed the 14 days'
31 service as herein provided;

32 (16) Panama peacekeeping mission, on or after December 20,
33 1989 or the date of inception of that mission, as proclaimed by the
34 President of the United States or Congress, whichever date of
35 inception is earliest, who has served in Panama or on board any ship
36 actively engaged in patrolling the territorial waters of that nation for
37 a period, continuous or in the aggregate, of at least 14 days
38 commencing on or before January 31, 1990 or the date of
39 termination of that mission, as proclaimed by the President of the
40 United States or Congress, whichever date of termination is the
41 latest, in such active service; provided, that any person receiving an
42 actual service-incurred injury or disability shall be classed as a
43 veteran whether or not that person has completed the 14 days'
44 service as herein provided;

45 (17) Operation "Desert Shield/Desert Storm" mission in the
46 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
47 or the date of inception of that operation, as proclaimed by the
48 President of the United States or Congress, whichever date of

1 inception is earliest, who has served in the Arabian peninsula or on
2 board any ship actively engaged in patrolling the Persian Gulf for a
3 period, continuous or in the aggregate, of at least 14 days
4 commencing on or before the date of termination of that mission, as
5 proclaimed by the President of the United States or Congress,
6 whichever date of termination is the latest, in such active service;
7 provided, that any person receiving an actual service-incurred injury
8 or disability shall be classed as a veteran whether or not that person
9 has completed the 14 days' service as herein provided;

10 (18) Operation Northern Watch and Operation Southern Watch,
11 on or after August 27, 1992, or the date of inception of that
12 operation, as proclaimed by the President of the United States,
13 Congress or United States Secretary of Defense, whichever date of
14 inception is earliest, who served in the theater of operation,
15 including in the Arabian peninsula and the Persian Gulf, and in
16 direct support of that operation for a period, continuously or in the
17 aggregate, of at least 14 days in such active service, commencing on
18 or before the date of termination of the operation, as proclaimed by
19 the President of the United States, Congress or United States
20 Secretary of Defense, whichever date of termination is latest;
21 provided, that any person receiving an actual service-incurred injury
22 or disability while engaged in such service shall be classed as a
23 veteran whether or not that person has completed the 14 days'
24 service as herein provided;

25 (19) Operation "Restore Hope" in Somalia, on or after December
26 5, 1992, or the date of inception of that operation as proclaimed by
27 the President of the United States or Congress, whichever date is
28 earliest, who has served in Somalia or on board any ship actively
29 engaged in patrolling the territorial waters of that nation for a
30 period, continuously or in the aggregate, of at least 14 days in such
31 active service commencing on or before March 31, 1994; provided
32 that any person receiving an actual service-incurred injury or
33 disability shall be classed as a veteran whether or not that person
34 has completed the 14-day service as herein provided;

35 (20) Operations "Joint Endeavor" and "Joint Guard" in the
36 Republic of Bosnia and Herzegovina, on or after November 20,
37 1995, who served in such active service in direct support of one or
38 both of the operations for at least 14 days, continuously or in the
39 aggregate, commencing on or before June 20, 1998, and (1) was
40 deployed in that nation or in another area in the region, or (2) was
41 on board a United States naval vessel operating in the Adriatic Sea,
42 or (3) operated in airspace above the Republic of Bosnia and
43 Herzegovina; provided that any person receiving an actual service-
44 incurred injury or disability shall be classed as a veteran whether or
45 not that person completed the 14-day service requirement;

46 (21) Operation "Enduring Freedom", on or after September 11,
47 2001, who served in a theater of operation and in direct support of
48 that operation for a period, continuously or in the aggregate, of at

1 least 14 days in such active service commencing on or before the
2 date the President of the United States or the United States
3 Secretary of Defense designates as the termination date of that
4 operation; provided, that any person receiving an actual service-
5 incurred injury or disability while engaged in such service shall be
6 classed as a veteran whether or not that person has completed the 14
7 days' service as herein provided; and

8 (22) Operation "Iraqi Freedom", on or after the date the President
9 of the United States or the United States Secretary of Defense
10 designates as the inception date of that operation, who served in
11 Iraq or in another area in the region in direct support of that
12 operation for a period, continuously or in the aggregate, of at least
13 14 days in such active service commencing on or before the date the
14 President of the United States or the United States Secretary of
15 Defense designates as the termination date of that operation;
16 provided, that any person receiving an actual service-incurred injury
17 or disability while engaged in such service shall be classed as a
18 veteran whether or not that person has completed the 14 days'
19 service as herein provided.

20 "Veteran" also means any honorably discharged member of the
21 American Merchant Marine who served during World War II and is
22 declared by the United States Department of Defense to be eligible
23 for federal veterans' benefits.

24 s. "Child" means a deceased member's unmarried child either
25 (a) under the age of 18 or (b) of any age who, at the time of the
26 member's death, is disabled because of mental retardation or
27 physical incapacity, is unable to do any substantial, gainful work
28 because of the impairment and the impairment has lasted or can be
29 expected to last for a continuous period of not less than 12 months,
30 as affirmed by the medical board.

31 t. (1) "Widower," for employees of the State, means the man to
32 whom a member was married, or a domestic partner as defined in
33 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
34 the date of her death and to whom she continued to be married or a
35 domestic partner until the date of her death and who was receiving
36 at least one-half of his support from the member in the 12-month
37 period immediately preceding the member's death or the accident
38 which was the direct cause of the member's death. The dependency
39 of such a widower will be considered terminated by marriage of, or
40 establishment of a domestic partnership by, the widower subsequent
41 to the death of the member. In the event of the payment of an
42 accidental death benefit, the five-year qualification shall be waived.

43 (2) Subject to the provisions of paragraph (3) of this subsection,
44 "widower," for employees of public employers other than the State,
45 means the man to whom a member was married at least five years
46 before the date of her death and to whom she continued to be
47 married until the date of her death and who was receiving at least
48 one-half of his support from the member in the 12-month period

1 immediately preceding the member's death or the accident which
2 was the direct cause of the member's death. The dependency of such
3 a widower shall be considered terminated by marriage of the
4 widower subsequent to the death of the member. In the event of the
5 payment of an accidental death benefit, the five-year qualification
6 shall be waived.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "widower" as defined in
9 paragraph (2) of this subsection shall include domestic partners as
10 provided in paragraph (1) of this subsection.

11 u. (1) "Widow," for employees of the State, means the woman
12 to whom a member was married, or a domestic partner as defined in
13 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
14 the date of his death and to whom he continued to be married or a
15 domestic partner until the date of his death and who was receiving
16 at least one-half of her support from the member in the 12-month
17 period immediately preceding the member's death or the accident
18 which was the direct cause of the member's death. The dependency
19 of such a widow will be considered terminated by the marriage of,
20 or establishment of a domestic partnership by, the widow
21 subsequent to the member's death. In the event of the payment of an
22 accidental death benefit, the five-year qualification shall be waived.

23 (2) Subject to the provisions of paragraph (3) of this subsection,
24 "widow," for employees of public employers other than the State,
25 means the woman to whom a member was married at least five
26 years before the date of his death and to whom he continued to be
27 married until the date of his death and who was receiving at least
28 one-half of her support from the member in the 12-month period
29 immediately preceding the member's death or the accident which
30 was the direct cause of the member's death. The dependency of such
31 a widow shall be considered terminated by the marriage of the
32 widow subsequent to the member's death. In the event of the
33 payment of an accidental death benefit, the five-year qualification
34 shall be waived.

35 (3) A public employer other than the State may adopt a
36 resolution providing that the term "widower" as defined in
37 paragraph (2) of this subsection shall include domestic partners as
38 provided in paragraph (1) of this subsection.

39 v. "Parent" means the parent of a member who was receiving at
40 least one-half of the parent's support from the member in the 12-
41 month period immediately preceding the member's death or the
42 accident which was the direct cause of the member's death. The
43 dependency of such a parent will be considered terminated by
44 marriage of the parent subsequent to the death of the member.

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

1 x. (1) "Spouse," for employees of the State, means the husband
2 or wife, or domestic partner as defined in section 3 of P.L.2003,
3 c.246 (C.26:8A-3), of a member.

4 (2) Subject to the provisions of paragraph (1) of this subsection,
5 "spouse," for employees of public employers other than the State,
6 means the husband or wife of a member.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "spouse" as defined in paragraph
9 (2) of this subsection shall include domestic partners as provided in
10 paragraph (1) of this subsection.

11 (cf: P.L.2009, c.85, s.2)

12

13 21. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read
14 as follows:

15 6. As used in this act:

16 a. "Accumulated deductions" means the sum of all the
17 amounts, deducted from the compensation of a member or
18 contributed by or on behalf of the member, standing to the credit of
19 the member's individual account in the annuity savings fund.

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

22 c. "Annuity reserve" means the present value of all payments
23 to be made on account of any annuity or benefit in lieu of an
24 annuity, granted under the provisions of this act, computed on the
25 basis of such mortality tables recommended by the actuary as the
26 board of trustees adopts, with regular interest.

27 d. "Beneficiary" means any person receiving a retirement
28 allowance or other benefit as provided in this act.

29 e. "Child" means a deceased member's unmarried child either
30 (1) under the age of 18 or (2) of any age who, at the time of the
31 member's death, is disabled because of mental retardation or
32 physical incapacity, is unable to do any substantial, gainful work
33 because of the impairment and the impairment has lasted or can be
34 expected to last for a continuous period of not less than 12 months,
35 as affirmed by the medical board.

36 f. "Parent" shall mean the parent of a member who was
37 receiving at least 1/2 of the parent's support from the member in the
38 12-month period immediately preceding the member's death or the
39 accident which was the direct cause of the member's death. The
40 dependency of such a parent will be considered terminated by
41 marriage of the parent subsequent to the death of the member.

42 g. (1) "Widower," for employees of the State, means the man to
43 whom a member was married, or a domestic partner as defined in
44 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
45 the date of her death and to whom she continued to be married or a
46 domestic partner until the date of her death and who was receiving
47 at least 1/2 of his support from the member in the 12-month period
48 immediately preceding the member's death or the accident which

1 was the direct cause of the member's death. The dependency of such
2 a widower will be considered terminated by marriage of, or
3 establishment of a domestic partnership by, the widower subsequent
4 to the death of the member. In the event of the payment of an
5 accidental death benefit, the five-year qualification shall be waived.

6 (2) Subject to the provisions of paragraph (3) of this subsection,
7 "widower," for employees of public employers other than the State,
8 means the man to whom a member was married at least five years
9 before the date of her death and to whom she continued to be
10 married until the date of her death and who was receiving at least
11 1/2 of his support from the member in the 12-month period
12 immediately preceding the member's death or the accident which
13 was the direct cause of the member's death. The dependency of such
14 a widower shall be considered terminated by marriage of the
15 widower subsequent to the death of the member. In the event of the
16 payment of an accidental death benefit, the five-year qualification
17 shall be waived.

18 (3) A public employer other than the State may adopt a
19 resolution providing that the term "widower" as defined in
20 paragraph (2) of this subsection shall include domestic partners as
21 provided in paragraph (1) of this subsection.

22 h. (1) "Final compensation" means the average annual
23 compensation for which contributions are made for the three years
24 of creditable service in New Jersey immediately preceding the
25 member's retirement or death, or it shall mean the average annual
26 compensation for New Jersey service for which contributions are
27 made during any three fiscal years of his or her membership
28 providing the largest possible benefit to the member or the
29 member's beneficiary.

30 (2) In the case of a person who becomes a member of the
31 retirement system on or after the effective date of
32 P.L. , c. (pending before the Legislature as this bill), "final
33 compensation" means the average annual compensation for which
34 contributions are made for the five years of creditable service in
35 New Jersey immediately preceding the member's retirement or
36 death, or it shall mean the average annual compensation for New
37 Jersey service for which contributions are made during any five
38 fiscal years of his or her membership providing the largest possible
39 benefit to the member or the member's beneficiary.

40 i. "Fiscal year" means any year commencing with July 1 and
41 ending with June 30 next following.

42 j. "Medical board" shall mean the board of physicians
43 provided for in section 17 of P.L.1954, c.84 (C.43:15A-17).

44 k. "Pension" means payments for life derived from
45 appropriations made by the employer as provided in this act.

46 l. "Pension reserve" means the present value of all payments to
47 be made on account of any pension or benefit in lieu of a pension
48 granted under the provisions of this act, computed on the basis of

1 such mortality tables recommended by the actuary as the board of
2 trustees adopts, with regular interest.

3 m. "Public Employees' Retirement System of New Jersey,"
4 hereinafter referred to as the "retirement system" or "system," is the
5 corporate name of the arrangement for the payment of retirement
6 allowances and other benefits under the provisions of this act
7 including the several funds placed under said system. By that name
8 all of its business shall be transacted, its funds invested, warrants
9 for money drawn, and payments made and all of its cash and
10 securities and other property held.

11 n. "Regular interest" shall mean interest as determined by the
12 State Treasurer, after consultation with the Directors of the
13 Divisions of Investment and Pensions, the board of trustees and the
14 actuary. It shall bear a reasonable relationship to the percentage rate
15 of earnings on investments based on the market value of the assets
16 but shall not exceed the assumed percentage rate of increase applied
17 to salaries plus 3%, provided however that the board of trustees
18 shall not set the average percentage rate of increase applied to
19 salaries below 6%.

20 o. "Retirement allowance" means the pension plus the annuity.

21 p. "Veteran" means any honorably discharged officer, soldier,
22 sailor, airman, marine or nurse who served in any Army, Air Force
23 or Navy of the Allies of the United States in World War I, between
24 July 14, 1914, and November 11, 1918, or who served in any Army,
25 Air Force or Navy of the Allies of the United States in World War
26 II, between September 1, 1939, and September 2, 1945, and who
27 was inducted into such service through voluntary enlistment, and
28 was a citizen of the United States at the time of such enlistment, and
29 who did not, during or by reason of such service, renounce or lose
30 United States citizenship, and any officer, soldier, sailor, marine,
31 airman, nurse or army field clerk, who has served in the active
32 military or naval service of the United States and has or shall be
33 discharged or released therefrom under conditions other than
34 dishonorable, in any of the following wars, uprisings, insurrections,
35 expeditions, or emergencies, and who has presented to the
36 retirement system evidence of such record of service in form and
37 content satisfactory to said retirement system:

38 (1) The Indian wars and uprisings during any of the periods
39 recognized by the War Department of the United States as periods
40 of active hostility;

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

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

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

- 1 (5) The army of Cuban occupation between July 18, 1898, and
2 May 20, 1902;
- 3 (6) The army of Cuban pacification between October 6, 1906,
4 and April 1, 1909;
- 5 (7) The Mexican punitive expedition between March 14, 1916,
6 and February 7, 1917;
- 7 (8) The Mexican border patrol, having actually participated in
8 engagements against Mexicans between April 12, 1911, and June
9 16, 1919;
- 10 (9) World War I, between April 6, 1917, and November 11,
11 1918;
- 12 (10) World War II, between September 16, 1940, and December
13 31, 1946, who shall have served at least 90 days in such active
14 service, exclusive of any period of assignment (1) for a course of
15 education or training under the Army Specialized Training Program
16 or the Navy College Training Program which course was a
17 continuation of a civilian course and was pursued to completion, or
18 (2) as a cadet or midshipman at one of the service academies any
19 part of which 90 days was served between said dates; provided, that
20 any person receiving an actual service-incurred injury or disability
21 shall be classed as a veteran whether or not that person has
22 completed the 90-day service as herein provided;
- 23 (11) Korean conflict on or after June 23, 1950, and on or prior to
24 January 31, 1955, who shall have served at least 90 days in such
25 active service, exclusive of any period of assignment (1) for a
26 course of education or training under the Army Specialized
27 Training Program or the Navy College Training Program which
28 course was a continuation of a civilian course and was pursued to
29 completion, or (2) as a cadet or midshipman at one of the service
30 academies, any part of which 90 days was served between said
31 dates; provided, that any person receiving an actual service-incurred
32 injury or disability shall be classed as a veteran whether or not that
33 person has completed the 90-day service as herein provided; and
34 provided further, that any member classed as a veteran pursuant to
35 this paragraph prior to August 1, 1966, shall continue to be classed
36 as a veteran whether or not that person completed the 90-day
37 service between said dates as herein provided;
- 38 (12) Lebanon crisis, on or after July 1, 1958, who has served in
39 Lebanon or on board any ship actively engaged in patrolling the
40 territorial waters of that nation for a period, continuous or in the
41 aggregate, of at least 14 days commencing on or before November
42 1, 1958 or the date of termination of that conflict, as proclaimed by
43 the President of the United States or Congress, whichever date of
44 termination is the latest, in such active service; provided, that any
45 person receiving an actual service-incurred injury or disability shall
46 be classed as a veteran whether or not that person has completed the
47 14 days' service as herein provided;

1 (13) Vietnam conflict on or after December 31, 1960, and on or
2 prior to May 7, 1975, who shall have served at least 90 days in such
3 active service, exclusive of any period of assignment (1) for a
4 course of education or training under the Army Specialized
5 Training Program or the Navy College Training Program which
6 course was a continuation of a civilian course and was pursued to
7 completion, or (2) as a cadet or midshipman at one of the service
8 academies, any part of which 90 days was served between said
9 dates; and exclusive of any service performed pursuant to the
10 provisions of section 511(d) of Title 10, United States Code,
11 pursuant to an enlistment in the Army National Guard or as a
12 reserve for service in the Army Reserve, Naval Reserve, Air Force
13 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
14 that any person receiving an actual service-incurred injury or
15 disability shall be classed as a veteran whether or not that person
16 has completed the 90 days' service as herein provided;

17 (14) Lebanon peacekeeping mission, on or after September 26,
18 1982, who has served in Lebanon or on board any ship actively
19 engaged in patrolling the territorial waters of that nation for a
20 period, continuous or in the aggregate, of at least 14 days
21 commencing on or before December 1, 1987 or the date of
22 termination of that mission, as proclaimed by the President of the
23 United States or Congress, whichever date of termination is the
24 latest, in such active service; provided, that any person receiving an
25 actual service-incurred injury or disability shall be classed as a
26 veteran whether or not that person has completed the 14 days'
27 service as herein provided;

28 (15) Grenada peacekeeping mission, on or after October 23,
29 1983, who has served in Grenada or on board any ship actively
30 engaged in patrolling the territorial waters of that nation for a
31 period, continuous or in the aggregate, of at least 14 days
32 commencing on or before November 21, 1983 or the date of
33 termination of that mission, as proclaimed by the President of the
34 United States or Congress, whichever date of termination is the
35 latest, in such active service; provided, that any person receiving an
36 actual service-incurred injury or disability shall be classed as a
37 veteran whether or not that person has completed the 14 days'
38 service as herein provided;

39 (16) Panama peacekeeping mission, on or after December 20,
40 1989 or the date of inception of that mission, as proclaimed by the
41 President of the United States or Congress, whichever date of
42 inception is earliest, who has served in Panama or on board any ship
43 actively engaged in patrolling the territorial waters of that nation for
44 a period, continuous or in the aggregate, of at least 14 days
45 commencing on or before January 31, 1990 or the date of
46 termination of that mission, as proclaimed by the President of the
47 United States or Congress, whichever date of termination is the
48 latest, in such active service; provided, that any person receiving an

1 actual service-incurred injury or disability shall be classed as a
2 veteran whether or not that person has completed the 14 days'
3 service as herein provided;

4 (17) Operation "Desert Shield/Desert Storm" mission in the
5 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
6 or the date of inception of that operation, as proclaimed by the
7 President of the United States or Congress, whichever date of
8 inception is earliest, who has served in the Arabian peninsula or on
9 board any ship actively engaged in patrolling the Persian Gulf for a
10 period, continuous or in the aggregate, of at least 14 days
11 commencing on or before the date of termination of that mission, as
12 proclaimed by the President of the United States or Congress,
13 whichever date of termination is the latest, in such active service;
14 provided, that any person receiving an actual service-incurred injury
15 or disability shall be classed as a veteran whether or not that person
16 has completed the 14 days' service as herein provided;

17 (18) Operation Northern Watch and Operation Southern Watch,
18 on or after August 27, 1992, or the date of inception of that
19 operation, as proclaimed by the President of the United States,
20 Congress or United States Secretary of Defense, whichever date of
21 inception is earliest, who served in the theater of operation,
22 including in the Arabian peninsula and the Persian Gulf, and in
23 direct support of that operation for a period, continuously or in the
24 aggregate, of at least 14 days in such active service, commencing on
25 or before the date of termination of that operation, as proclaimed by
26 the President of the United States, Congress or United States
27 Secretary of Defense, whichever date of termination is the latest;
28 provided, that any person receiving an actual service-incurred injury
29 or disability while engaged in such service shall be classed as a
30 veteran whether or not that person has completed the 14 days'
31 service as herein provided;

32 (19) Operation "Restore Hope" in Somalia, on or after December
33 5, 1992, or the date of inception of that operation as proclaimed by
34 the President of the United States or Congress, whichever date is
35 earliest, who has served in Somalia or on board any ship actively
36 engaged in patrolling the territorial waters of that nation for a
37 period, continuously or in the aggregate, of at least 14 days in such
38 active service commencing on or before March 31, 1994; provided
39 that any person receiving an actual service-incurred injury or
40 disability shall be classed as a veteran whether or not that person
41 has completed the 14-day service as herein provided;

42 (20) Operations "Joint Endeavor" and "Joint Guard" in the
43 Republic of Bosnia and Herzegovina, on or after November 20,
44 1995, who served in such active service in direct support of one or
45 both of the operations for at least 14 days, continuously or in the
46 aggregate, commencing on or before June 20, 1998 and (1) was
47 deployed in that nation or in another area in the region, or (2) was
48 on board a United States naval vessel operating in the Adriatic Sea,

1 or (3) operated in airspace above the Republic of Bosnia and
2 Herzegovina; provided that any person receiving an actual service-
3 incurred injury or disability shall be classed as a veteran whether or
4 not that person completed the 14-day service requirement;

5 (21) Operation "Enduring Freedom", on or after September 11,
6 2001, who served in a theater of operation and in direct support of
7 that operation for a period, continuously or in the aggregate, of at
8 least 14 days in such active service commencing on or before the
9 date the President of the United States or the United States
10 Secretary of Defense designates as the termination date of that
11 operation; provided, that any person receiving an actual service-
12 incurred injury or disability while engaged in such service shall be
13 classed as a veteran whether or not that person has completed the 14
14 days' service as herein provided; and

15 (22) Operation "Iraqi Freedom", on or after the date the President
16 of the United States or the United States Secretary of Defense
17 designates as the inception date of that operation, who served in
18 Iraq or in another area in the region in direct support of that
19 operation for a period, continuously or in the aggregate, of at least
20 14 days in such active service commencing on or before the date the
21 President of the United States or the United States Secretary of
22 Defense designates as the termination date of that operation;
23 provided, that any person receiving an actual service-incurred injury
24 or disability while engaged in such service shall be classed as a
25 veteran whether or not that person has completed the 14 days'
26 service as herein provided.

27 "Veteran" also means any honorably discharged member of the
28 American Merchant Marine who served during World War II and is
29 declared by the United States Department of Defense to be eligible
30 for federal veterans' benefits.

31 q. (1) "Widow," for employees of the State, means the woman to
32 whom a member was married, or a domestic partner as defined in
33 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
34 the date of his death and to whom he continued to be married or a
35 domestic partner until the date of his death and who was receiving
36 at least 1/2 of her support from the member in the 12-month period
37 immediately preceding the member's death or the accident which
38 was the direct cause of the member's death. The dependency of such
39 a widow will be considered terminated by the marriage of, or
40 establishment of a domestic partnership by, the widow subsequent
41 to the member's death. In the event of the payment of an accidental
42 death benefit, the five-year qualification shall be waived.

43 (2) Subject to the provisions of paragraph (3) of this subsection,
44 "widow," for employees of public employers other than the State,
45 means the woman to whom a member was married at least five
46 years before the date of his death and to whom he continued to be
47 married until the date of his death and who was receiving at least
48 1/2 of her support from the member in the 12-month period

1 immediately preceding the member's death or the accident which
2 was the direct cause of the member's death. The dependency of such
3 a widow shall be considered terminated by the marriage of the
4 widow subsequent to the member's death. In the event of the
5 payment of an accidental death benefit, the five-year qualification
6 shall be waived.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "widow" as defined in paragraph
9 (2) of this subsection shall include domestic partners as provided in
10 paragraph (1) of this subsection.

11 r. (1) "Compensation" means the base or contractual salary, for
12 services as an employee, which is in accordance with established
13 salary policies of the member's employer for all employees in the
14 same position but shall not include individual salary adjustments
15 which are granted primarily in anticipation of the member's
16 retirement or additional remuneration for performing temporary or
17 extracurricular duties beyond the regular workday or the regular
18 work year.

19 (2) In the case of a person who becomes a member of the
20 retirement system on or after July 1, 2007, "compensation" means
21 the amount of base or contractual salary equivalent to the annual
22 maximum wage contribution base for Social Security, pursuant to
23 the Federal Insurance Contributions Act, for services as an
24 employee, which is in accordance with established salary policies of
25 the member's employer for all employees in the same position but
26 shall not include individual salary adjustments which are granted
27 primarily in anticipation of the member's retirement or additional
28 remuneration for performing temporary or extracurricular duties
29 beyond the regular workday or the regular work year. This
30 paragraph shall not apply to a person who at the time of enrollment
31 in the retirement system on or after July 1, 2007 transfers service
32 credit from another State-administered retirement system pursuant
33 to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a
34 former member of the retirement system who has been granted a
35 retirement allowance and is reenrolled in the retirement system on
36 or after July 1, 2007 pursuant to section 27 of P.L.1966, c.217
37 (C.43:15A-57.2) after becoming employed again in a position that
38 makes the person eligible to be a member of the retirement system.

39 In cases where salary includes maintenance, the retirement
40 system shall fix the value of that part of the salary not paid in
41 money which shall be considered under this act.

42 For the period of July 1, 2009 through June 30, 2011,
43 "contractual salary" for State employees shall include wage
44 increases under a collective negotiations agreement notwithstanding
45 that, by amendment to that collective negotiations agreement, the
46 effective date of the contractual increase has been deferred. For the
47 purpose of this paragraph, "State employee" means an employee in
48 the Executive Branch of State government of New Jersey but shall

1 not include employees of agencies authorized to participate in the
2 system under section 73 of P.L.1954, c.84 (C.43:15A-73) or
3 P.L.1990, c.25 (C.43:15A-73.2 et al.).
4 (cf: P.L.2009, c.85, s.1)

5
6 22. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to
7 read as follows:

8 1. As used in this act:

9 (1) "Retirement system" or "system" shall mean the Police and
10 Firemen's Retirement System of New Jersey as defined in section 2
11 of this act.

12 (2) (a) "Policeman" shall mean a permanent, full-time employee
13 of a law enforcement unit as defined in section 2 of P.L.1961, c.56
14 (C.52:17B-67) or the State, other than an officer or trooper of the
15 Division of State Police whose position is covered by the State
16 Police Retirement System, whose primary duties include the
17 investigation, apprehension or detention of persons suspected or
18 convicted of violating the criminal laws of the State and who:

19 (i) is authorized to carry a firearm while engaged in the actual
20 performance of his official duties;

21 (ii) has police powers;

22 (iii) is required to complete successfully the training
23 requirements prescribed by P.L.1961, c.56 (C.52:17B-66 et seq.) or
24 comparable training requirements as determined by the board of
25 trustees; and

26 (iv) is subject to the physical and mental fitness requirements
27 applicable to the position of municipal police officer established by
28 an agency authorized to establish these requirements on a Statewide
29 basis, or comparable physical and mental fitness requirements as
30 determined by the board of trustees.

31 The term shall also include an administrative or supervisory
32 employee of a law enforcement unit or the State whose duties
33 include general or direct supervision of employees engaged in
34 investigation, apprehension or detention activities or training
35 responsibility for these employees and a requirement for
36 engagement in investigation, apprehension or detention activities if
37 necessary, and who is authorized to carry a firearm while in the
38 actual performance of his official duties and has police powers.

39 (b) "Fireman" shall mean a permanent, full-time employee of a
40 firefighting unit whose primary duties include the control and
41 extinguishment of fires and who is subject to the training and
42 physical and mental fitness requirements applicable to the position
43 of municipal firefighter established by an agency authorized to
44 establish these requirements on a Statewide basis, or comparable
45 training and physical and mental fitness requirements as determined
46 by the board of trustees. The term shall also include an
47 administrative or supervisory employee of a firefighting unit whose
48 duties include general or direct supervision of employees engaged

1 in fire control and extinguishment activities or training
2 responsibility for these employees and a requirement for
3 engagement in fire control and extinguishment activities if
4 necessary. As used in this paragraph, "firefighting unit" shall mean
5 a municipal fire department, a fire district, or an agency of a county
6 or the State which is responsible for control and extinguishment of
7 fires.

8 (3) "Member" shall mean any policeman or fireman included in
9 the membership of the retirement system pursuant to this
10 amendatory and supplementary act, P.L.1989, c.204 (C.43:16A-15.6
11 et al.).

12 (4) "Board of trustees" or "board" shall mean the board provided
13 for in section 13 of this act.

14 (5) "Medical board" shall mean the board of physicians
15 provided for in section 13 of this act.

16 (6) "Employer" shall mean the State of New Jersey, the county,
17 municipality or political subdivision thereof which pays the
18 particular policeman or fireman.

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

21 (8) "Creditable service" shall mean service rendered for which
22 credit is allowed as provided under section 4 of this act.

23 (9) "Regular interest" shall mean interest as determined by the
24 State Treasurer, after consultation with the Directors of the
25 Divisions of Investment and Pensions, the board of trustees and the
26 actuary. It shall bear a reasonable relationship to the percentage
27 rate of earnings on investments based on the market value of assets
28 but shall not exceed the assumed percentage rate of increase applied
29 to salaries plus 3%, provided however that the board of trustees
30 shall not set the average percentage rate of increase applied to
31 salaries below 6%.

32 (10) "Aggregate contributions" shall mean the sum of all the
33 amounts, deducted from the compensation of a member or
34 contributed by him or on his behalf, standing to the credit of his
35 individual account in the annuity savings fund.

36 (11) "Annuity" shall mean payments for life derived from the
37 aggregate contributions of a member.

38 (12) "Pension" shall mean payments for life derived from
39 contributions by the employer.

40 (13) "Retirement allowance" shall mean the pension plus the
41 annuity.

42 (14) "Earnable compensation" shall mean the full rate of the
43 salary that would be payable to an employee if he worked the full
44 normal working time for his position. In cases where salary
45 includes maintenance, the retirement system shall fix the value of
46 that part of the salary not paid in money which shall be considered
47 under this act.

1 (15) "Average final compensation" shall mean [the average
2 annual salary upon which contributions are made for the three years
3 of creditable service immediately preceding his retirement or death,
4 or it shall mean the average annual salary for which contributions
5 are made during any three fiscal years of his or her membership
6 providing the largest possible benefit to the member or his
7 beneficiary] final compensation.

8 (16) "Retirement" shall mean the termination of the member's
9 active service with a retirement allowance granted and paid under
10 the provisions of this act.

11 (17) "Annuity reserve" shall mean the present value of all
12 payments to be made on account of any annuity or benefit in lieu of
13 any annuity computed upon the basis of such mortality tables
14 recommended by the actuary as shall be adopted by the board of
15 trustees, and regular interest.

16 (18) "Pension reserve" shall mean the present value of all
17 payments to be made on account of any pension or benefit in lieu of
18 any pension computed upon the basis of such mortality tables
19 recommended by the actuary as shall be adopted by the board of
20 trustees, and regular interest.

21 (19) "Actuarial equivalent" shall mean a benefit of equal value
22 when computed upon the basis of such mortality tables
23 recommended by the actuary as shall be adopted by the board of
24 trustees, and regular interest.

25 (20) "Beneficiary" shall mean any person receiving a retirement
26 allowance or other benefit as provided by this act.

27 (21) "Child" shall mean a deceased member's or retirant's
28 unmarried child (a) under the age of 18, or (b) 18 years of age or
29 older and enrolled in a secondary school, or (c) under the age of 24
30 and enrolled in a degree program in an institution of higher
31 education for at least 12 credit hours in each semester, provided that
32 the member died in active service as a result of an accident met in
33 the actual performance of duty at some definite time and place, and
34 the death was not the result of the member's willful misconduct, or
35 (d) of any age who, at the time of the member's or retirant's death, is
36 disabled because of mental retardation or physical incapacity, is
37 unable to do any substantial, gainful work because of the
38 impairment and his impairment has lasted or can be expected to last
39 for a continuous period of not less than 12 months, as affirmed by
40 the medical board.

41 (22) "Parent" shall mean the parent of a member who was
42 receiving at least one-half of his support from the member in the
43 12-month period immediately preceding the member's death or the
44 accident which was the direct cause of the member's death. The
45 dependency of such a parent will be considered terminated by
46 marriage of the parent subsequent to the death of the member.

47 (23) (a) "Widower," for employees of the State, means the man
48 to whom a member or retirant was married, or a domestic partner as

1 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
2 her death and who has not since remarried or established a domestic
3 partnership. In the event of the payment of accidental death
4 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
5 the restriction concerning remarriage or establishment of a domestic
6 partnership shall be waived.

7 (b) Subject to the provisions of paragraph (c) of this subsection,
8 "widower," for employees of public employers other than the State,
9 means the man to whom a member or retirant was married on the
10 date of her death and who has not remarried.

11 (c) A public employer other than the State may adopt a
12 resolution providing that the term "widower" as defined in
13 paragraph (b) of this subsection shall include domestic partners as
14 provided in paragraph (a) of this subsection.

15 (24) (a) "Widow," for employees of the State, means the woman
16 to whom a member or retirant was married, or a domestic partner as
17 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
18 his death and who has not since remarried or established a domestic
19 partnership. In the event of the payment of accidental death
20 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
21 the restriction concerning remarriage or establishment of a domestic
22 partnership shall be waived.

23 (b) Subject to the provisions of paragraph (c) of this subsection,
24 "widow," for employees of public employers other than the State,
25 means the woman to whom a member or retirant was married on the
26 date of his death and who has not remarried.

27 (c) A public employer other than the State may adopt a
28 resolution providing that the term "widow" as defined in paragraph
29 (b) of this subsection shall include domestic partners as provided in
30 paragraph (a) of this subsection.

31 (25) "Fiscal year" shall mean any year commencing with July 1,
32 and ending with June 30, next following.

33 (26) (a) "Compensation" shall mean the base salary, for services
34 as a member as defined in this act, which is in accordance with
35 established salary policies of the member's employer for all
36 employees in the same position but shall not include individual
37 salary adjustments which are granted primarily in anticipation of
38 the member's retirement or additional remuneration for performing
39 temporary duties beyond the regular workday.

40 (b) In the case of a person who becomes a member of the
41 retirement system on or after the effective date of
42 P.L. , c. (pending before the Legislature as this bill),
43 "compensation" means the amount of base salary equivalent to the
44 annual maximum wage contribution base for Social Security,
45 pursuant to the Federal Insurance Contributions Act, for services as
46 a member as defined in this act, which is in accordance with
47 established salary policies of the member's employer for all
48 employees in the same position but shall not include individual

1 salary adjustments which are granted primarily in anticipation of
2 the member's retirement or additional remuneration for performing
3 temporary duties beyond the regular workday.

4 (27) "Department" shall mean any police or fire department of a
5 municipality or a fire department of a fire district located in a
6 township or a county police or park police department or the
7 appropriate department of the State or instrumentality thereof.

8 (28) (a) "Final compensation" means the compensation received
9 by the member in the last 12 months of creditable service preceding
10 his retirement or death.

11 (b) In the case of a person who becomes a member of the
12 retirement system on or after the effective date of
13 P.L. , c. (pending before the Legislature as this bill), "final
14 compensation" means the average annual compensation for service
15 for which contributions are made during any three fiscal years of
16 membership providing the largest possible benefit to the member or
17 the member's beneficiary.

18 (29) (Deleted by amendment, P.L.1992, c.78).

19 (30) (Deleted by amendment, P.L.1992, c.78).

20 (31) (a) "Spouse," for employees of the State, means the husband
21 or wife, or domestic partner as defined in section 3 of P.L.2003,
22 c.246 (C.26:8A-3), of a member.

23 (b) Subject to the provisions of paragraph (c) of this subsection,
24 "spouse," for employees of public employers other than the State,
25 means the husband or wife of a member.

26 (c) A public employer other than the State may adopt a
27 resolution providing that the term "spouse" as defined in paragraph
28 (b) of this subsection shall include domestic partners as provided in
29 paragraph (a) of this subsection.

30 (cf: P.L.2003, c.246, s.43)

31

32 23. Section 3 of P.L.1965, c.89 (C.53:5A-3) is amended to read
33 as follows:

34 3. As used in this act:

35 a. "Aggregate contributions" means the sum of all the amounts,
36 deducted from the salary of a member or contributed by him or on
37 his behalf, standing to the credit of his individual account in the
38 Annuity Savings Fund. Interest credited on contributions to the
39 former "State Police Retirement and Benevolent Fund" shall be
40 included in a member's aggregate contributions.

41 b. "Annuity" means payments for life derived from the
42 aggregate contributions of a member.

43 c. "Annuity reserve" means the present value of all payments
44 to be made on account of any annuity or benefit in lieu of an
45 annuity, computed upon the basis of such mortality tables
46 recommended by the actuary as the board of trustees adopts and
47 regular interest.

- 1 d. "Beneficiary" means any person entitled to receive any
2 benefit pursuant to the provisions of this act by reason of the death
3 of a member or retirant.
- 4 e. "Board of trustees" or "board" means the board provided for
5 in section 30 of this act.
- 6 f. "Child" means a deceased member's or retirant's unmarried
7 child either (a) under the age of 18 or (b) of any age who, at the
8 time of the member's or retirant's death, is disabled because of
9 mental retardation or physical incapacity, is unable to do any
10 substantial, gainful work because of the impairment and his
11 impairment has lasted or can be expected to last for a continuous
12 period of not less than 12 months, as affirmed by the medical board.
- 13 g. "Creditable service" means service rendered for which credit
14 is allowed on the basis of contributions made by the member or the
15 State.
- 16 h. "Parent" means the parent of a member who was receiving at
17 least one-half of his support from the member in the 12-month
18 period immediately preceding the member's death or the accident
19 which was the direct cause of the member's death. The dependency
20 of such a parent will be considered terminated by marriage of the
21 parent subsequent to the death of the member.
- 22 i. (1) "Final compensation" means the average compensation
23 received by the member in the last 12 months of creditable service
24 preceding his retirement or death. Such term includes the value of
25 the member's maintenance allowance for this same period.
- 26 (2) In the case of a person who becomes a member of the
27 retirement system on or after the effective date of
28 P.L. , c. (pending before the Legislature as this bill), "final
29 compensation" means the average annual compensation for service
30 for which contributions are made during any three fiscal years of
31 membership providing the largest possible benefit to the member or
32 the member's beneficiary. Such term includes the value of the
33 member's maintenance allowance for this same period.
- 34 j. (1) "Final salary" means the average salary received by the
35 member in the last 12 months of creditable service preceding his
36 retirement or death. Such term shall not include the value of the
37 member's maintenance allowance.
- 38 (2) In the case of a person who becomes a member of the
39 retirement system on or after the effective date of
40 P.L. , c. (pending before the Legislature as this bill), "final
41 salary" means the average annual salary for service for which
42 contributions are made during any three fiscal years of membership
43 providing the largest possible benefit to the member or the
44 member's beneficiary. Such term shall not include the value of the
45 member's maintenance allowance.
- 46 k. "Fiscal year" means any year commencing with July 1 and
47 ending with June 30 next following.

- 1 l. "Medical board" means the board of physicians provided for
2 in section 30 of this act.
- 3 m. "Member" means any full-time, commissioned officer, non-
4 commissioned officer or trooper of the Division of State Police of
5 the Department of Law and Public Safety of the State of New Jersey
6 enrolled in the retirement system established by this act.
- 7 n. "Pension" means payment for life derived from contributions
8 by the State.
- 9 o. "Pension reserve" means the present value of all payments to
10 be made on account of any pension or benefit in lieu of any pension
11 computed on the basis of such mortality tables recommended by the
12 actuary as shall be adopted by the board of trustees and regular
13 interest.
- 14 p. "Regular interest" means interest as determined by the State
15 Treasurer, after consultation with the Directors of the Divisions of
16 Investment and Pensions, the board of trustees and the actuary. It
17 shall bear a reasonable relationship to the percentage rate of
18 earnings on investments based on the market value of the assets but
19 shall not exceed the assumed percentage rate of increase applied to
20 salaries plus 3%, provided however that the board of trustees shall
21 not set the average percentage rate of increase applied to salaries
22 below 6%.
- 23 q. "Retirant" means any former member receiving a retirement
24 allowance as provided by this act.
- 25 r. "Retirement allowance" means the pension plus the annuity.
- 26 s. "State Police Retirement System of New Jersey," herein also
27 referred to as the "retirement system" or "system," is the corporate
28 name of the arrangement for the payment of retirement allowances
29 and of the benefits under the provisions of this act including the
30 several funds placed under said system. By that name, all of its
31 business shall be transacted, its funds invested, warrants for moneys
32 drawn, and payments made and all of its cash and securities and
33 other property held. All assets held in the name of the former
34 "State Police Retirement and Benevolent Fund" shall be transferred
35 to the retirement system established by this act.
- 36 t. "Surviving spouse" means the person to whom a member or
37 a retirant was married, or a domestic partner as defined in section 3
38 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the
39 member or retirant. The dependency of such a surviving spouse will
40 be considered terminated by the marriage of, or establishment of a
41 domestic partnership by, the surviving spouse subsequent to the
42 member's or the retirant's death, except that in the event of the
43 payment of accidental death benefits, pursuant to section 14 of
44 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving
45 spouse or domestic partner will not be considered terminated by the
46 marriage of, or establishment of a domestic partnership by, the
47 surviving spouse subsequent to the member's death.

1 u. (1) "Compensation" for purposes of computing pension
2 contributions means the base salary, for services as a member as
3 defined in this act, which is in accordance with established salary
4 policies of the State for all employees in the same position but shall
5 not include individual salary adjustments which are granted
6 primarily in anticipation of the member's retirement or additional
7 remuneration for performing temporary duties beyond the regular
8 workday or shift.

9 (2) In the case of a person who becomes a member of the
10 retirement system on or after the effective date of
11 P.L. , c. (pending before the legislature as this bill),
12 "compensation" means the amount of base salary equivalent to the
13 annual maximum wage contribution base for Social Security,
14 pursuant to the Federal Insurance Contributions Act, for services as
15 a member as defined in this act, which is in accordance with
16 established salary policies of the State for all employees in the same
17 position but shall not include individual salary adjustments which
18 are granted primarily in anticipation of the member's retirement or
19 additional remuneration for performing temporary duties beyond
20 the regular workday or shift.

21 (cf: P.L.2003, c.246, s.46)

22

23 24. N.J.S.18A:66-19 is amended to read as follows:

24 18A:66-19. The annuity savings fund shall be the fund in which
25 shall be credited accumulated deductions and contributions by
26 members or on their behalf to provide for their allowances.

27 A single account shall be established in this fund for each person
28 who is or shall become a member and all contributions deducted
29 from each such member's compensation shall be credited to **[his]**
30 this single account **[regardless of the number of positions a member**
31 **might hold or the number of employers he might have].**

32 (cf: P.L.1971, c. 121, s. 9)

33

34 25. (New section) a. Notwithstanding the provisions of any law
35 to the contrary, after the effective date of P.L. , c. (pending
36 before the Legislature as this bill), a person who is or becomes a
37 member of the Teachers' Pension and Annuity Fund and becomes
38 employed in more than one office, position, or employment covered
39 by the retirement system or commences service in a covered office,
40 position, or employment with more than one employer shall be
41 eligible for membership in the retirement system based upon only
42 one of the offices, positions, or employments held concurrently. In
43 the case of a person who holds more than one office, position, or
44 employment covered by the retirement system, the retirement
45 system shall designate the position providing the higher or highest
46 compensation for the person with such concurrent positions as the
47 basis for eligibility for membership and the compensation base for
48 contributions and pension calculations.

1 b. Contributions shall be deducted only from the member's
2 compensation for the office, position, or employment designated
3 pursuant to subsection a. of this section and shall be credited to the
4 member's single account established pursuant to N.J.S.18A:66-19.
5 The designation by the retirement system of one office, position, or
6 employment upon which membership in the retirement system shall
7 be based shall be irrevocable as between or among the offices,
8 positions, or employments held at the time the designation is made
9 as long as the designated position is the one with the higher or
10 highest compensation. A member who leaves a designated office,
11 position, or employment, or acquires a different or additional office,
12 position, or employment, may receive a new designation by the
13 retirement system from among the offices, positions, or
14 employments then held. Service in an office, position, or
15 employment other than the one designated shall not be deemed
16 creditable service for the purposes of the retirement system.

17 c. The provisions of subsections a. and b. of this section shall
18 not apply to a person who, on the effective date of
19 P.L. , c. (pending before the Legislature as this bill), is a
20 member of the retirement system and holds more than one office,
21 position, or employment covered by the retirement system with one
22 or more employers, while the member continues to hold without a
23 break in service more than one of those offices, positions, or
24 employments. Any additional office, position, or employment
25 acquired by the member shall not be deemed creditable service for
26 the purposes of the retirement system and no designation for that
27 member shall be made until only one of the offices, positions, or
28 employments held on the effective date remains.

29
30 26. Section 25 of P.L.1954, c.84 (C.43:15A-25) is amended to
31 read as follows:

32 25. a. The annuity savings fund shall be the fund in which shall
33 be credited accumulated deductions and contributions by members
34 or on their behalf to provide for their allowances. A single account
35 shall be established in this fund for each person who is or shall
36 become a member and all contributions deducted from each such
37 member's compensation shall be credited to **[his] this single**
38 **account [regardless of the number of positions a member might**
39 **hold or the number of employers as he might have].**

40 b. (1) Members enrolled in the retirement system on or after
41 July 1, 1994 shall contribute 5% of compensation to the system.
42 Members enrolled in the system prior to July 1, 1994 shall
43 contribute 5% of compensation to the system effective with the
44 payroll period for which the beginning date is closest to July 1,
45 1995, provided, however, that any member enrolled before July 1,
46 1994, whose full contribution rate under the system prior to the
47 revisions by this act was less than 6%, shall pay 4% of
48 compensation to the system effective with the payroll period for

1 which the beginning date is closest to July 1, 1995, and 5% of
2 compensation to the system effective with the payroll period for
3 which the beginning date is closest to July 1, 1996.

4 (2) Members enrolled in the retirement system on or after July
5 1, 2007 who are:

6 employees of the State, other than employees of the Judicial
7 Branch;

8 employees of an independent State authority, board, commission,
9 corporation, agency or organization;

10 employees of a local school district, regional school district,
11 county vocational school district, county special services school
12 district, jointure commission, educational services commission,
13 State-operated school district, charter school, county college, any
14 officer, board, or commission under the authority of the
15 Commissioner of Education or of the State Board of Education, and
16 any other public entity which is established pursuant to authority
17 provided by Title 18A of the New Jersey Statutes; or

18 employees of a State public institution of higher education, other
19 than employees of the University of Medicine and Dentistry of New
20 Jersey shall contribute 5.5% of compensation to the system, and all
21 such members described above enrolled in the system prior to July
22 1, 2007 shall contribute 5.5% of compensation to the system
23 effective with the payroll period for which the beginning date is
24 closest to July 1, 2007.

25 Members enrolled in the retirement system on or after July 1,
26 2008, other than those described in the paragraph above, shall
27 contribute 5.5% of compensation to the system. Members enrolled
28 in the system prior to July 1, 2008, other than those described in the
29 paragraph above, shall contribute 5.5% of compensation to the
30 system effective with the payroll period that begins immediately
31 after July 1, 2008.

32 c. The retirement system shall certify to each State department
33 or subdivision thereof, and to each branch of the State service not
34 included in a State department, and to every other employer, the
35 proportion of each member's compensation to be deducted and to
36 facilitate the making of deductions the retirement system may
37 modify the deduction required by a member by such an amount as
38 shall not exceed 1/10 of 1% of the compensation upon the basis of
39 which the deduction is to be made.

40 If payment in full, representing the monthly or biweekly
41 transmittal and report of salary deductions, is not made within 15
42 days of the due date established by the retirement system, interest at
43 the rate of 6% per annum shall commence to run against the total
44 transmittal of salary deductions for the period on the first day after
45 such fifteenth day.

46 d. Every employee to whom this act applies shall be deemed to
47 consent and agree to any deduction from his compensation required
48 by this act and to all other provisions of this act. Notwithstanding

1 any other law, rule or regulation affecting the salary, pay,
2 compensation, other perquisites, or tenure of a person to whom this
3 act applies, or shall apply, and notwithstanding that the minimum
4 salary, pay, or compensation or other perquisites provided by law
5 for him shall be reduced thereby, payment, less such deductions,
6 shall be a full and complete discharge and acquittance of all claims
7 and demands for service rendered by him during the period covered
8 by such payment.

9 (cf: P.L.2007, c.103, s.2)

10

11 27. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to
12 read as follows:

13 1. Members of the Legislature commencing service on or after
14 the effective date of sections 1 through 19 of P.L.2007, c.92
15 (C.43:15C-1 through C.43:15C-15, C.43:3C-9, C.43:15A-7,
16 C.43:15A-75 and C.43:15A-135) shall not be eligible for
17 membership in the retirement system based on service in that
18 elective office. A member of the Legislature enrolled in the
19 retirement system as of that effective date who continues to hold
20 office as a member of the Legislature without a break in service
21 shall be eligible to continue membership in the retirement system
22 under the terms and conditions of the member's enrollment, except
23 that during service in the Legislature, a legislator shall be a member
24 of the retirement system on the basis of only one position of service
25 in an elected office or of employment with a participating employer,
26 as designated by the retirement system pursuant to section 28 of
27 P.L. , c. (C.)(pending before the Legislature as this bill).

28 (cf: P.L.2007, c.92, s.19)

29

30 28. (New section) a. Notwithstanding the provisions of any law
31 to the contrary, after the effective date of P.L. , c. (pending
32 before the Legislature as this bill), a person who is or becomes a
33 member of the Public Employees' Retirement System and becomes
34 employed in more than one office, position, or employment covered
35 by the retirement system or commences service in a covered office,
36 position, or employment with more than one employer shall be
37 eligible for membership in the retirement system based upon only
38 one of the offices, positions, or employments held concurrently. In
39 the case of a person who holds more than one office, position, or
40 employment covered by the retirement system, the retirement
41 system shall designate the position providing the higher or highest
42 compensation for the person with such concurrent positions as the
43 basis for eligibility for membership and the compensation base for
44 contributions and pension calculations.

45 b. Contributions shall be deducted only from the member's
46 compensation for the office, position, or employment designated
47 pursuant to subsection a. of this section and shall be credited to the
48 member's single account established pursuant to section 25 of

1 P.L.1954, c.84 (C.43:15A-25), or in the case of an eligible member
2 of the Legislature, the legislative account established pursuant to
3 section 2 of P.L.1972, c.167 (C.43:15A-136). The designation by
4 the retirement system of one office, position or employment upon
5 which membership in the retirement system shall be based shall be
6 irrevocable as between or among the offices, positions, or
7 employments held at the time the designation is made as long as the
8 designated position is the one with the higher or highest
9 compensation. A member who leaves a designated office, position,
10 or employment or acquires a different or additional office, position,
11 or employment, may receive a new designation by the retirement
12 system from among the offices, positions, or employments then
13 held. Service in an office, position, or employment other than the
14 one designated shall not be deemed creditable service for the
15 purposes of the retirement system.

16 c. The provisions of subsections a. and b. of this section shall
17 not apply to a person who, on the effective date of
18 P.L. , c. (pending before the Legislature as this bill), is a
19 member of the retirement system and holds more than one office,
20 position, or employment covered by the retirement system with one
21 or more employers, while the member continues to hold without a
22 break in service more than one of those offices, positions, or
23 employments. Any additional office, position, or employment
24 acquired by the member shall not be deemed creditable service for
25 the purposes of the retirement system and no designation for that
26 member shall be made until only one of the offices, positions, or
27 employments held on the effective date remains.

28

29 29. Section 5 of P.L.1997, c.113 (C.43:3C-9.5) is amended to
30 read as follows:

31 5. a. For purposes of this section, a "non-forfeitable right to
32 receive benefits" means that the benefits program, for any employee
33 for whom the right has attached, cannot be reduced. The provisions
34 of this section shall not apply to post-retirement medical benefits
35 which are provided pursuant to law.

36 b. Vested members of the Teachers' Pension and Annuity Fund,
37 the Judicial Retirement System, the Prison Officers' Pension Fund,
38 the Public Employees' Retirement System, the Consolidated Police
39 and Firemen's Pension Fund, the Police and Firemen's Retirement
40 System, and the State Police Retirement System, upon the
41 attainment of five years of service credit in the retirement system or
42 fund or on the date of enactment of this bill, whichever is later,
43 shall have a non-forfeitable right to receive benefits as provided
44 under the laws governing the retirement system or fund upon the
45 attainment of five years of service credit in the retirement system or
46 fund or on the effective date of this act, whichever is later. This
47 subsection shall not be applicable to a person who becomes a
48 member of these systems or funds on or after the effective date of

1 P.L. , c. (pending before the Legislature as this bill), except that
2 such person shall not include a person who at the time of enrollment
3 in the retirement system or fund on or after that effective date
4 transfers service credit, as permitted, from another State-
5 administered retirement system or fund of which the person was a
6 member immediately prior to the effective date and continuously
7 thereafter, but shall include a former member of the retirement
8 system or fund who has been granted a retirement allowance and is
9 reenrolled in the retirement system or fund on or after that effective
10 date after becoming employed again in a position that makes the
11 person eligible to be a member of the retirement system.

12 c. The State shall make an annual normal contribution and an
13 annual unfunded accrued liability contribution to each system or
14 fund pursuant to standard actuarial practices authorized by law,
15 unless both of the following conditions are met: (1) there is no
16 existing unfunded accrued liability contribution due to the system
17 or fund at the close of the valuation period applicable to the
18 upcoming fiscal year; and (2) there are excess valuation assets in
19 excess of the actuarial accrued liability of the system or fund at the
20 close of the valuation period applicable to the upcoming fiscal year.

21 d. This act shall not be construed to preclude forfeiture,
22 suspension or reduction in benefits for dishonorable service.

23 e. Except as expressly provided herein and only to the extent
24 so expressly provided, nothing in this act shall be deemed to (1)
25 limit the right of the State to alter, modify or amend such retirement
26 systems and funds, or (2) create in any member a right in the corpus
27 or management of a retirement system or pension fund.

28 (cf: P.L.1997, c.113, s.5)

29

30 30. (New section) a. Notwithstanding any other provision of
31 law to the contrary, a person who commences service in an
32 employment, office or position that makes the person eligible to be
33 a member of the Teachers' Pension and Annuity Fund, the Judicial
34 Retirement System, the Public Employees' Retirement System, the
35 Police and Firemen's Retirement System, or the State Police
36 Retirement System, or a member of the retirement system with less
37 than 10 years of service credit, shall have the option to choose
38 either to be enrolled in the relevant retirement system or enrolled in
39 the Defined Contribution Retirement Program established pursuant
40 to P.L.2007, c.92 (C.43:15C-1 et al.) with regard to that particular
41 employment, office, or position by irrevocably waiving all rights
42 and benefits which would otherwise be provided by the relevant
43 retirement system.

44 b. When a member of the Teachers' Pension and Annuity Fund,
45 the Judicial Retirement System, the Public Employees' Retirement
46 System, the Police and Firemen's Retirement System, or the State
47 Police Retirement System elects to transfer to the Defined
48 Contribution Retirement Program by filing the proper application

1 form declaring the election to participate in the program, the
2 respective retirement system shall transfer the amount of all of the
3 member's accumulated deductions standing to the credit of the
4 member in the annuity savings fund, plus regular interest, less any
5 outstanding loan, except that no interest shall be payable in the case
6 of a member who has less than three years of membership credit for
7 which the member has made contributions. The interest payable
8 shall be such proportion of the interest determined at the regular
9 rate of 2% per annum bears to the regular rate of interest.

10 c. Notwithstanding any other provision of law to the contrary,
11 a person who commences service in an employment, office, or
12 position that makes the person eligible to be a member or
13 participant of the Teachers' Pension and Annuity Fund, the Judicial
14 Retirement System, the Public Employees' Retirement System, the
15 Police and Firemen's Retirement System, the State Police
16 Retirement System, the Alternate Benefit Program, or the Defined
17 Contribution Program, or a member or participant of the retirement
18 system or program with less than 10 years of service credit, shall
19 have the option to choose to not enroll or to withdraw from
20 enrollment in the relevant retirement system or program with regard
21 to that particular employment, office, or position by irrevocably
22 waiving all rights and benefits which would otherwise be provided
23 by the relevant retirement system or program. All relevant
24 provisions of law with regard to withdrawals from a retirement
25 system or program shall be applicable to such a withdrawal.

26

27 31. Section 2 of P.L.2001, c.366 (C.43:15A-156) is amended to
28 read as follows:

29 2. a. Notwithstanding the provisions of any other law,
30 prosecutors shall be members of the Prosecutors Part, established
31 pursuant to P.L.2001, c.366 (C.43:15A-155 et seq.), of the Public
32 Employees' Retirement System, established pursuant to P.L.1954,
33 c.84 (C.43:15A-1 et seq.), if enrolled in the part prior to the
34 effective date of P.L. , c. (pending before the Legislature as this
35 bill), and shall be subject to the same membership and benefit
36 provisions as State employees, except as provided by P.L.2001,
37 c.366. Membership in the retirement system shall be a condition of
38 employment for service as a prosecutor for a prosecutor enrolled in
39 the part prior to the effective date of P.L. , c. (pending before
40 the Legislature as this bill). Any service credit which has been
41 established in the Public Employees' Retirement System by a
42 prosecutor prior to the effective date of this act shall be established
43 in the Prosecutors Part without further assessment of cost to the
44 prosecutor; provided, however, any service credit which has been
45 established in the Public Employees' Retirement System by a
46 member of the retirement system in any position prior to service as
47 a county prosecutor, nominated and appointed pursuant to Article
48 VII, Section II, paragraph 1 of the New Jersey Constitution, shall be

1 established in the Prosecutors Part without further assessment of
2 cost to the prosecutor.

3 A prosecutor who becomes a member of the retirement system
4 on or after the effective date of P.L. , c. (pending before the
5 Legislature as this bill) shall not be a member of the Prosecutors
6 Part and the provisions of P.L.2001, c.366 (C.43:15A-155 et seq.)
7 shall not apply to such prosecutor or the prosecutor's beneficiary.

8 b. All outstanding obligations, such as loans, purchases and
9 other arrearage, shall be satisfied by a prosecutor as previously
10 scheduled for payment to the Public Employees' Retirement
11 System.

12 (cf: P.L.2003, c.140, s.1)

13

14 32. Section 16 of P.L.1964, c.241 (C.43:16A-11.1) is amended
15 to read as follows:

16 16. a. Should a member resign after having established 25 years
17 of creditable service, he may elect "special retirement," provided,
18 that such election is communicated by such member to the
19 retirement system by filing a written application, duly attested,
20 stating at what time subsequent to the execution and filing thereof
21 he desires to be retired. He shall receive, in lieu of the payment
22 provided in section 11, a retirement allowance which shall consist
23 of:

24 (1) An annuity which shall be the actuarial equivalent of his
25 aggregate contributions, and

26 (2) A pension in the amount which, when added to the
27 member's annuity, will provide a total retirement allowance of 65%
28 of his final compensation, plus 1% of his final compensation
29 multiplied by the number of years of creditable service over 25 but
30 not over 30]; or, beginning in the fiscal year immediately following
31 the adoption of the valuation report by the retirement system board
32 of trustees in which the funded level is in excess of 104%, a pension
33 in the amount which, when added to the member's annuity, will
34 provide a total retirement allowance of 70% of final compensation,
35 plus 1% of final compensation multiplied by the number of years of
36 creditable service over 25 but not over 30]; provided, however, that
37 any member who has earned, prior to July 1, 1979, more than 30
38 years of creditable service, shall receive an additional 1% of his
39 final compensation for each year of his creditable service over 30.

40 The board of trustees shall retire him at the time specified or at
41 such other time within one month after the date so specified as the
42 board finds advisable.

43 Upon the receipt of proper proofs of the death of such a retired
44 member, there shall be paid to his beneficiary an amount equal to
45 one-half of the final compensation received by the member.

46 b. The "special retirement" allowance payable under subsection
47 a. of this section to any person who retired under the retirement
48 system prior to December 20, 1989 shall be increased by an amount

1 equal to 5% of the person's final compensation or by such lesser
2 amount as would, if added to the allowance payable at the time of
3 retirement, provide a total retirement allowance of 70% of final
4 compensation, except that in the case of such a retirant who retired
5 on or after July 1, 1979 and had earned prior to that date more than
6 30 years of creditable service, the amount of the increase shall be
7 equal to 5% of the person's final compensation irrespective of the
8 total retirement allowance which such an increase would provide.
9 The provisions of this subsection shall not be construed either to
10 require a reduction in the retirement allowance payable to any
11 retirant or to provide for the payment of any adjustment in such an
12 allowance with respect to any period of time prior to the first day of
13 the month following that effective date.

14 (cf: P.L.2003, c.108, s.2)

15

16 33. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to
17 read as follows:

18 15. (1) The contributions required for the support of the
19 retirement system shall be made by members and their employers.

20 (2) The uniform percentage contribution rate for members shall
21 be 8.5% of compensation.

22 (3) (Deleted by amendment, P.L.1989, c.204).

23 (4) Upon the basis of the tables recommended by the actuary
24 which the board adopts and regular interest, the actuary shall
25 compute annually, beginning as of June 30, 1991, the amount of
26 contribution which shall be the normal cost as computed under the
27 projected unit credit method attributable to service rendered under
28 the retirement system for the year beginning on July 1 immediately
29 succeeding the date of the computation. This shall be known as the
30 "normal contribution."

31 (5) (Deleted by amendment, P.L.1989, c.204).

32 (6) (Deleted by amendment, P.L.1994, c.62.)

33 (7) Each employer shall cause to be deducted from the salary of
34 each member the percentage of earnable compensation prescribed in
35 subsection (2) of this section. To facilitate the making of
36 deductions, the retirement system may modify the amount of
37 deduction required of any member by an amount not to exceed 1/10
38 of 1% of the compensation upon which the deduction is based.

39 (8) The deductions provided for herein shall be made
40 notwithstanding that the minimum salary provided for by law for
41 any member shall be reduced thereby. Every member shall be
42 deemed to consent and agree to the deductions made and provided
43 for herein, and payment of salary or compensation less said
44 deduction shall be a full and complete discharge and acquittance of
45 all claims and demands whatsoever for the service rendered by such
46 person during the period covered by such payment, except as to the
47 benefits provided under this act. The chief fiscal officer of each
48 employer shall certify to the retirement system in such manner as

1 the retirement system may prescribe, the amounts deducted; and
2 when deducted shall be paid into said annuity savings fund, and
3 shall be credited to the individual account of the member from
4 whose salary said deduction was made.

5 (9) With respect to employers other than the State, upon the
6 basis of the tables recommended by the actuary which the board
7 adopts and regular interest, the actuary shall compute the amount of
8 the accrued liability as of June 30, 1991 under the projected unit
9 credit method, which is not already covered by the assets of the
10 retirement system, valued in accordance with the asset valuation
11 method established in this section. Using the total amount of this
12 unfunded accrued liability, the actuary shall compute the initial
13 amount of contribution which, if the contribution is increased at a
14 specific rate and paid annually for a specific period of time, will
15 amortize this liability. The State Treasurer shall determine, upon
16 the advice of the Director of the Division of Pensions and Benefits,
17 the board of trustees and the actuary, the rate of increase for the
18 contribution and the time period for full funding of this liability,
19 which shall not exceed 40 years on initial application of this section
20 as amended by this act, P.L.1994, c.62. This shall be known as the
21 "accrued liability contribution." Any increase or decrease in the
22 unfunded accrued liability as a result of actuarial losses or gains for
23 the 10 valuation years following valuation year 1991 shall serve to
24 increase or decrease, respectively, the unfunded accrued liability
25 contribution. Thereafter, any increase or decrease in the unfunded
26 accrued liability as a result of actuarial losses or gains for
27 subsequent valuation years shall serve to increase or decrease,
28 respectively, the amortization period for the unfunded accrued
29 liability, unless an increase in the amortization period will cause it
30 to exceed 30 years. If an increase in the amortization period as a
31 result of actuarial losses for a valuation year would exceed 30 years,
32 the accrued liability contribution shall be computed for the
33 valuation year in the same manner provided for the computation of
34 the initial accrued liability contribution under this section.

35 With respect to the State, upon the basis of the tables
36 recommended by the actuary which the board adopts and regular
37 interest, the actuary shall annually determine if there is an amount
38 of the accrued liability, computed under the projected unit credit
39 method, which is not already covered by the assets of the retirement
40 system, valued in accordance with the asset valuation method
41 established in this section. This shall be known as the "unfunded
42 accrued liability." If there was no unfunded accrued liability for the
43 valuation period immediately preceding the current valuation
44 period, the actuary, using the total amount of this unfunded accrued
45 liability, shall compute the initial amount of contribution which, if
46 the contribution is increased at a specific rate and paid annually for
47 a specific period of time, will amortize this liability. The State
48 Treasurer shall determine, upon the advice of the Director of the

1 Division of Pensions and Benefits, the board of trustees and the
2 actuary, the rate of increase for the contribution and the time period
3 for full funding of this liability, which shall not exceed 30 years.
4 This shall be known as the "accrued liability contribution."
5 Thereafter, any increase or decrease in the unfunded accrued
6 liability as a result of actuarial losses or gains for subsequent
7 valuation years shall serve to increase or decrease, respectively, the
8 amortization period for the unfunded accrued liability, unless an
9 increase in the amortization period will cause it to exceed 30 years.
10 If an increase in the amortization period as a result of actuarial
11 losses for a valuation year would exceed 30 years, the accrued
12 liability contribution shall be computed for the valuation year in the
13 same manner provided for the computation of the initial accrued
14 liability contribution under this section. The State may pay all or
15 any portion of its unfunded accrued liability under the retirement
16 system from any source of funds legally available for the purpose,
17 including, without limitation, the proceeds of bonds authorized by
18 law for this purpose.

19 The value of the assets to be used in the computation of the
20 contributions provided for under this section for valuation periods
21 shall be the value of the assets for the preceding valuation period
22 increased by the regular interest rate, plus the net cash flow for the
23 valuation period (the difference between the benefits and expenses
24 paid by the system and the contributions to the system) increased by
25 one half of the regular interest rate, plus 20% of the difference
26 between this expected value and the full market value of the assets
27 as of the end of the valuation period. This shall be known as the
28 "valuation assets." Notwithstanding the first sentence of this
29 paragraph, the valuation assets for the valuation period ending June
30 30, 1995 shall be the full market value of the assets as of that date
31 and, with respect to the valuation assets allocated to the State, shall
32 include the proceeds from the bonds issued pursuant to the "Pension
33 Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et
34 seq.), paid to the system by the New Jersey Economic Development
35 Authority to fund the unfunded accrued liability of the system.
36 Notwithstanding the first sentence of this paragraph, the percentage
37 of the difference between the expected value and the full market
38 value of the assets to be added to the expected value of the assets
39 for the valuation period ending June 30, 1998 for the State shall be
40 100% and for other employers shall be 57% plus such additional
41 percentage as is equivalent to \$150,000,000. Notwithstanding the
42 first sentence of this paragraph, the amount of the difference
43 between the expected value and the full market value of the assets
44 to be added to the expected value of the assets for the valuation
45 period ending June 30, 1999 shall include an additional amount of
46 the market value of the assets sufficient to fund (1) the unfunded
47 accrued liability for the supplementary "special retirement"
48 allowances provided under subsection b. of section 16 of P.L.1964,

1 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the
2 full credit toward benefits under the retirement system for service
3 credited in the Public Employees' Retirement System and
4 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)
5 and the reimbursement of the cost of any credit purchase pursuant
6 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under
7 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

8 "Excess valuation assets" means, with respect to the valuation
9 assets allocated to the State, the valuation assets allocated to the
10 State for a valuation period less the actuarial accrued liability of the
11 State for the valuation period, and beginning with the valuation
12 period ending June 30, 1998, less the present value of the expected
13 additional normal cost contributions attributable to the provisions of
14 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the
15 active members employed by the State as of the valuation period
16 over the expected working lives of the active members in
17 accordance with the tables of actuarial assumptions applicable to
18 the valuation period, and less the present value of the expected
19 additional normal cost contributions attributable to the provisions of
20 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
21 (C.43:16A-11.1) payable on behalf of the active members employed
22 by the State as of the valuation period over the expected working
23 lives of the active members in accordance with the tables of
24 actuarial assumptions applicable to the valuation period, if the sum
25 is greater than zero. "Excess valuation assets" means, with respect
26 to the valuation assets allocated to other employers, the valuation
27 assets allocated to the other employers for a valuation period less
28 the actuarial accrued liability of the other employers for the
29 valuation period, excluding the unfunded accrued liability for early
30 retirement incentive benefits pursuant to P.L.1993, c.99 for the
31 other employers, and beginning with the valuation period ending
32 June 30, 1998, less the present value of the expected additional
33 normal cost contributions attributable to the provisions of P.L.1999,
34 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active
35 members employed by other employers as of the valuation period
36 over the expected working lives of the active members in
37 accordance with the tables of actuarial assumptions applicable to
38 the valuation period, and less the present value of the expected
39 additional normal cost contributions attributable to the provisions of
40 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
41 (C.43:16A-11.1) payable on behalf of the active members employed
42 by other employers as of the valuation period over the expected
43 working lives of the active members in accordance with the tables
44 of actuarial assumptions applicable to the valuation period, if the
45 sum is greater than zero.

46 If there are excess valuation assets allocated to the State or to the
47 other employers for the valuation period ending June 30, 1995, the
48 normal contributions payable by the State or by the other employers

1 for the valuation periods ending June 30, 1995, and June 30, 1996
2 which have not yet been paid to the retirement system shall be
3 reduced to the extent possible by the excess valuation assets
4 allocated to the State or to the other employers, respectively,
5 provided that with respect to the excess valuation assets allocated to
6 the State, the General Fund balances that would have been paid to
7 the retirement system except for this provision shall first be
8 allocated as State aid to public schools to the extent that additional
9 sums are required to comply with the May 14, 1997 decision of the
10 New Jersey Supreme Court in *Abbott v. Burke*.

11 If there are excess valuation assets allocated to the other
12 employers for the valuation period ending June 30, 1998, the
13 accrued liability contributions payable by the other employers for
14 the valuation period ending June 30, 1997 shall be reduced to the
15 extent possible by the excess valuation assets allocated to the other
16 employers.

17 If there are excess valuation assets allocated to the State or to the
18 other employers for a valuation period ending after June 30, 1998,
19 the State Treasurer may reduce the normal contribution payable by
20 the State or by other employers for the next valuation period as
21 follows:

22 (1) for valuation periods ending June 30, 1996 through June 30,
23 2000, to the extent possible by up to 100% of the excess valuation
24 assets allocated to the State or to the other employers, respectively;

25 (2) for the valuation period ending June 30, 2001, to the extent
26 possible by up to 84% of the excess valuation assets allocated to the
27 State or to the other employers, respectively;

28 (3) for the valuation period ending June 30, 2002, to the extent
29 possible by up to 68% of the excess valuation assets allocated to the
30 State or to the other employers, respectively; and

31 (4) for valuation periods ending June 30, 2003 through June 30,
32 2007, to the extent possible by up to 50% of the excess valuation
33 assets allocated to the State or to the other employers, respectively.

34 Notwithstanding the discretion provided to the State Treasurer in
35 the previous paragraph to reduce the amount of the normal
36 contribution payable by employers other than the State, the State
37 Treasurer shall reduce the amount of the normal contribution
38 payable by employers other than the State by \$150,000,000 in the
39 aggregate for the valuation period ending June 30, 1998, and then
40 the State Treasurer may reduce further pursuant to the provisions of
41 the previous paragraph the normal contribution payable by such
42 employers for that valuation period.

43 [As of the valuation report in which the funded level is in excess
44 of 104%, an amount equal to the present value of the future normal
45 contributions for the benefits provided by P.L.2003, c.108 as
46 amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be
47 credited to the benefit enhancement fund. If there are excess
48 valuation assets after reductions in normal contributions as

1 authorized in the preceding paragraphs, for a valuation period
2 beginning with the valuation period in which the benefits provided
3 by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by
4 P.L.2003, c.108 apply, an amount of excess valuation assets not to
5 exceed the amount of the member contributions for the fiscal year
6 in which the normal contributions are payable shall be credited to
7 the benefit enhancement fund. The amount of excess valuation
8 assets credited to the benefit enhancement fund shall not exceed the
9 present value of the expected additional normal and accrued
10 liability contributions attributable to the provisions of section 16 of
11 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,
12 payable on behalf of the active members over the expected working
13 lives of the active members in accordance with the tables of
14 actuarial assumptions for the valuation period. No additional
15 excess valuation assets shall be credited to the benefit enhancement
16 fund after the maximum amount is attained. Interest shall be
17 credited to the benefit enhancement fund.

18 The normal and accrued liability contributions for the increased
19 benefits for active employees under section 16 of P.L.1964, c.241
20 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid
21 from the benefit enhancement fund. If assets in the benefit
22 enhancement fund are insufficient to pay the normal and accrued
23 liability contributions for the increased benefits for a valuation
24 period, the retirement system shall pay the amount of normal and
25 accrued liability contributions for the increased benefits not covered
26 by assets from the benefit enhancement fund.】

27 The normal and accrued liability contributions shall be certified
28 annually by the retirement system and shall be included in the
29 budget of the employer and levied and collected in the same manner
30 as any other taxes are levied and collected for the payment of the
31 salaries of members.

32 Notwithstanding the preceding sentence, the normal and accrued
33 liability contributions to be included in the budget of and paid by
34 the employer other than the State shall be as follows: for the
35 payment due in the State fiscal year ending on June 30, 2004, 20%
36 of the amount certified by the retirement system; for the payment
37 due in the State fiscal year ending on June 30, 2005, a percentage of
38 the amount certified by the retirement system as the State Treasurer
39 shall determine but not more than 40%; for the payment due in the
40 State fiscal year ending on June 30, 2006, a percentage of the
41 amount certified by the retirement system as the State Treasurer
42 shall determine but not more than 60%; and for the payment due in
43 the State fiscal year ending on June 30, 2007, a percentage of the
44 amount certified by the retirement system as the State Treasurer
45 shall determine but not more than 80%.

46 The State Treasurer shall reduce the normal and accrued liability
47 contributions payable by employers other than the State to 50
48 percent of the amount certified annually by the retirement system

1 for payments due in the State fiscal year ending June 30, 2009. An
2 employer that elects to pay the reduced normal and accrued liability
3 contribution shall adopt a resolution, separate and apart from other
4 budget resolutions, stating that the employer needs to pay the
5 reduced contribution and providing an explanation of that need
6 which shall include (1) a description of its inability to meet the levy
7 cap without jeopardizing public safety, health, and welfare or
8 without jeopardizing the fiscal stability of the employer, or (2) a
9 description of another condition that offsets the long term fiscal
10 impact of the payment of the reduced contribution. An employer
11 also shall document those actions it has taken to reduce its
12 operating costs, or provide a description of relevant anticipated
13 circumstances that could have an impact on revenues or
14 expenditures. This resolution shall be submitted to and approved by
15 the Local Finance Board after making a finding that these fiscal
16 conditions are valid and affirming the findings contained in the
17 employer resolution.

18 An employer that elects to pay 100 percent of the amount
19 certified by the retirement system for the State fiscal year ending
20 June 30, 2009 shall be credited with such payment and any such
21 amounts shall not be included in the employer's unfunded liability.

22 The actuaries for the retirement system shall determine the
23 unfunded liability of the retirement system, by employer, for the
24 reduced normal and accrued liability contributions provided under
25 P.L.2009, c.19. This unfunded liability shall be paid by the
26 employer in level annual payments over a period of 15 years
27 beginning with the payments due in the State fiscal year ending
28 June 30, 2012 and shall be adjusted by the rate of return on the
29 actuarial value of assets.

30 The retirement system shall annually certify to each employer
31 the contributions due to the contingent reserve fund for the liability
32 under P.L.2009, c.19. The contributions certified by the retirement
33 system shall be paid by the employer to the retirement system on or
34 before the date prescribed by law for payment of employer
35 contributions for basic retirement benefits. If payment of the full
36 amount of the contribution certified is not made within 30 days
37 after the last date for payment of employer contributions for basic
38 retirement benefits, interest at the rate of 10% per year shall be
39 assessed against the unpaid balance on the first day after the
40 thirtieth day.

41 (10) The treasurer or corresponding officer of the employer shall
42 pay to the State Treasurer no later than April 1 of the State's fiscal
43 year in which payment is due the amount so certified as payable by
44 the employer, and shall pay monthly to the State Treasurer the
45 amount of the deductions from the salary of the members in the
46 employ of the employer, and the State Treasurer shall credit such
47 amount to the appropriate fund or funds, of the retirement system.

1 If payment of the full amount of the employer's obligation is not
2 made within 30 days of the due date established by this act, interest
3 at the rate of 10% per annum shall commence to run against the
4 unpaid balance thereof on the first day after such 30th day.

5 If payment in full, representing the monthly transmittal and
6 report of salary deductions, is not made within 15 days of the due
7 date established by the retirement system, interest at the rate of 10%
8 per annum shall commence to run against the total transmittal of
9 salary deductions for the period on the first day after such 15th day.

10 (11) The expenses of administration of the retirement system
11 shall be paid by the State of New Jersey. Each employer shall
12 reimburse the State for a proportionate share of the amount paid by
13 the State for administrative expense. This proportion shall be
14 computed as the number of members under the jurisdiction of such
15 employer bears to the total number of members in the system. The
16 pro rata share of the cost of administrative expense shall be
17 included with the certification by the retirement system of the
18 employer's contribution to the system.

19 (12) Notwithstanding anything to the contrary, the retirement
20 system shall not be liable for the payment of any pension or other
21 benefits on account of the employees or beneficiaries of any
22 employer participating in the retirement system, for which reserves
23 have not been previously created from funds, contributed by such
24 employer or its employees for such benefits.

25 (13) (Deleted by amendment, P.L.1992, c.125.)

26 (14) Commencing with valuation year 1991, with payment to be
27 made in Fiscal Year 1994, the Legislature shall annually
28 appropriate and the State Treasurer shall pay into the pension
29 accumulation fund of the retirement system an amount equal to
30 1.1% of the compensation of the members of the system for the
31 valuation year to fund the benefits provided by section 16 of
32 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

33 (15) If the valuation assets are insufficient to fund the normal
34 and accrued liability costs attributable to P.L.1999, c.428
35 (C.43:16A-15.8 et al.) as provided hereinabove, the normal and
36 unfunded accrued liability contributions required to fund these costs
37 for the State and other employers shall be paid by the State.

38 (16) The savings realized as a result of the amendments to this
39 section by P.L.2001, c.44 in the payment of normal contributions
40 computed by the actuary for the valuation periods ending June 30,
41 1998 for employers other than the State shall be used solely and
42 exclusively by a county or municipality for the purpose of reducing
43 the amount that is required to be raised by the local property tax
44 levy by the county for county purposes or by the municipality for
45 municipal purposes, as appropriate. The Director of the Division of
46 Local Government Services in the Department of Community
47 Affairs shall certify for each year that each county or municipality
48 has complied with the requirements set forth herein. If the director

1 finds that a county or municipality has not used the savings solely
2 and exclusively for the purpose of reducing the amount that is
3 required to be raised by the local property tax levy by the county for
4 county purposes or by the municipality for municipal purposes, as
5 appropriate, the director shall direct the county or municipal
6 governing body, as appropriate, to make corrections to its budget.
7 (cf: P.L.2009, c.19, s.2)

8
9 34. Section 16 of P.L.1944, c.255 (C.43:16A-16) is amended to
10 read as follows:

11 16. (1) All the assets of the retirement system shall be credited
12 according to the purpose for which they are held to one of five
13 funds, namely, the annuity savings fund, the pension accumulation
14 fund, the retirement reserve fund, and the special reserve fund[, and
15 the benefit enhancement fund].

16 (2) The annuity savings fund shall be a fund in which shall be
17 credited accumulated contributions by members or on their behalf
18 to provide for their allowances. The aggregate contributions of a
19 member withdrawn by him or paid to his estate or his designated
20 beneficiary in event of his death as provided in this act shall be paid
21 from the annuity savings fund. Upon the retirement of a member
22 where the aggregate contributions of the member are to be provided
23 in the form of an annuity, the aggregate contributions of the
24 member shall be transferred from the annuity savings fund to the
25 retirement reserve fund.

26 (3) The pension accumulation fund shall be the fund in which
27 shall be credited contributions made by employers. Upon the death
28 of a member either before or after retirement any lump sum benefit
29 payable shall be charged to the pension accumulation fund. Upon
30 the retirement or death of a member the reserve of any pension
31 payable to or on his account shall be transferred to the retirement
32 reserve fund. The retirement system at the end of each fiscal year
33 shall allow interest on the balance of the retirement reserve fund as
34 of the beginning of said fiscal year at the regular interest rate
35 applicable thereto to cover the interest creditable for the year. The
36 amount so allowed shall be due and payable and shall be credited
37 annually. All other income received on the securities, funds and
38 investments of the retirement system shall be credited to the
39 pension accumulation fund, except as provided by subsection (5) of
40 this section. The retirement system, upon the advice of the actuary,
41 shall transfer to and from the pension accumulation fund any
42 surplus or deficit in the retirement reserve fund.

43 (4) The retirement reserve fund shall be the fund from which all
44 retirement allowances and benefits in lieu thereof shall be paid. If
45 the retirement allowance of a member who has been retired is
46 subsequently canceled, the appropriate reserve shall be transferred
47 to the pension accumulation fund and the annuity savings fund.

1 (5) The special reserve fund shall be the fund to which any
2 earnings in excess of the amounts annually allowed under the
3 provisions of subsection (3) of this section shall be transferred. No
4 additional amounts shall be credited to the special reserve fund at
5 any time when the total accumulations in such fund equal 1% of the
6 book value of the investments of the retirement system. In this
7 event, any such excess shall be credited to the pension accumulation
8 fund. All losses from the sale of securities shall be charged against
9 the special reserve fund. The special reserve fund shall be
10 considered for valuation purposes by the actuary as an asset of the
11 retirement system.

12 (cf: P.L.2003, c.108, s.4)

13

14 35. (New section) The provision of N.J.S.18A:66-2,
15 N.J.S.18A:66-36, N.J.S.18A:66-37, N.J.S.18A:66-44,
16 N.J.S.18A:66-71 as amended by P.L. , c. (pending before the
17 Legislature as this bill) concerning persons who become members
18 of the retirement system on or after the effective date of
19 P.L. , c. (pending before the Legislature as this bill) shall not
20 apply to a person who at the time of enrollment in the retirement
21 system on or after that effective date transfers service credit, as
22 permitted, from another State-administered retirement system of
23 which the person was a member immediately prior to the effective
24 date and continuously thereafter, but shall apply to a former
25 member of the retirement system who has been granted a retirement
26 allowance and is reenrolled in the retirement system on or after that
27 effective date after becoming employed again in a position that
28 makes the person eligible to be a member of the retirement system.

29

30 36. (New section) The provision of section 6 of P.L.1954, c.84
31 (C.43:15A-6), section 38 of P.L.1954, c.84 (C.43:15A-38), section
32 41 of P.L.1954, c.84 (C.43:15A-41), section 48 of P.L.1954, c.84
33 (C.43:15A-48), section 61 of P.L.1954, c.84 (C.43:15A-61) as
34 amended by P.L. , c. (pending before the Legislature as this bill)
35 concerning persons who become members of the retirement system
36 on or after the effective date of P.L. , c. (pending before the
37 Legislature as this bill) shall not apply to a person who at the time
38 of enrollment in the retirement system on or after that effective date
39 transfers service credit, as permitted, from another State-
40 administered retirement system of which the person was a member
41 immediately prior to the effective date and continuously thereafter,
42 but shall apply to a former member of the retirement system who
43 has been granted a retirement allowance and is reenrolled in the
44 retirement system on or after that effective date after becoming
45 employed again in a position that makes the person eligible to be a
46 member of the retirement system.

1 37. (New section) The provision of section 1 of P.L.1944, c.255
2 (C.43:16A-1) as amended by P.L. , c. (pending before the
3 Legislature as this bill) concerning persons who become members
4 of the retirement system on or after the effective date of
5 P.L. , c. (pending before the Legislature as this bill) shall not
6 apply to a person who at the time of enrollment in the retirement
7 system on or after that effective date transfers service credit , as
8 permitted, from another State-administered retirement system of
9 which the person was a member immediately prior to the effective
10 date and continuously thereafter, but shall apply to a former
11 member of the retirement system who has been granted a retirement
12 allowance and is reenrolled in the retirement system on or after that
13 effective date after becoming employed again in a position that
14 makes the person eligible to be a member of the retirement system.
15

16 38. (New section) The provision of section 3 of P.L.1965, c.89
17 (C.53:5A-3) as amended by P.L. , c. (pending before the
18 Legislature as this bill) concerning persons who become members
19 of the retirement system on or after the effective date of
20 P.L. , c. (pending before the Legislature as this bill) shall not
21 apply to a person who at the time of enrollment in the retirement
22 system on or after that effective date transfers service credit, as
23 permitted, from another State-administered retirement system of
24 which the person was a member immediately prior to the effective
25 date and continuously thereafter, but shall apply to a former
26 member of the retirement system who has been granted a retirement
27 allowance and is reenrolled in the retirement system on or after that
28 effective date after becoming employed again in a position that
29 makes the person eligible to be a member of the retirement system.
30

31 39. (New section) Commencing July 1, 2011 and thereafter, the
32 contribution required, by law, to be made by the State to the
33 Teachers' Pension and Annuity Fund, established pursuant to
34 N.J.S.18A:66-1 et seq., the Judicial Retirement System, established
35 pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison Officers'
36 Pension Fund, established pursuant to P.L.1941, c.220 (C.43:7-7 et
37 seq.), the Public Employees' Retirement System, established
38 pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the Consolidated
39 Police and Firemen's Pension Fund, established pursuant to
40 R.S.43:16-1 et seq., the Police and Firemen's Retirement System,
41 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), and
42 the State Police Retirement System, established pursuant to
43 P.L.1965, c.89 (C.53:5A-1 et seq.), shall be made in full each year
44 to each system or fund in the manner and at the time provided by
45 law. The contribution shall be computed by actuaries for each
46 system or fund based on an annual valuation of the assets and
47 liabilities of the system or fund pursuant to consistent and generally
48 accepted actuarial standards and shall include the normal

1 contribution and the unfunded accrued liability contribution. The
2 State with regard to its obligations funded through the annual
3 appropriations act shall be in compliance with this requirement
4 provided the State makes a payment, to each State-administered
5 retirement system or fund, of at least 1/7th of the full contribution,
6 as computed by the actuaries, in the State fiscal year commencing
7 July 1, 2011 and a payment in each subsequent fiscal year that
8 increases by at least an additional 1/7th until payment of the full
9 contribution is made in the seventh fiscal year and thereafter.

10
11 40. This act shall take effect on the 60th day following
12 enactment.

13 14 15 STATEMENT

16 17 Sections 1-7:

18 These sections implement Recommendation 1 of the Joint
19 Legislative Committee on Public Employee Benefits Reform set
20 forth in the final report dated December 1, 2006. The committee
21 recommended “the enactment of legislation to limit eligibility for
22 defined benefit plans to full-time employees”, with all new part-
23 time employees, new elected officials and new full-time appointed
24 officials having membership in a defined contribution pension plan.

25 The bill shifts the basis for membership in the Teachers’ Pension
26 and Annuity Fund (TPAF) and the Public Employees’ Retirement
27 System (PERS) from the amount of compensation to the number of
28 hours worked weekly. After its effective date, any person in public
29 employment for which the hours of work are fixed at fewer than 35
30 per week for State employees or 32 for political subdivision
31 employees is ineligible to become a new member of PERS and at
32 fewer than 32 hours per week is ineligible to become a new member
33 of TPAF. When determining eligibility, hours during which a
34 person does not work due to the person’s participation in a
35 voluntary or mandatory furlough program will not be deducted in
36 determining if a person’s hours of work are fixed at fewer than 35
37 or 32 per week, as appropriate, for the purpose of eligibility.

38 Persons ineligible for TPAF or PERS because the hours of work
39 are fewer than required for PERS or TPAF membership may be
40 eligible for enrollment in the Defined Contribution Retirement
41 Program, whose membership compensation threshold the bill
42 increases to \$5,000 from \$1,500.

43 44 Sections 8-13:

45 These sections implement Recommendation 3 of the Joint
46 Legislative Committee on Public Employee Benefits Reform set
47 forth in the final report dated December 1, 2006 to reduce the
48 benefits formula for new members of the Public Employees’

1 Retirement System (PERS) and the Teachers' Annuity and Pension
2 Fund (TPAF) by changing from 1/55 to 1/60 the multiplier of the
3 number of years of service in the calculation of a member's
4 retirement allowance. The committee noted that this
5 recommendation is consistent with other recommendations aimed at
6 reducing the long-term costs of the defined benefit retirement
7 systems to ensure their fiscal stability and the fiscal stability of the
8 State and local public employers funding those costs.

9 In 2001, legislation enhanced the PERS and TPAF benefits for
10 members and retirees by 9% with a change of the multiplier from
11 1/60 to 1/55. Veterans and disability benefits were similarly
12 enhanced. These sections return the multiplier for PERS and TPAF
13 to 1/60 and the other benefits to their pre-2001 level, except for
14 veterans and disability benefits, for persons who become members
15 of PERS or TPAF after the bill is enacted.

16

17 Sections 7, 14-19, and 22-23:

18 These sections implement Recommendation 4 of the Joint
19 Legislative Committee on Public Employee Benefits Reform set
20 forth in the final report dated December 1, 2006. The committee
21 recommended "a cap on pensionable salary at the Social Security
22 maximum wage contribution limit under the Federal Insurance
23 Contributions Act (FICA). ... Employees with annual compensation
24 in excess of the Social Security maximum would be eligible for
25 membership in the defined contribution program .. with regard to
26 only that excess compensation. The legislation should apply
27 prospectively to all new employees who become members of the
28 State-administered retirement system, except the Judicial
29 Retirement System (JRS), after the enactment of legislation." The
30 committee stated that it "believes that this proposal should help
31 control escalating retirement system costs." P.L.2007, c.103
32 implemented this recommendation for the Public Employees'
33 Retirement System (PERS) and the Teachers' Pension and Annuity
34 Fund (TPAF).

35 This bill imposes a maximum compensation upon which
36 contributions will be made for Police and Firemen's Retirement
37 System (PFRS) and State Police Retirement System (SPRS)
38 purposes for police officers, firefighters, and State Police officers
39 who become members of those systems on or after the bill's
40 effective date. The maximum amount will be the amount of base
41 salary equivalent to the annual maximum wage contribution base
42 for Social Security, pursuant to the federal Insurance Contributions
43 Act. For 2010, that amount is \$106,800. A new member for whom
44 this annual maximum will be reached in any year will become a
45 participant of the Defined Contribution Retirement Program
46 (DCRP) with regard to the remaining compensation, unless the
47 member irrevocably elects to waive the participation. For the
48 amount of compensation over the maximum compensation, 5.5%

1 will be deducted as a contribution for the purposes of the DCRP.
2 When a PFRS or SPRS member also becomes a participant in the
3 DCRP, the life insurance and disability benefit provisions of that
4 program will be available for that participant.

5

6 Sections 20-23:

7 These sections implement Recommendation 5 of the Joint
8 Legislative Committee on Public Employee Benefits Reform set
9 forth in the final report dated December 1, 2006. The committee
10 recommended “the enactment of legislation to change the pension
11 benefits calculation from the three highest paid years to the five
12 highest paid years or from the single highest paid year to the three
13 highest paid years, as appropriate.” The committee recommended
14 that the legislation apply to new employees who become members
15 of the State-administered retirement systems, except the Judicial
16 Retirement System, after the enactment of the legislation. The
17 committee stated that “its recommendation is consistent with other
18 recommendations aimed at reducing the long-term costs of the
19 defined benefit retirement systems to ensure their fiscal stability
20 and the fiscal stability of the State and local public employers
21 funding those costs.”

22 This bill changes the definition of compensation to be used to
23 calculate retirement benefits for members of the Public Employees’
24 Retirement System (PERS), Teachers’ Pension and Annuity Fund
25 (TPAF), Police and Firemen’s Retirement System (PFRS), and
26 State Police Retirement System (SPRS), who become members
27 after the bill’s effective date, as well as to calculate, in certain
28 cases, pension benefits for surviving family members, when
29 available, and death benefit payments to beneficiaries.

30 The bill provides that a member of the TPAF or PERS who is
31 enrolled in the retirement system after the enactment date, would
32 have the member’s retirement allowance calculated using the
33 average annual compensation for the last five years of service or for
34 any five fiscal years of membership providing the largest possible
35 benefit to the member or the member’s beneficiary. A member
36 enrolled in the systems before the effective date would continue to
37 have the member’s allowance calculated in the manner provided by
38 existing law using the average annual compensation for the last
39 three years of service or for any three fiscal years of membership
40 providing the largest possible benefit to the member or the
41 member’s beneficiary.

42 The bill also changes the provisions of the PFRS and SPRS to
43 provide that a member who is enrolled in one of these retirement
44 systems after the effective date would have the member’s retirement
45 allowance calculated using the average annual compensation
46 received by the member during any three fiscal years of
47 membership providing the largest possible benefit. A member of
48 the system before the effective date would continue to have the

1 member's allowance calculated in the manner provided by existing
2 law using the compensation in the final year of service.

3 The bill would affect the calculation of a family member's
4 pension benefit, when such a benefit is available, and the amount of
5 a death benefit to a beneficiary whenever current law provides for
6 the use of final compensation or final salary, as those terms are
7 redefined by the bill, for the purpose of that calculation. In some
8 instances, the current law provides that the calculations for benefits
9 be based on the compensation or salary received in the last year of
10 service or at the time of death; in these instances, there would be no
11 change as a result of this bill.

12

13 Sections 24-28:

14 These sections implement Recommendation 6 of the Joint
15 Legislative Committee on Public Employee Benefits Reform set forth
16 in the final report dated December 1, 2006. The committee
17 recommended "the enactment of legislation to require the designation
18 of one position per employee for both the PERS or TPAF" and that the
19 "legislation should apply to new full-time employees who become
20 members of PERS or TPAF after the bill's enactment and who must
21 select one job for defined benefit credit." The committee noted that
22 "although a person holding multiple positions does contribute to the
23 retirement system for each position, the potential for abuse and the
24 difficulty in preventing it make the one-position requirement a
25 necessary reform."

26 For the purposes of the Public Employees' Retirement System and
27 the Teachers' Pension and Annuity Fund, this bill provides that a
28 person shall be eligible for membership in the retirement system based
29 upon only one position and requires the retirement system to designate
30 the position providing the higher or highest compensation for the
31 person with such concurrent positions as the basis for eligibility for
32 membership and the compensation base for contributions and pensions
33 calculations. A member who leaves a designated position or acquires
34 a different or additional position will receive a new designation by the
35 retirement system, if appropriate. These provisions will not apply to a
36 person who on the effective date of the bill is a member of the
37 retirement system and holds more than one office, position, or
38 employment covered by the retirement system with one or more
39 employers, while the member continues to hold without a break in
40 service more than one of those offices, positions, or employment.

41 Under the bill, contributions would be deducted only from the
42 member's compensation for the position designated, and for the
43 purpose of calculating the member's retirement benefit, only that
44 compensation would be considered. Service in a position other than
45 the one designated will not be deemed creditable service for the
46 purposes of the retirement system.

1 Section 29:

2 This section implements Recommendation 7 of the Joint
3 Legislative Committee on Public Employee Benefits Reform set
4 forth in the final report dated December 1, 2006. The committee
5 recommended “the repeal on a prospective basis for new employees
6 of N.J.S.A.43:3C-9.5 ... because the Legislature should not be
7 permanently and inextricably bound by an action of a prior session
8 of the Legislature.”

9 The bill would remove public employees who become members
10 after the bill’s effective date of the Teachers’ Pension and Annuity
11 Fund, the Judicial Retirement System, the Prison Officers’ Pension
12 Fund, the Public Employees’ Retirement System, the Consolidated
13 Police and Firemen’s Pension Fund, the Police and Firemen’s
14 Retirement System, and the State Police Retirement System from
15 the law that provides vested members with a non-forfeitable right to
16 receive benefits, as provided under the laws governing the
17 retirement system or fund, upon the attainment of five years of
18 service credit in the retirement system or fund.

19

20 Section 30:

21 This section implements Recommendation 9 of the Joint
22 Legislative Committee on Public Employee Benefits Reform set
23 forth in the final report dated December 1, 2006. The committee
24 recommended that legislation be enacted “to give all non-vested
25 employees the option of entering into a defined contribution
26 program ... and should apply to all current and future public
27 employees.”

28 This bill permits a person who commences service in a position
29 that makes the person eligible to be a member of the Teachers’
30 Pension and Annuity Fund, the Judicial Retirement System, the
31 Public Employees’ Retirement System, the Police and Firemen’s
32 Retirement System, or the State Police Retirement System, or a
33 person already enrolled but with less than 10 years of service credit,
34 to choose either to be enrolled in the relevant retirement system or
35 enrolled in the Defined Contribution Retirement Program
36 established pursuant to N.J.S.A.43:15C-1 et al. with regard to that
37 particular position by irrevocably waiving all rights and benefits
38 which would otherwise be provided by the relevant retirement
39 system.

40 In addition, this bill would permit a person commencing service,
41 or with less than 10 years of service credit, to choose to withdraw
42 entirely from enrollment in any State-administered retirement
43 system. In this regard, the bill exceeds the recommendation, but
44 serves the recommendation’s goal by providing a person with the
45 flexibility to choose a course most consistent with his or her
46 personal situation and financial goals while also reducing the costs
47 to public employers.

1 Section 31:

2 This bill implements Recommendation 12 of the Joint
3 Legislative Committee on Public Employee Benefits Reform set
4 forth in the final report dated December 1, 2006. The committee
5 recommended “the enactment of legislation to close the PERS
6 Prosecutors Part ... prospectively to new members.” The committee
7 recommended “an end to special benefits within the Public
8 Employees’ Retirement System for selected groups of public
9 employees and officials. ... This recommendation would standardize
10 pension benefits for public employees with similar job functions.”

11 This bill closes the Prosecutors Part of the Public Employees’
12 Retirement System (PERS) to new members. The Prosecutors Part
13 was added to PERS in 2001. With the enactment of this bill, all
14 prosecutors taking office after the bill’s effective date will be
15 enrolled in the “regular” PERS system, except that a county
16 prosecutor who is appointed by the Governor with the advice and
17 consent of the Senate will be enrolled in the Defined Contribution
18 Retirement System. “Prosecutor” is defined in the law as a county
19 prosecutor, first assistant prosecutor or assistant prosecutor; the
20 Director of the Division of Criminal Justice in the Department of
21 Law and Public Safety; an assistant director, deputy director,
22 assistant attorney general or deputy attorney general in that
23 department and assigned to that division; or a criminal investigator
24 in the Division of Criminal Justice in the Department of Law and
25 Public Safety who is not eligible for enrollment in the Police and
26 Firemen's Retirement System.

27

28 Section 32-34:

29 These section implement Recommendation 14 of the Joint
30 Legislative Committee on Public Employee Benefits Reform set
31 forth in the final report dated December 1, 2006. The committee
32 recommended “the enactment of legislation to repeal this
33 prospective benefit enhancement, and the corresponding benefit
34 enhancement fund, effective immediately. This recommendation
35 would result in significant cost savings for the State and local
36 public employers.”

37 The bill eliminates the provision in the PFRS that would permit a
38 member of the Police and Firemen’s Retirement System to retire, at
39 any age after 25 years of service credit, on a special retirement
40 allowance of 70% of final compensation after the retirement system
41 reaches a funded level of 104%.

42

43 Sections 35-38:

44 These sections provide that, with regard to any provision of this
45 bill made applicable to a person who becomes a member of a State-
46 administered retirement system on or after the bill’s effective date,
47 that provision would not apply to a person who at the time of
48 enrollment in the retirement system on or after that effective date

1 transfers service credit, as permitted, from another State-
2 administered retirement system or fund of which the person was a
3 member immediately prior to the effective and continuously
4 thereafter, but would apply to a former member of the retirement
5 system who has been granted a retirement allowance and is
6 reenrolled in the retirement system on or after that effective date
7 after becoming employed again in a position that makes the person
8 eligible to be a member of the retirement system. These sections
9 are in line with recent prior enactments in this regard.

10

11 Section 39:

12 This section of the bill requires the State, beginning July 1, 2011,
13 to make in full the annual employer's contribution, as computed by
14 the actuaries, to the Teachers' Pension and Annuity Fund, the
15 Judicial Retirement System, the Prison Officers' Pension Fund, the
16 Public Employees' Retirement System, the Consolidated Police and
17 Firemen's Pension Fund, the Police and Firemen's Retirement
18 System, and the State Police Retirement System. The State would
19 be in compliance with this requirement provided the State makes a
20 payment, to each State-administered retirement system or fund, of
21 at least 1/7th of the full contribution, as computed by the actuaries,
22 in the State fiscal year commencing July 1, 2011 and makes a
23 payment in each subsequent fiscal year that increases by at least an
24 additional 1/7th until payment of the full contribution is made in the
25 eighth fiscal year and thereafter. This phase-in is for the purpose of
26 allowing the State to make gradual adjustments to the annual
27 appropriations act.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 2

STATE OF NEW JERSEY

DATED: FEBRUARY 18, 2010

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably Senate Bill No. 2.

This bill makes a number of changes to different State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the enrollment waiver, the prosecutor's part of the Public Employees Retirement System (PERS), special retirement under the Police and Firemen's Retirement System (PFRS) and employer contributions to the pension systems.

Sections 1-7:

These sections shift the basis for membership in the Teachers' Pension and Annuity Fund (TPAF) and the PERS from the amount of compensation to the number of hours worked weekly. After the bill's effective date, any person in public employment for which the hours of work are fixed at fewer than 35 per week for State employees, or 32 per week for political subdivision employees, is ineligible to become a new member of PERS and at fewer than 32 hours per week is ineligible to become a new member of TPAF. When determining eligibility, hours during which a person does not work due to the person's participation in a voluntary or mandatory furlough program will not be deducted in determining if a person's hours of work are fixed at fewer than 35 or 32 per week, as appropriate, for the purpose of eligibility.

Persons ineligible for TPAF or PERS because the hours of work are fewer than required for PERS or TPAF membership may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP), whose membership compensation threshold the bill increases to \$5,000 from \$1,500.

Sections 8-13:

In 2001, legislation enhanced the PERS and TPAF benefits for members and retirees by 9 percent with a change of the multiplier from 1/60 to 1/55. Veterans and disability benefits were similarly enhanced.

These sections return the multiplier for PERS and TPAF members to 1/60 and the other benefits to their pre-2001 level for persons who become members of PERS or TPAF after the bill is enacted, except that it would not apply to veterans and disability benefits.

Sections 7, 14-19, and 22-23:

These sections impose a maximum compensation upon which contributions will be made for PFRS and State Police Retirement System (SPRS) purposes for police officers, firefighters, and State Police officers who become members of those systems on or after the bill's effective date. The maximum amount will be the amount of base salary equivalent to the annual maximum wage contribution base for Social Security, pursuant to the federal Insurance Contributions Act. For 2010, that amount is \$106,800. Under the bill, a new member for whom this annual maximum will be reached in any year will become a participant of the DCRP with regard to the remaining compensation, unless the member irrevocably elects to waive the participation. For the amount of compensation over the maximum compensation, 5.5 percent will be deducted as a contribution for the purposes of the DCRP. When a PFRS or SPRS member also becomes a participant in the DCRP, the life insurance and disability benefit provisions of that program will be available for that participant.

Sections 20-23:

These sections change the definition of compensation to be used to calculate retirement benefits for members of the PERS, TPAF, PFRS, and SPRS, who become members after the bill's effective date, as well as to calculate, in certain cases, pension benefits for surviving family members, when available, and death benefit payments to beneficiaries.

The bill provides that a member of the TPAF or PERS who is enrolled in the retirement system after the enactment date, would have the member's retirement allowance calculated using the average annual compensation for the last five years of service, or for any five fiscal years of membership providing the largest possible benefit to the member or the member's beneficiary. A member enrolled in the systems before the effective date would continue to have the member's allowance calculated in the manner provided by existing law using the average annual compensation for the last three years of service or for any three fiscal years of membership providing the largest possible benefit to the member or the member's beneficiary.

The bill also changes the provisions of the PFRS and SPRS to provide that a member who is enrolled in one of these retirement systems after the effective date would have the member's retirement allowance calculated using the average annual compensation received by the member during any three fiscal years of membership providing the largest possible benefit. A member of the system before the effective date would continue to have the member's allowance

calculated in the manner provided by existing law using the compensation in the final year of service.

The bill would affect the calculation of a family member's pension benefit, when such a benefit is available, and the amount of a death benefit to a beneficiary whenever current law provides for the use of final compensation or final salary, as those terms are redefined by the bill, for the purpose of that calculation. In some instances, the current law provides that the calculations for benefits be based on the compensation or salary received in the last year of service or at the time of death; in these instances, there would be no change as a result of this bill.

Sections 24-28:

For the purposes of the PERS and the TPAF, these sections provide that a person would be eligible for membership in the retirement system based upon only one position and requires the retirement system to designate the position providing the higher or highest compensation for the person with such concurrent positions as the basis for eligibility for membership and the compensation base for contributions and pensions calculations. A member who leaves a designated position or acquires a different or additional position will receive a new designation by the retirement system, if appropriate. These provisions will not apply to a person who, on the effective date of the bill, is a member of the retirement system and holds more than one office, position, or employment covered by the retirement system with one or more employers, while the member continues to hold without a break in service more than one of those offices, positions, or employment. Under the bill, contributions would be deducted only from the member's compensation for the position designated, and for the purpose of calculating the member's retirement benefit, only that compensation would be considered. Service in a position other than the one designated will not be deemed creditable service for the purposes of the retirement system.

Section 29:

This section would remove public employees who become members after the bill's effective date of the TPAF, the Judicial Retirement System (JRS), the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS from the law that provides vested members with a non-forfeitable right to receive benefits, as provided under the laws governing the retirement system or fund, upon the attainment of five years of service credit in the retirement system or fund.

Section 30:

This section permits a person who commences service in a position that makes the person eligible to be a member of the TPAF, the JRS,

the PERS, the PFRS, or the SPRS, or a person already enrolled but with less than 10 years of service credit, to choose either to be enrolled in the relevant retirement system or enrolled in the DCRP established pursuant to N.J.S.A.43:15C-1 et al. with regard to that particular position by irrevocably waiving all rights and benefits which would otherwise be provided by the relevant retirement system.

In addition, this bill would permit a person commencing service, or with less than 10 years of service credit, to choose to withdraw entirely from enrollment in any State-administered retirement system. In this regard, the bill exceeds the recommendation, but serves the recommendation's goal by providing a person with the flexibility to choose a course most consistent with his or her personal situation and financial goals while also reducing the costs to public employers.

Section 31:

This section closes the Prosecutors Part of the PERS to new members. The Prosecutors Part was added to PERS in 2001. With the enactment of this bill, all prosecutors taking office after the bill's effective date will be enrolled in the "regular" PERS system, except that a county prosecutor who is appointed by the Governor with the advice and consent of the Senate will be enrolled in the DCRP. "Prosecutor" is defined in the law as a county prosecutor, first assistant prosecutor or assistant prosecutor; the Director of the Division of Criminal Justice in the Department of Law and Public Safety; an assistant director, deputy director, assistant attorney general or deputy attorney general in that department and assigned to that division; or a criminal investigator in the Division of Criminal Justice in the Department of Law and Public Safety who is not eligible for enrollment in the PFRS.

Section 32-34:

These sections eliminate the provision in the PFRS that would permit a member of the PFRS to retire, at any age after 25 years of service credit, on a special retirement allowance of 70 percent of final compensation after the retirement system reaches a funded level of 104 percent.

Sections 35-38:

These sections provide that, with regard to any provision of this bill made applicable to a person who becomes a member of a State-administered retirement system on or after the bill's effective date, that provision would not apply to a person who at the time of enrollment in the retirement system on or after that effective date transfers service credit, as permitted, from another State-administered retirement system or fund of which the person was a member immediately prior to the effective and continuously thereafter, but would apply to a former member of the retirement system who has been granted a

retirement allowance and is reenrolled in the retirement system on or after that effective date after becoming employed again in a position that makes the person eligible to be a member of the retirement system. These sections are in line with recent prior enactments in this regard.

Section 39:

This section of the bill requires the State, beginning July 1, 2011, to make in full the annual employer's contribution, as computed by the actuaries, to the TPAF, the JRS, the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter. This phase-in is for the purpose of allowing the State to make gradual adjustments to the annual appropriations act.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably Senate, No. 2

The bill makes a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the enrollment waiver, the prosecutor's part of the Public Employees' Retirement System (PERS), special retirement under the Police and Firemen's Retirement System (PFRS) and employer contributions to the pension systems.

Specifically, the bill provides that:

1) new members in the Teachers' Pension and Annuity Fund (TPAF) and the PERS will be eligible only if their hours of work are 35 or more per week for State employees and 32 or more per week for political subdivision employees. Persons not eligible for TPAF or PERS because the hours of work are fewer than required may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP); the membership compensation threshold for the DCRP is increased to \$5,000 from \$1,500.

2) the multiplier for retirement calculation purposes, other than for veterans' and disability benefits, for new PERS and TPAF members will be changed from 1/55 to 1/60, the pre-2001 level.

3) maximum compensation upon which contributions will be made for PFRS and State Police Retirement System (SPRS) purposes for new police officers, firefighters, and State Police officers who become members of those systems will be the amount of base salary equivalent to the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act, with a member becoming a participant of the DCRP with regard to any amount over the maximum

4) the retirement allowance for a new member of the TPAF or PERS will be calculated using the average annual compensation for the highest five years of service as opposed to using the current average for the three highest years of service, and for a new member of the PFRS and SPRS will be calculated using the average annual compensation for the three highest years of service as opposed to using the current compensation in the final year of service.

5) a person will be eligible for membership in the PERS or TPAF based upon only one position of several that may be held concurrently and requires the retirement system to designate the position providing the higher compensation as the basis for membership, contributions, and pensions calculations.

6) new members of the TPAF, the Judicial Retirement System (JRS), the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS will not have a non-forfeitable right to receive benefits upon the attainment of five years of service credit.

7) a person who commences service in a position that makes the person eligible to be a member of the TPAF, the JRS, the PERS, the PFRS, or the SPRS, or a person already enrolled but with less than 10 years of service credit, may choose either to be enrolled in the relevant retirement system or enrolled in the DCRP, or to choose to withdraw entirely from enrollment in any State-administered retirement system.

8) the Prosecutors Part of the PERS will be closed to new members.

9) the benefit enhancement in the PFRS that would permit a member of the PFRS to retire, at any age after 25 years of service credit, on a special retirement allowance of 70 percent of final compensation after the retirement system reaches a funded level of 104 percent is to be eliminated.

10) the State, beginning July 1, 2011, is to make in full the annual employer's contribution, as computed by the actuaries, to the TPAF, the JRS, the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter.

This bill is identical to Assembly Bill No. 2461, as also reported by the committee.

FISCAL IMPACT:

The Department of the Treasury estimates that the provisions of this bill, excluding the provision that permits the State to phase-in the payment of its full annual contribution to the various State-administered retirement systems, will reduce the actuarially required contribution to the State-administered retirement systems by the State and local employers by \$13.2 million in FY 2013, \$25.3 million in FY 2014, and \$40.9 million in FY 2015. The cumulative State and local savings from FY 2013 to FY 2026 are projected to total \$1.6 billion and \$1.16 billion, respectively, excluding any associated phase-in

savings. The actuaries of the retirement systems were not able to estimate the fiscal impact of the provision limiting PERS and TPAF membership to full time employment because the database of the Division of Pensions and Benefits does not maintain hours worked by members. Consequently, the population that would be impacted by this provision could not be ascertained.

In addition, the Department of the Treasury indicates that the provision of this bill requiring the State to make its full annual pension contribution, phased-in over seven years, will result in a payment by the State of at least \$540.3 million in FY 2012, \$1.156 billion in FY 2013, and \$1.884 billion in FY 2014. The State's full contribution for these fiscal years are estimated to be \$3.477 billion for FY 2012, \$3.705 billion in FY 2013, and \$3.923 billion in FY 2014. This provision in the bill is designated as a State cost because the State has not made its full contribution in FY 2009 and FY 2010.

FISCAL NOTE
SENATE, No. 2
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: JUNE 3, 2010

SUMMARY

- Synopsis:** Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.
- Type of Impact:** Expenditure Decrease: State General Fund; Local Government Funds; Boards of Education Funds.
- Agencies Affected:** Department of the Treasury; Local Government Entities; Boards of Education.

Executive Branch Estimate

Fiscal Impact	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State Savings	\$12,400,000	\$16,600,000	\$22,500,000
Local Savings	\$ 800,000	\$ 8,700,000	\$18,400,000

* These numbers do not include the required contribution by the State that may be phased-in over seven years.

- The Office of Legislative Services **concurs** with the Executive Branch fiscal estimate.
- This bill makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.
- The Department of the Treasury estimates that this bill, excluding the provision that permits the State to phase-in over seven fiscal years the payment of its full annual contribution, will reduce the actuarially required contribution to the State-administered retirement systems for the State and local employers by \$13.2 million in State FY 2013, \$25.3 million in FY 2014 and \$40.9 million in FY 2015.
- In addition, the Department of the Treasury indicates that the provision of this bill requiring the State to make its full annual contribution, phased-in over seven years, will result in a payment by the State of at least \$540.3 million in State FY 2012, \$1.156 billion in FY 2013, and \$1.884 billion in FY 2014. This provision is designated as a State cost because the State has not made its full contribution in FY 2009 and 2010.

BILL DESCRIPTION

Senate Bill No. 2 of 2010 makes a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the enrollment waiver, the prosecutor's part of the Public Employees Retirement System (PERS), special retirement under the Police and Firemen's Retirement System (PFRS) and employer contributions to the pension systems.

Specifically, the bill provides that:

1) new members in the Teachers' Pension and Annuity Fund (TPAF) and the PERS will be eligible only if their hours of work are 35 or more per week for State employees and 32 or more per week for political subdivision employees. Persons not eligible for TPAF or PERS because the hours of work are fewer than required may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP). The membership compensation threshold for the DCRP is increased to \$5,000 from \$1,500.

2) the multiplier for retirement calculation purposes, other than for veterans and disability benefits, for new PERS and TPAF members will be changed from 1/55 to 1/60, the pre-2001 level.

3) maximum compensation upon which contributions will be made for PFRS and State Police Retirement System (SPRS) purposes for new police officers, firefighters, and State Police officers who become members of those systems will be the amount of base salary equivalent to the annual maximum wage contribution base for Social Security, pursuant to the federal Insurance Contributions Act, with a member becoming a participant of the DCRP with regard to any amount over the maximum.

4) the retirement allowance for a new member of the TPAF or PERS will be calculated using the average annual compensation for the highest five years of service as opposed to using the current average for the three highest years of service, and for a new member of the PFRS and SPRS will be calculated using the average annual compensation for the three highest years of service as opposed to using the current compensation in the final year of service.

5) a person will be eligible for membership in PERS or TPAF based upon only one position of several that may be held concurrently and requires the retirement system to designate the position providing the higher compensation as the basis for membership, contributions, and pensions calculations.

6) new members of the TPAF, the Judicial Retirement System (JRS), the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS will not have a non-forfeitable right to receive benefits upon the attainment of five years of service credit.

7) a person who commences service in a position that makes the person eligible to be a member of the TPAF, the JRS, the PERS, the PFRS, or the SPRS, or a person already enrolled but with less than 10 years of service credit, may choose either to be enrolled in the relevant retirement system or enrolled in the DCRP, or to choose to withdraw entirely from enrollment in any State-administered retirement system.

8) the Prosecutors Part of the PERS will be closed to new members.

9) the benefit enhancement in the PFRS that would permit a member of the PFRS to retire, at any age after 25 years of service credit, on a special retirement allowance of 70 percent of final compensation after the retirement system reaches a funded level of 104 percent is eliminated.

10) the State, beginning July 1, 2011, is to make in full the annual employer's contribution, as computed by the actuaries, to the TPAF, the JRS, the Prison Officers' Pension

Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Department of the Treasury estimates that the provisions of this bill, excluding the provision that permits the State to phase-in the payment of its full annual contribution to the various State-administered retirement systems, will reduce the actuarially required contribution to the State-administered retirement systems by the State and local employers by \$13.2 million in State FY 2013, \$25.3 million in FY 2014, and \$40.9 million in FY 2015. The cumulative State and local savings from FY 2013 to FY 2026 are projected to total \$1.6 billion and \$1.16 billion, respectively, excluding any associated phase-in savings. The actuaries of the retirement systems were not able to estimate the fiscal impact of the provision limiting PERS and TPAF membership to full time employment because the database of the Division of Pensions and Benefits does not maintain hours worked by members. Consequently, the population that would be impacted by this provision could not be ascertained.

In addition, the Department of the Treasury indicates that the provision of this bill requiring the State to make its full annual pension contribution, phased-in over seven years, will result in a payment by the State of at least \$540.3 million in State FY 2012, \$1.156 billion in FY 2013, and \$1.884 billion in FY 2014. The State's full contribution for these fiscal years are estimated to be \$3.477 billion for State FY 2012, \$3.705 billion in FY 2013, and \$3.923 billion in FY 2014. This provision in the bill is designated as a State cost because the State has not made its full contribution in State FY 2009 and 2010.

OFFICE OF LEGISLATIVE SERVICES

The OLS **concurs** with Executive Branch estimate. The OLS notes that the Executive Branch estimate assumes that the State will make only the minimum required contribution during the phase-in period. The State may make its contributions in amounts that exceed the minimum.

Section: State Government Section
Analyst: Aggie Szilagyi
Section Chief
Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 2461

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED MARCH 4, 2010

Sponsored by:

Assemblywoman SHEILA Y. OLIVER

District 34 (Essex and Passaic)

Assemblyman ALEX DECROCE

District 26 (Morris and Passaic)

SYNOPSIS

Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.

CURRENT VERSION OF TEXT

As introduced.



A2461 OLIVER, DECROCE

2

1 AN ACT concerning various changes to the State-administered
2 retirement systems and amending and supplementing various
3 parts of the statutory law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:66-4 is amended to read as follows:

9 18A:66-4. a. The membership of the retirement system shall
10 consist of:

11 (a) all members of the teachers' pension and annuity fund
12 enrolled as such as of December 31, 1955;

13 (b) any person becoming a teacher on or after January 1, 1956,
14 except any person who has attained the age of 60 years prior to
15 becoming a teacher after June 30, 1958 but before July 1, 1968;

16 (c) every teacher veteran as of January 1, 1956, who is not a
17 member of the "Teachers' Pension and Annuity Fund" as of such
18 date and who shall not have notified the board of trustees within 30
19 days of such date that he does not desire to become a member;

20 (d) any teacher employed on January 1, 1956, who is not a
21 member of the Teachers' Pension and Annuity Fund and who elects
22 to become a member under the provisions of N.J.S.18A:66-10.

23 b. (1) Before or on **【the effective date of P.L.2008, c.89】**
24 November 1, 2008, no person in employment, office or position, for
25 which the annual salary or remuneration is fixed at less than
26 \$500.00 shall be eligible to become a member of the retirement
27 system.

28 (2) After **【the effective date of P.L.2008, c.89】** November 1,
29 2008, a person who was a member of the retirement system on that
30 **【effective】** date and continuously thereafter shall be eligible to be a
31 member of the retirement system in employment, office or position,
32 for which the annual salary or remuneration is fixed at \$500 or
33 more.

34 (3) After the **【effective date of P.L.2008, c.89】** November 1,
35 2008 and before or on the effective date of P.L. , c. (pending
36 before the Legislature as this bill), a person who was not a member
37 of the retirement system on **【that effective date】** November 1, 2008,
38 or who was a member of the retirement system on that **【effective】**
39 date but not continuously thereafter, and who is in employment,
40 office or position, for which the annual salary or remuneration is
41 certified by the applicable public entity at \$7,500 or more, shall be
42 eligible to become a member of the retirement system. The \$7,500
43 minimum annual salary or remuneration amount shall be adjusted
44 annually by the Director of the Division of Pensions and Benefits,
45 by regulation, in accordance with changes in the Consumer Price

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Index but by no more than 4 percent. "Consumer Price Index"
2 means the average of the annual increase, expressed as a
3 percentage, in the consumer price index for all urban consumers in
4 the New York City and Philadelphia metropolitan statistical areas
5 during the preceding calendar year as reported by the United States
6 Department of Labor.

7 (4) After the effective date of P.L. , c. (pending before the
8 Legislature as this bill), no person in an employment, office or
9 position of the State, or an agency, board, commission, authority or
10 instrumentality of the State, for which the hours of work are fixed at
11 fewer than 35 per week shall be eligible to become a member of the
12 retirement system; and no person in employment, office or position
13 with a board of education or other education employer for which the
14 hours of work are fixed by a resolution of the board of education or
15 other education employer at fewer than 32 per week shall be
16 eligible to become a member of the retirement system. Any hour or
17 part thereof, during which the person does not work due to the
18 person's participation in a voluntary or mandatory furlough
19 program shall not be deducted in determining if a person's hours of
20 work are fixed at fewer than 35 or 32 per week, as appropriate, for
21 the purpose of eligibility.

22 (cf: P.L.2008, c.89, s.5)

23

24 2. N.J.S.18A:66-8 is amended to read as follows:

25 18A:66-8. a. If a teacher:

26 (1) is dismissed by an employer by reason of reduction in
27 number of teachers employed in the school district, institution or
28 department when in the judgment of the employer it is advisable to
29 abolish any office, position or employment for reasons of a
30 reduction in the number of pupils, economy, a change in the
31 administrative or supervisory organization or other good cause; or
32 becomes unemployed by reason of the creation of a regional school
33 district or a consolidated school district; or has been discontinued
34 from service without personal fault or through leave of absence
35 granted by an employer or permitted by any law of this State; and

36 (2) has not withdrawn the accumulated member's contributions
37 from the retirement system, the teacher's membership may continue,
38 notwithstanding any provisions of this article, if the member returns
39 to service within a period of 10 years from the date of
40 discontinuance from service. No credit for retirement purposes
41 shall be allowed to the member covering the period of
42 discontinuance, except as provided in this section. In computing
43 the service or in computing final compensation, no time after
44 September 1, 1919, during which a member shall have been
45 employed as a teacher at an annual salary or remuneration, or a
46 number of hours of work, fixed at less than that which is required
47 for membership pursuant to N.J.S.18A:66-4 as applicable to the
48 member shall be credited **【**, except that in**】** . In computing the

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1 service or in computing final compensation, no time after the
2 effective date of P.L. , c. (pending before the Legislature as this
3 bill), during which a member shall have been employed as a teacher
4 for fewer than 32 hours per week shall be credited, unless the
5 member shall have been a member since that effective date
6 continuously. In the case of a veteran member credit shall be given
7 for service rendered prior to January 1, 1955, in an employment,
8 office or position if the annual salary or remuneration therefor was
9 fixed at not less than \$300.00 and the service consisted of the
10 performance of the full duties of the employment, office or position.

11 b. A teacher may purchase credit for time during which the
12 teacher shall have been absent on an official leave without pay. The
13 credit shall be purchased for a period of time equal to:

14 (1) three months or the duration of the leave, whichever is less;
15 or

16 (2) if the leave was due to the member's personal illness, two
17 years or the duration of the leave, whichever is less; or

18 (3) the period of leave that is specifically allowed for retirement
19 purposes by the provisions of any law of this State.

20 The purchase shall be made in the same manner and be subject to
21 the same terms and conditions provided for the purchase of previous
22 membership service by N.J.S.18A:66-9.

23 (cf: P.L.2008. c.89, s.6)
24

25 3. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
26 as follows:

27 7. There is hereby established the Public Employees'
28 Retirement System of New Jersey in the Division of Pensions and
29 Benefits of the Department of the Treasury. The membership of the
30 retirement system shall include:

31 a. The members of the former "State Employees' Retirement
32 System of New Jersey" enrolled as such as of December 30, 1954,
33 who shall not have claimed for refund their accumulated deductions
34 in said system as provided in this section;

35 b. Any person becoming an employee of the State or other
36 employer after January 2, 1955 and every veteran, other than a
37 retired member who returns to service pursuant to subsection b. of
38 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
39 whose appointments are seasonal, becoming an employee of the
40 State or other employer after such date, including a temporary
41 employee with at least one year's continuous service. The
42 membership of the retirement system shall not include those
43 persons appointed to serve as described in paragraphs (2) and (3) of
44 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
45 person who was a member of the retirement system prior to the
46 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-
47 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
48 C.43:15A-135) and continuously thereafter; and

1 c. Every employee veteran in the employ of the State or other
2 employer on January 2, 1955, who is not a member of any
3 retirement system supported wholly or partly by the State.

4 d. Membership in the retirement system shall be optional for
5 elected officials other than veterans, and for school crossing guards,
6 who having become eligible for benefits under other pension
7 systems are so employed on a part-time basis. Elected officials
8 commencing service on or after the effective date of sections 1
9 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
10 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
11 be eligible for membership in the retirement system based on
12 service in the elective public office, except that an elected official
13 enrolled in the retirement system as of that effective date who
14 continues to hold that elective public office without a break in
15 service shall be eligible to continue membership in the retirement
16 system under the terms and conditions of enrollment. Service in the
17 Legislature shall be considered a single elective public office. Any
18 part-time school crossing guard who is eligible for benefits under
19 any other pension system and who was hired as a part-time school
20 crossing guard prior to March 4, 1976, may at any time terminate
21 his membership in the retirement system by making an application
22 in writing to the board of trustees of the retirement system. Upon
23 receiving such application, the board of trustees shall terminate his
24 enrollment in the system and direct the employer to cease accepting
25 contributions from the member or deducting from the compensation
26 paid to the member. State employees who become members of any
27 other retirement system supported wholly or partly by the State as a
28 condition of employment shall not be eligible for membership in
29 this retirement system. Notwithstanding any other law to the
30 contrary, all other persons accepting employment in the service of
31 the State shall be required to enroll in the retirement system as a
32 condition of their employment, regardless of age.

33 (1) Before or on **【the effective date of P.L.2008, c.89】**
34 November 1, 2008, no person in employment, office or position, for
35 which the annual salary or remuneration is fixed at less than
36 \$1,500.00, shall be eligible to become a member of the retirement
37 system.

38 (2) After **【the effective date of P.L.2008, c.89】** November 1,
39 2008, a person who was a member of the retirement system on that
40 **【effective】** date and continuously thereafter shall be eligible to be a
41 member of the retirement system in employment, office or position,
42 for which the annual salary or remuneration is fixed at \$1,500 or
43 more.

44 (3) After **【the effective date of P.L.2008, c.89】** November 1,
45 2008 and before or on the effective date of P.L. , c. (pending
46 before the Legislature as this bill), a person who was not a member
47 of the retirement system on **【that effective date】** November 1, 2008,

1 or who was a member of the retirement system on that [effective]
2 date but not continuously thereafter, and who is in employment,
3 office or position, for which the annual salary or remuneration is
4 certified by the applicable public entity at \$7,500 or more, shall be
5 eligible to become a member of the retirement system. The \$7,500
6 minimum annual salary or remuneration amount shall be adjusted
7 annually by the Director of the Division of Pensions and Benefits,
8 by regulation, in accordance with changes in the Consumer Price
9 Index but by no more than 4 percent. "Consumer Price Index"
10 means the average of the annual increase, expressed as a
11 percentage, in the consumer price index for all urban consumers in
12 the New York City and Philadelphia metropolitan statistical areas
13 during the preceding calendar year as reported by the United States
14 Department of Labor.

15 (4) After the effective date of P.L. , c. (pending before the
16 Legislature as this bill), no person in an employment, office or
17 position of the State, or an agency, board, commission, authority or
18 instrumentality of the State, for which the hours of work are fixed at
19 fewer than 35 per week shall be eligible to become a member of the
20 retirement system; and no person in employment, office or position
21 with a political subdivision of the State, or an agency, board,
22 commission, authority or instrumentality of a political subdivision
23 of the State, for which the hours of work are fixed by an ordinance
24 or resolution of the political subdivision, or agency, board,
25 commission, authority or instrumentality thereof, at fewer than 32
26 per week shall be eligible to become a member of the retirement
27 system. Any hour or part thereof, during which the person does not
28 work due to the person's participation in a voluntary or mandatory
29 furlough program shall not be deducted in determining if a person's
30 hours of work are fixed at fewer than 35 or 32 per week, as
31 appropriate, for the purpose of eligibility.

32 e. Membership of any person in the retirement system shall
33 cease if he shall discontinue his service for more than two
34 consecutive years.

35 f. The accumulated deductions of the members of the former
36 "State Employees' Retirement System" which have been set aside in
37 a trust fund designated as Fund A as provided in section 5 of this
38 act and which have not been claimed for refund prior to February 1,
39 1955 shall be transferred from said Fund A to the Annuity Savings
40 Fund of the Retirement System, provided for in section 25 of this
41 act. Each member whose accumulated deductions are so transferred
42 shall receive the same prior service credit, pension credit, and
43 membership credit in the retirement system as he previously had in
44 the former "State Employees' Retirement System" and shall have
45 such accumulated deductions credited to his individual account in
46 the Annuity Savings Fund. Any outstanding obligations of such
47 member shall be continued.

1 g. Any school crossing guard electing to terminate his
2 membership in the retirement system pursuant to subsection d. of
3 this section shall, upon his request, receive a refund of his
4 accumulated deductions as of the date of his appointment to the
5 position of school crossing guard. Such refund of contributions
6 shall serve as a waiver of all benefits payable to the employee, to
7 his dependent or dependents, or to any of his beneficiaries under the
8 retirement system.

9 h. A temporary employee who is employed under the federal
10 Workforce Investment Act shall not be eligible for membership in
11 the system. Membership for temporary employees employed under
12 the federal Job Training Partnership Act, Pub.L.97-300 (29
13 U.S.C.s.1501) who are in the system on September 19, 1986 shall
14 be terminated, and affected employees shall receive a refund of
15 their accumulated deductions as of the date of commencement of
16 employment in a federal Job Training Partnership Act program.
17 Such refund of contributions shall serve as a waiver of all benefits
18 payable to the employee, to his dependent or dependents, or to any
19 of his beneficiaries under the retirement system.

20 i. Membership in the retirement system shall be optional for a
21 special service employee who is employed under the federal Older
22 American Community Service Employment Act, Pub.L.94-135 (42
23 U.S.C.s.3056). Any special service employee employed under the
24 federal Older American Community Service Employment Act,
25 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
26 the effective date of P.L.1996, c.139 may terminate membership in
27 the retirement system by making an application in writing to the
28 board of trustees of the retirement system. Upon receiving the
29 application, the board shall terminate enrollment in the system and
30 the member shall receive a refund of accumulated deductions as of
31 the date of commencement of employment in a federal Older
32 American Community Service Employment Act program. This
33 refund of contributions shall serve as a waiver of all benefits
34 payable to the employee, to any dependent or dependents, or to any
35 beneficiary under the retirement system.

36 j. An employee of the South Jersey Port Corporation who was
37 employed by the South Jersey Port Corporation as of the effective
38 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
39 employed within 365 days of such effective date by a subsidiary
40 corporation or other corporation, which has been established by the
41 Delaware River Port Authority pursuant to subdivision (m) of
42 Article I of the compact creating the Delaware River Port Authority
43 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
44 146), shall be eligible to continue membership while an employee
45 of such subsidiary or other corporation.
46 (cf: P.L.2008, c.89, s.7)

1 4. Section 39 of P.L.1954, c.84 (C.43:15A-39) is amended to
2 read as follows:

3 39. In computing for retirement purposes the total service of a
4 member about to be retired, the retirement system shall credit the
5 member with the time of all service rendered by the member since
6 that member's last enrollment, and in addition with all the service to
7 which the member is entitled and with no other service. Except as
8 otherwise provided in this act, this service credit shall be final and
9 conclusive for retirement purposes unless the member shall
10 discontinue service for more than two consecutive years. In the case
11 of a member for whom compensation is defined in paragraph (2) of
12 subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the
13 retirement system shall credit the member with the time of all
14 service rendered by the member during the part of any year that the
15 member was a participant of the Defined Contribution Retirement
16 Program, pursuant to paragraph (5) of subsection a. of section 2 of
17 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,
18 c.103, and making contributions to that program.

19 For the purpose of computing service for retirement purposes,
20 the board shall fix and determine by appropriate rules and
21 regulations how much service in any year shall equal a year of
22 service and a part of a year of service. Not more than one year shall
23 be credited for all service in a calendar year. A member may
24 purchase credit for time during which the member shall have been
25 absent on an official leave without pay. The credit shall be
26 purchased for a period of time equal to:

27 (1) three months or the duration of the leave, whichever is less;
28 or

29 (2) if the leave was due to the member's personal illness, two
30 years or the duration of the leave, whichever is less; or

31 (3) the period of leave that is specifically allowed for retirement
32 purposes by the provisions of any law of this State.

33 The purchase shall be made in the same manner and be subject to
34 the same terms and conditions provided for the purchase of previous
35 membership service credit by section 8 of P.L.1954, c.84
36 (C.43:15A-8). In computing the service or in computing final
37 compensation, no time during which a member was in employment,
38 office, or position for which the annual salary or remuneration was
39 fixed at less than \$500.00 in the case of service rendered prior to
40 November 6, 1986, or for which the annual salary or remuneration,
41 or the number of hours of work, is fixed at less than that which was
42 required for membership pursuant to section 7 of P.L.1954, c.84
43 (C.43:15A-7) as applicable to the member in the case of service
44 rendered on or after that date, shall be credited~~], except that in~~ .
45 In computing the service or in computing final compensation, no
46 time during which a member was in employment, office, or position
47 for which the hours of work were fewer per week than those
48 required for membership pursuant to subsection d. of section 7 of

1 P.L.1954, c.84 (C.43:15A-7) after the effective date of
2 P.L. , c. (pending before the Legislature as this bill) shall be
3 credited, unless the member shall have been a member since that
4 effective date continuously. In the case of a veteran member credit
5 shall be given for service rendered prior to January 2, 1955, in an
6 employment, office or position if the annual salary or remuneration
7 therefor was fixed at not less than \$300.00 and such service
8 consisted of the performance of the full duties of the employment,
9 office or position.
10 (cf: P.L.2008, c.89, s.8)

11
12 5. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to
13 read as follows:

14 65. (a) All employees of any public agency or organization of
15 this State, which employs persons engaged in service to the public,
16 shall be eligible to participate in the Public Employees' Retirement
17 System; provided the employer consents thereto by resolution and
18 files a certified copy of such resolution with the board of trustees of
19 the Public Employees' Retirement System and the board of trustees
20 approves thereof by resolution. Such organization shall be referred
21 to in this act as the employer. If the participation of such
22 employees is so approved then the employer shall contribute to the
23 contingent reserve fund on account of its members at the same rate
24 per centum as would be paid by employers other than the State.

25 (b) Notwithstanding the provisions of subsection (a) of this
26 section, every person becoming an employee of a public agency or
27 organization of this State, which employs persons engaged in
28 service to the public, after June 30, 1966, who is not eligible to
29 become a member of any other retirement system, shall be required
30 to participate in the Public Employees' Retirement System.
31 Notwithstanding the provisions of subsection (a) of this section,
32 membership in the Public Employees' Retirement System shall be
33 optional with any person in the employ of any such public agency
34 or organization on June 30, 1966, provided such person is not
35 required to be a member pursuant to another provision of this act,
36 and provided further that such person is not eligible to be a member
37 of any other retirement system. The provisions of this subsection
38 shall not apply to any person whose position is temporary or
39 seasonal, nor to any person in office, position or employment for
40 which the annual salary or remuneration, or the number of hours or
41 work, is fixed at less than that which is required for membership
42 pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable
43 to the member, nor to any person whose position is not covered by
44 the old-age and survivors' insurance provisions of the federal Social
45 Security Act. After the effective date of P.L. , c. (pending
46 before the Legislature as this bill), the provisions of this subsection
47 shall not apply to any person in office, position or employment for
48 which the hours of work are fewer per week than those required for

1 membership pursuant to subsection d. of section 7 of P.L.1954, c.84
2 (C.43:15A-7), unless the person shall have been a member since
3 that effective date continuously. The public agency or organization
4 employing any such person who becomes a member of the
5 retirement system pursuant to this subsection shall contribute to the
6 contingent reserve fund on account of such employees at the same
7 rate per centum as would be paid by employers other than the State.
8 (cf: P.L.2008, c.89, s.9)

9
10 6. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to
11 read as follows:

12 75. (a) If this act is so adopted it shall become effective in the
13 county or municipality adopting it on June 30 of the following year.
14 Membership in the Public Employees' Retirement System shall be
15 optional with the employees of the county, board of education or
16 municipality in the service on the day the act becomes effective or
17 on June 30, 1966, whichever is earlier, in such county, board of
18 education or municipality except in the case of public employee
19 veterans who on such date are members. An employee who elects
20 to become a member within one year after this act so takes effect
21 shall be entitled to prior service covering service rendered to the
22 county, board of education or municipality prior to July 1, 1966 or
23 prior to the date this act so becomes effective, whichever is earlier.
24 Membership shall be compulsory for all employees entering the
25 service of the county, board of education or municipality on July 1,
26 1966 or after the date this act becomes effective, whichever is
27 earlier. Where any such employee entering the service of the
28 county, board of education or municipality after the date this act so
29 becomes effective has had prior service for which evidence
30 satisfactory to the retirement system is presented, as an employee in
31 such county, board of education or municipality before the date
32 upon which this act so becomes effective, or July 1, 1966,
33 whichever is earlier, such employee shall be entitled to prior service
34 covering service rendered to the county, board of education or
35 municipality prior to the date this act so becomes effective, or July
36 1, 1966, whichever is earlier.

37 (b) Notwithstanding the provisions of section 74 of this act and
38 subsection (a) of this section, every person, other than a non-veteran
39 elected official, becoming an employee of a county, board of
40 education, municipality or school district after June 30, 1966, who
41 is not eligible to become a member of another retirement system,
42 shall be required to become a member of the Public Employees'
43 Retirement System. Notwithstanding the provisions of section 74
44 of this act and subsection (a) of this section, membership in the
45 retirement system shall be optional with any elected official who is
46 not a veteran, regardless of the date he assumes office, and with any
47 other person in the employ of any county, board of education,
48 municipality or school district on June 30, 1966, provided such

1 elected official or other person is not then a member and is not
2 required to be a member of the retirement system pursuant to
3 another provision of this act, and provided further that such person
4 is not eligible to be a member of another retirement system.
5 Elected officials commencing service on or after the effective date
6 of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through
7 C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-
8 135) shall not be eligible for membership in the retirement system
9 based on service in the elective public office, except that an elected
10 official enrolled in the retirement system as of that effective date
11 who continues to hold that elective public office without a break in
12 service shall be eligible to continue membership in the retirement
13 system under the terms and conditions of enrollment.

14 The provisions of this subsection shall not apply to any person
15 whose position is temporary or seasonal, nor to any person in
16 office, position or employment for which the annual salary or
17 remuneration, or the number of hours of work, is fixed at less than
18 that which is required for membership pursuant to section 7 of
19 P.L.1954, c.84 (C.43:15A-7) as applicable to the member, nor to
20 any person whose position is not covered by the old age and
21 survivors' insurance provisions of the federal Social Security Act.
22 After the effective date of P.L. _____, c. _____ (pending before the
23 Legislature as this bill), the provisions of this subsection shall not
24 apply to any person in office, position or employment for which the
25 hours of work are fewer per week than those required for
26 membership pursuant to subsection d. of section 7 of P.L.1954, c.84
27 (C.43:15A-7), unless the person shall have been a member since
28 that effective date continuously. No credit shall be allowed to any
29 person becoming a member of the retirement system pursuant to
30 this subsection for service rendered to the employer prior to July 1,
31 1966, until the provisions of section 74 of this act have been
32 complied with, in which event such credit shall be allowed in
33 accordance with the provisions of subsection (a) of this section;
34 except that the governing body of any county, board of education or
35 municipality may, by resolution, consent to the allowance of such
36 credit and file a certified copy of such resolution with the board of
37 trustees of the Public Employees' Retirement System.
38 (cf: P.L.2008, c.89, s.10)

39

40 7. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read
41 as follows:

42 2. a. The following persons shall be eligible and shall
43 participate in the Defined Contribution Retirement Program:

44 (1) A person who commences service on or after the effective
45 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an
46 elective public office of this State or of a political subdivision
47 thereof, except that it shall not include a person who holds elective
48 public office on the effective date of this section and is enrolled in

1 the Public Employees' Retirement System while that person
2 continues to hold that elective public office without a break in
3 service. Service in the Legislature shall be considered a single
4 elective public office.

5 (2) A person who commences service on or after the effective
6 date of this section in an employment, office or position of the State
7 or of a political subdivision thereof, or an agency, board,
8 commission, authority or instrumentality of the State or of a
9 subdivision, pursuant to an appointment by the Governor that
10 requires the advice and consent of the Senate, or pursuant to an
11 appointment by the Governor to serve at the pleasure of the
12 Governor only during his or her term of office. This paragraph shall
13 not be deemed to include a person otherwise eligible for
14 membership in the State Police Retirement System or the Judicial
15 Retirement System.

16 (3) A person who commences service on or after the effective
17 date of this section in an employment, office or position in a
18 political subdivision of the State, or an agency, board, commission,
19 authority or instrumentality of a subdivision, pursuant to an
20 appointment by an elected public official or elected governing
21 body, that requires the specific consent or approval of the elected
22 governing body of the political subdivision that is substantially
23 similar in nature to the advice and consent of the Senate for
24 appointments by the Governor of the State as that similarity is
25 determined by the elected governing body and set forth in an
26 adopted ordinance or resolution, pursuant to guidelines or policy
27 that shall be established by the Local Finance Board in the
28 Department of Community Affairs or the Department of Education,
29 as appropriate to the elected governing body. This paragraph shall
30 not be deemed to include a person otherwise eligible for
31 membership in the Teachers' Pension and Annuity Fund or the
32 Police and Firemen's Retirement System, or a person who is
33 employed or appointed in the regular or normal course of
34 employment or appointment procedures and consented to or
35 approved in a general or routine manner appropriate for and
36 followed by the political subdivision, or the agency, board,
37 commission, authority or instrumentality of a subdivision, or a
38 person who holds a professional license or certificate to perform
39 and is performing as a certified health officer, tax assessor, tax
40 collector, municipal planner, chief financial officer, registered
41 municipal clerk, construction code official, licensed uniform
42 subcode inspector, qualified purchasing agent, or certified public
43 works manager.

44 (4) A person who is granted a pension or retirement allowance
45 under any pension fund or retirement system established under the
46 laws of this State and elects to participate pursuant to section 1 of
47 P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

1 (5) A member of the Teachers' Pension and Annuity Fund,
2 Police and Firemen's Retirement System, State Police Retirement
3 System, or the Public Employees' Retirement System for whom
4 compensation is defined as the amount of base or contractual salary
5 equivalent to the annual maximum wage contribution base for
6 Social Security, pursuant to the Federal Insurance Contributions
7 Act, for contribution and benefit purposes **[in either]** of those
8 retirement systems, for whom participation in this retirement
9 program shall be with regard to any excess over the maximum
10 compensation only.

11 (6) A person in employment, office or position for which the
12 annual salary or remuneration is less, or the hours of work per week
13 are fewer, than that which is required to become a member of the
14 Teachers' Pension and Annuity Fund or the Public Employees'
15 Retirement System, or to make contributions to those systems as a
16 member on the basis of any such employment, office or position,
17 after **[the effective date of P.L.2008, c.89]** November 1, 2008.

18 (7) A person electing to participate pursuant to section 30 of
19 P.L. , c. (C.) (pending before the Legislature as this bill).

20 b. No person shall be eligible to participate in the retirement
21 program with respect to any public employment, office, or position
22 if:

23 (1) the base salary for that employment, office, or position is
24 less than **[\$1,500]** \$5,000 per year;

25 (2) the person is, on the basis of service in that employment,
26 office, or position, eligible for membership or enrolled as a member
27 of another State or locally-administered pension fund or retirement
28 system established under the laws of this State including the
29 Alternate Benefit Program, except as otherwise specifically
30 provided in subsection a. of this section;

31 (3) the person is receiving a benefit as a retiree from any other
32 State or locally-administered pension fund or retirement system
33 established under the laws of this State, except as provided in
34 section 1 of P.L.1977, c.171 (C.43:3C-3); or

35 (4) the person is an officer or employee of a political
36 subdivision of this State or of a board of education, or of any
37 agency, authority or instrumentality thereof, who is ineligible for
38 membership in the Public Employees' Retirement System pursuant
39 to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

40 c. **[A person eligible and required to participate in the**
41 **retirement program whose base salary is less than \$5,000 may at the**
42 **commencement of service in an employment, office or position**
43 **irrevocably elect to waive participation with regard to that**
44 **employment, office, or position by filing, at the time and on a form**
45 **required by the division, a written waiver with the Division of**
46 **Pensions and Benefits that waives all rights and benefits that would**
47 **otherwise be provided by the retirement program.]**

1 A person eligible and required to participate in the retirement
2 program pursuant to paragraph (5) of subsection a. of this section
3 may elect to waive participation with regard to that employment,
4 office, or position by filing, when first eligible, on a form required
5 by the division, a written waiver with the Division of Pensions and
6 Benefits that waives all rights and benefits that would otherwise be
7 provided by the retirement program. Such a person may thereafter
8 elect to participate in the retirement program by filing, on a form
9 required by the division, a written election to participate in the
10 retirement program and participation in the retirement program
11 pursuant to such election shall commence on the January 1 next
12 following the filing of the election to participate.

13 d. Service credited to a participant in the Defined Contribution
14 Retirement Program shall not be recognized as service credit to
15 determine eligibility for employer-paid health care benefits in
16 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),
17 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or
18 any other law, rule or regulation.
19 (cf: P.L.2008, c.89, s.11)

20

21 8. N.J.S.18A:66-36 is amended to read as follows:

22 18A:66-36. Should a member of the Teachers' Pension and
23 Annuity Fund, after having completed 10 years of service, be
24 separated voluntarily or involuntarily from the service, before
25 reaching service retirement age, and not by removal for conduct
26 unbecoming a teacher or other just cause under the provisions of
27 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,
28 such person may elect to receive, in lieu of the payment provided in
29 N.J.S.18A:66-34:

30 a. The payments provided for in N.J.S.18A:66-37, if he so
31 qualified under said section; or

32 b. A deferred retirement allowance beginning at age 60, or for
33 a person who becomes a member of the retirement system on or
34 after the effective date of P.L.2008, c.89 beginning at age 62, which
35 shall be made up of an annuity derived from the member's
36 accumulated deductions at the time of his severance from the
37 service, and a pension in the amount which, when added to the
38 member's annuity, will provide a total retirement allowance of 1/64
39 of **[his]** final compensation for each year of service credited as
40 Class A service and 1/55 of **[his]** final compensation for each year
41 of service credited as class B service, or for a person who becomes
42 a member of the retirement system on or after the effective date of
43 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
44 compensation for each year of service credited as class B service,
45 calculated in accordance with N.J.S.18A:66-44, with optional
46 privileges provided for in N.J.S.18A:66-47 if he exercises such
47 optional privilege at least 30 days before his attainment of the
48 normal retirement age; provided, that such election is

1 communicated by such member to the retirement system in writing
2 stating at what time subsequent to the execution and filing thereof
3 he desires to be retired; and provided, further, that such member
4 may later elect: (1) to receive the payments provided for in
5 N.J.S.18A:66-37, if he had qualified under that section at the time
6 of leaving service, except that in order to avail himself of the
7 optional privileges pursuant to N.J.S.18A:66-47, he must exercise
8 such optional privilege at least 30 days before the effective date of
9 his retirement; or (2) to withdraw his accumulated deductions with
10 interest as provided in N.J.S.18A:66-34. If such member shall die
11 before attaining service retirement age, then his accumulated
12 deductions, plus regular interest after January 1, 1956, shall be paid
13 in accordance with N.J.S.18A:66-38, and, in addition if such
14 member shall die after attaining service retirement age and has not
15 withdrawn his accumulated deductions, an amount equal to 3/16 of
16 the compensation upon which contributions by the member to the
17 annuity savings fund were based in the last year of creditable
18 service shall be paid to such member's beneficiary.

19 Any member who, having elected to receive a deferred
20 retirement allowance, again becomes an employee covered by the
21 retirement system while under the age of 60 or, if that person
22 became a member of the retirement system on or after the effective
23 date of P.L.2008, c.89, while under the age of 62, shall thereupon
24 be reenrolled. If he had discontinued his service for more than two
25 consecutive years, subsequent contributions shall be at a rate
26 applicable to the age resulting from the subtraction of his years of
27 creditable service at the time of his last discontinuance of
28 contributing membership from his age at the time of his return to
29 service. He shall be credited with all service as a member standing
30 to his credit at the time of his election to receive a deferred
31 retirement allowance.

32 (cf: P.L.2008, c.89, s.19)

33

34 9. N.J.S.18A:66-37 is amended to read as follows:

35 18A:66-37. Should a member resign after having established 25
36 years of creditable service before reaching age 60, or before
37 reaching the age of 62 if the person became a member of the
38 retirement system on or after the effective date of P.L.2008, c.89,
39 the member may elect "early retirement," provided, that such
40 election is communicated by such member to the retirement system
41 by filing a written application, duly attested, stating at what time
42 subsequent to the execution and filing thereof the member desires to
43 be retired. The member shall receive, in lieu of the payment
44 provided in N.J.S.18A:66-34, an annuity which is the actuarial
45 equivalent of the member's accumulated deductions and a pension
46 in the amount which, when added to the member's annuity, will
47 provide a total retirement allowance of 1/64 of the member's final
48 compensation for each year of service credited as class A service

1 and 1/55 of the member's final compensation for each year of
2 service credited as class B service, or for a person who becomes a
3 member of the retirement system on or after the effective date of
4 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
5 compensation for each year of service credited as class B service,
6 calculated in accordance with N.J.S.18A:66-44, reduced:

7 (a) by 1/4 of 1% for each month that the member lacks of being
8 age 55; or

9 (b) for a person who becomes a member of the retirement
10 system on or after July 1, 2007, by 1/4 of 1% for each month that
11 the member lacks of being age 55 and by 1/12 of 1% for each
12 month that the member lacks of being age 60 but over age 55; or

13 (c) for a person who becomes a member of the retirement
14 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
15 for each month that the member lacks of being age 55 and by 1/12
16 of 1% for each month that the member lacks of being age 62 but
17 over age 55; provided, however, that upon the receipt of proper
18 proofs of the death of such a member there shall be paid to the
19 member's beneficiary an amount equal to 3/16 of the compensation
20 upon which contributions by the member to the annuity savings
21 fund were based in the last year of creditable service or in the year
22 of the member's highest contractual salary, whichever is higher.

23 Subparagraph (b) or (c) of this section shall not apply to a person
24 who at the time of enrollment in the retirement system on or after
25 July 1, 2007 transfers service credit from another State-
26 administered retirement system pursuant to N.J.S.18A:66-15.1, but
27 shall apply to a former member of the retirement system who has
28 been granted a retirement allowance and is reenrolled in the
29 retirement system on or after July 1, 2007 pursuant to
30 N.J.S.18A:66-53.2 after becoming employed again in a position that
31 makes the person eligible to be a member of the retirement system.

32 The board of trustees shall retire the member at the time
33 specified or at such other time within one month after the date so
34 specified as the board finds advisable.

35 (cf: P.L.2008, c.89, s.20)

36
37 10. N.J.S.18A:66-44 is amended to read as follows:

38 18A:66-44. A member, upon retirement for service, shall receive
39 a retirement allowance consisting of:

40 (a) an annuity which shall be the actuarial equivalent of his
41 accumulated deductions, together with interest after January 1,
42 1956, less any excess contributions as provided in N.J.S.18A:66-20;
43 and

44 (b) a pension in the amount which, when added to the member's
45 annuity, will provide a total retirement allowance of 1/64 of **【his】**
46 final compensation for each year of service credited as class A
47 service and 1/55 of **【his】** final compensation for each year of
48 service credited as class B service, or for a person who becomes a

1 member of the retirement system on or after the effective date of
2 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
3 compensation for each year of service credited as class B service.

4 Upon the receipt of proper proofs of the death of a member who
5 has retired on a service retirement allowance, there shall be paid to
6 the member's beneficiary, an amount equal to 3/16 of the
7 compensation upon which contributions by the member to the
8 annuity savings fund were based in the last year of creditable
9 service or in the year of the member's highest contractual salary,
10 whichever is higher.

11 (cf: P.L.2001, c.133, s.6)

12

13 11. Section 38 of P.L.1954, c.84 (C.43:15A-38) is amended to
14 read as follows:

15 38. Should a member of the Public Employees' Retirement
16 System, after having completed 10 years of service, be separated
17 voluntarily or involuntarily from the service, before reaching
18 service retirement age, and not by removal for cause on charges of
19 misconduct or delinquency, such person may elect to receive:

20 (a) The payments provided for in section 41b. of this act, if he
21 so qualifies under said section, or;

22 (b) A deferred retirement allowance, beginning at the retirement
23 age, which shall be made up of an annuity derived from the
24 accumulated deductions standing to the credit of the individual
25 member's account in the annuity savings fund at the time of his
26 severance from the service together with regular interest, and a
27 pension which when added to the annuity will produce a total
28 retirement allowance of 1/64 of **[his]** final compensation for each
29 year of service credited as Class A service and 1/55 of **[his]** final
30 compensation for each year of service credited as Class B service,
31 or for a person who becomes a member of the retirement system on
32 or after the effective date of P.L. , c. (pending before the
33 Legislature as this bill) 1/60 of final compensation for each year of
34 service credited as Class B service, calculated in accordance with
35 section 48 of this act, with optional privileges provided for in
36 section 50 of this act if he exercises such optional privilege at least
37 30 days before his attainment of the normal retirement age;
38 provided, that such election is communicated by such member to
39 the retirement system in writing stating at what time subsequent to
40 the execution and filing thereof he desires to be retired; and
41 provided further, that such member, as referred to in this subsection
42 may later elect: (1) to receive the payments provided for in section
43 41b. of this act, if he had qualified under that section at the time of
44 leaving service, except that in order to avail himself of the optional
45 privileges pursuant to section 50, he must exercise such optional
46 privilege at least 30 days before the effective date of his retirement;
47 or (2) to withdraw his accumulated deductions with interest as
48 provided in section 41a. If such member shall die before attaining

1 service retirement age then his accumulated deductions, plus regular
2 interest, shall be paid in accordance with section 41c.; or if such
3 member shall die after attaining service retirement age and has not
4 withdrawn his accumulated deductions, an amount equal to 3/16 of
5 the compensation received by the member in the last year of
6 creditable service shall be paid to such person, if living, as he shall
7 have nominated by written designation duly executed and filed with
8 the retirement system; otherwise to the executor or administrator of
9 the member's estate.

10 (cf: P.L.2001, c.133, s.11)

11
12 12. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to
13 read as follows:

14 41. a. A member who withdraws from service or ceases to be an
15 employee for any cause other than death or retirement shall, upon
16 the filing of an application therefor, receive all of his accumulated
17 deductions standing to the credit of his individual account in the
18 annuity savings fund, plus regular interest, less any outstanding
19 loan, except that for any period after June 30, 1944, the interest
20 payable shall be such proportion of the interest determined at the
21 regular rate of 2% per annum bears to the regular rate of interest,
22 and except that no interest shall be payable in the case of a member
23 who has less than three years of membership credit for which he has
24 made contributions. He shall cease to be a member two years from
25 the date he discontinued service as an eligible employee, or, if prior
26 thereto, upon payment to him of his accumulated deductions. If any
27 such person or member shall die before withdrawing or before
28 endorsing the check constituting the return of his accumulated
29 deductions, such deductions shall be paid to the member's
30 beneficiary. No member shall be entitled to withdraw the amounts
31 contributed by his employer covering his military leave unless he
32 shall have returned to the payroll and contributed to the retirement
33 system for a period of 90 days.

34 b. Should a member resign after having established 25 years of
35 creditable service before reaching age 60, or before reaching age 62
36 if the person became a member of the retirement system on or after
37 the effective date of P.L.2008, c.89, he may elect "early retirement,"
38 provided, that such election is communicated by such member to
39 the retirement system by filing a written application, duly attested,
40 stating at what time subsequent to the execution and filing thereof
41 he desires to be retired. He shall receive, in lieu of the payment
42 provided in subsection a. of this section, an annuity which is the
43 actuarial equivalent of his accumulated deductions together with
44 regular interest, and a pension in the amount which, when added to
45 the member's annuity, will provide a total retirement allowance of
46 1/64 of **his** final compensation for each year of service credited
47 as Class A service and 1/55 of **his** final compensation for each
48 year of service credited as Class B service, or for a person who

1 becomes a member of the retirement system on or after the effective
2 date of P.L. , c. (pending before the Legislature as this bill) 1/60
3 of final compensation for each year of service credited as Class B
4 service, calculated in accordance with section 48 (C.43:15A-48) of
5 this act, reduced:

6 (a) by 1/4 of 1% for each month that the member lacks of being
7 age 55; or

8 (b) for a person who becomes a member of the retirement
9 system on or after July 1, 2007, by 1/4 of 1% for each month that
10 the member lacks of being age 55 and by 1/12 of 1% for each
11 month that the member lacks of being age 60 but over age 55; or

12 (c) for a person who becomes a member of the retirement
13 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
14 for each month that the member lacks of being age 55 and by 1/12
15 of 1% for each month that the member lacks of being age 62 but
16 over age 55; provided, however, that upon the receipt of proper
17 proofs of the death of such a member there shall be paid to his
18 beneficiary an amount equal to three-sixteenths of the compensation
19 upon which contributions by the member to the annuity savings
20 fund were based in the last year of creditable service.

21 Paragraph (b) or (c) of this subsection shall not apply to a person
22 who at the time of enrollment in the retirement system on or after
23 July 1, 2007 transfers service credit from another State-
24 administered retirement system pursuant to section 14 of P.L.1954,
25 c.84 (C.43:15A-14), but shall apply to a former member of the
26 retirement system who has been granted a retirement allowance and
27 is reenrolled in the retirement system on or after July 1, 2007
28 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after
29 becoming employed again in a position that makes the person
30 eligible to be a member of the retirement system.

31 The board of trustees shall retire him at the time specified or at
32 such other time within one month after the date so specified as the
33 board finds advisable.

34 c. Upon the receipt of proper proofs of the death of a member
35 in service on account of which no accidental death benefit is
36 payable under section 49 there shall be paid to such member's
37 beneficiary:

38 (1) The member's accumulated deductions at the time of death
39 together with regular interest; and

40 (2) An amount equal to one and one-half times the
41 compensation upon which contributions by the member to the
42 annuity savings fund were based in the last year of creditable
43 service.

44 (cf: P.L.2008, c.89, s.23)

45
46 13. Section 48 of P.L.1954, c.84 (C.43:15A-48) is amended to
47 read as follows:

1 48. A member, upon retirement for service, shall receive a
2 retirement allowance consisting of:

3 a. An annuity which shall be the actuarial equivalent of his
4 accumulated deductions together with regular interest; and

5 b. A pension in the amount which, when added to the member's
6 annuity, will provide a total retirement allowance of 1/64 of **[his]**
7 final compensation for each year of service credited as Class A
8 service and 1/55 of **[his]** final compensation for each year of
9 service credited as Class B service, or for a person who becomes a
10 member of the retirement system on or after the effective date of
11 P.L. , c. (pending before the Legislature as this bill) 1/60 of final
12 compensation for each year of service credited as Class B service.

13 c. Upon the receipt of proper proofs of the death of a member
14 who has retired on a service retirement allowance, there shall be
15 paid to the member's beneficiary, an amount equal to 3/16 of the
16 compensation upon which contributions by the member to the
17 annuity savings fund were based in the last year of creditable
18 service.

19 (cf: P.L.2001, c.133, s.13)

20

21 14. Section 7 of P.L.2007, c.92 (C.43:15C-7) is amended to read
22 as follows:

23 7. The benefit under a group contract or contracts providing
24 life insurance shall be in an amount equal to one and one-half the
25 base annual salary of the participant in the retirement program,
26 except that in the event of death after retirement, the amount
27 payable shall equal 3/16 of the participant's base annual salary.
28 "Base annual salary" means the base salary upon which
29 contributions by the participant and the participant's employer to the
30 retirement program were based during the last year of creditable
31 service.

32 For purposes of this section, a participant shall be deemed to be
33 in service and covered by the group life insurance for a period of
34 official leave of absence without pay when such leave is due to
35 illness or any reason other than illness, with such period to be
36 determined by the Division of Pensions and Benefits, if satisfactory
37 evidence is presented to the division of such official leave of
38 absence. A participant shall be deemed to be on an official leave of
39 absence only if the leave is formally approved by the employer
40 prior to the time the leave commenced and timely notice is filed by
41 the employer with the division. If timely notice is not filed, the
42 employer shall be responsible for the payment of any benefits
43 pursuant to this section if the participant was otherwise eligible for
44 such benefits.

45 In the event of the death of a participant in active service in the
46 first year of participation as a result of an accident met in the actual
47 performance of duty at some definite time and place, the death

1 benefit payable pursuant to this section shall be computed at the
2 annual rate of base salary.

3 No beneficiary of a retired participant shall be entitled to receive
4 the death benefits payable in the event of death after retirement
5 pursuant to this section unless the participant either: had at least 25
6 years of credited participation in the retirement program established
7 pursuant to this act; or had at least 10 years of such credited
8 participation and had attained 60 years of age and was an actively
9 employed participant in the program in the year immediately
10 preceding initial receipt of a retirement annuity. For a member who
11 is a participant pursuant to paragraph (5) of subsection a. of section
12 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of
13 P.L.2007, c.103 and section 7 of P.L. , c. (pending before the
14 Legislature as this bill), service credit in the Teachers' Pension and
15 Annuity Fund, Police and Firemen's Retirement System, State
16 Police Retirement System, or the Public Employees' Retirement
17 System shall also be considered in determining if the participant
18 met the requirements of this paragraph.

19 (cf: P.L.2007, c.103, s.13)

20

21 15. Section 11 of P.L.2007, c.92 (C.43:15C-11) is amended to
22 read as follows:

23 11. Any person entitled to become a participant in the retirement
24 program shall not be allowed any of the group life insurance and
25 disability benefits if on the date of filing an application for
26 participation the person is 60 or more years of age, or if the person
27 makes application for participation in the retirement program
28 beyond the year after first becoming eligible for participation,
29 regardless of age, unless the participant furnishes satisfactory
30 evidence of insurability and on the effective date of participation is
31 actively at work and performing all regular duties at the customary
32 place of employment.

33 The effective date of coverage for such benefits shall be the first
34 day of the month which immediately follows the date when such
35 evidence is determined to be satisfactory.

36 Such evidence of insurability shall not be required of any person
37 enrolling in the retirement program upon transfer from another
38 State-administered retirement system, if such retirement system
39 provided a benefit of a similar nature and the transferring person
40 was covered by such a benefit at the time of the transfer. If such
41 transferring person was not covered by such a benefit at the time of
42 the transfer, the person may be allowed the benefit under the group
43 policy or policies; however, any such person shall furnish
44 satisfactory evidence of insurability if he had been unable or failed
45 to give such evidence as a member of the retirement system from
46 which the person transferred. Such evidence of insurability shall not
47 be required of any member of the Teachers' Pension and Annuity
48 Fund, Police and Firemen's Retirement System, State Police

1 Retirement System, or the Public Employees' Retirement System
2 who is enrolling in the retirement program pursuant to paragraph
3 (5) of subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
4 amended by section 12 of P.L.2007, c.103 and section 7 of P.L. __,
5 c. (pending before the Legislature as this bill), if such retirement
6 system provides a benefit of a similar nature and the participant is
7 covered by such a benefit at the time of enrollment in the program.

8 Any person who must furnish satisfactory evidence of
9 insurability under the provisions of this section and who ceases to
10 be a participant in the retirement program without such evidence
11 having been given shall continue to be subject to the same
12 requirement if the person subsequently becomes a participant.
13 (cf: P.L.2007, c.103, s.14)

14

15 16. Section 13 of P.L.2007, c.92 (C.43:15C-13) is amended to
16 read as follows:

17 13. The disability benefit coverage provided under a group
18 policy or policies shall provide a monthly income if the participant
19 becomes totally disabled from occupational or nonoccupational
20 causes for a period of at least six consecutive months following the
21 effective date of the coverage. The monthly disability benefit may
22 be paid by the insurance company so long as the participant remains
23 disabled up to the seventieth birthday, provided the disability
24 commenced prior to the sixtieth birthday. The benefit shall
25 terminate when the participant is no longer considered totally
26 disabled or begins to receive retirement benefits.

27 The participant shall be considered totally disabled if the
28 participant is unable to perform each duty of the participant's
29 occupation and is under the regular care of a physician. After the 24
30 months following the commencement of such disability benefit
31 payments, the participant shall be unable to engage in any gainful
32 occupation for which the participant is reasonably fitted by
33 education, training or experience. Total disability shall not be
34 considered to exist if the participant is gainfully employed.
35 Following an agreement with the insurance company and the
36 policyholder, the participant may continue to receive disability
37 benefits for a limited time while performing some type of work.
38 During the period of rehabilitation, the monthly benefit shall be the
39 regular payment less 80% of the participant's earnings from such
40 rehabilitative position.

41 A participant shall be deemed to be in service and covered by the
42 disability benefit insurance provisions for a period of no more than
43 six months while on official leave of absence without pay if
44 satisfactory evidence is presented to the Division of Pensions and
45 Benefits that such leave of absence without pay is due to illness and
46 that the participant was not actively engaged in any gainful
47 occupation during such period of leave of absence without pay.

1 Disability benefit insurance provisions of the group policy or
2 policies shall not cover disability resulting from or contributed to
3 by pregnancy, act of war, intentionally self-inflicted injury, or
4 attempted suicide whether or not sane. For purposes of such
5 disability benefit coverage, the participant shall not be considered
6 to be disabled while the participant is imprisoned or while outside
7 the United States, its territories or possessions, or Canada.

8 If the participant has recovered from the disability for which the
9 member had received benefits and again becomes totally disabled
10 while insured, the later disability shall be regarded as a continuation
11 of the prior one unless the participant has returned to full-time
12 covered employment for at least six months. If the later absence is
13 due to an unrelated cause and the participant had returned to full-
14 time work, it shall be considered a new disability. The disability
15 benefit insurance cannot be converted to an individual policy.

16 No participant shall be covered by the disability benefit
17 provision of the group policy or policies except upon the
18 completion of one year of full-time continuous employment in a
19 position eligible for participation in the Defined Contribution
20 Retirement Program. For a member who is a participant pursuant to
21 paragraph (5) of subsection a. of section 2 of P.L.2007, c.92
22 (C.43:15C-2) as amended by section 12 of P.L.2007, c.103 and
23 section 7 of P.L. , c. (pending before the Legislature as this bill),
24 completion of one year of full-time continuous employment in a
25 position eligible for membership in the Teachers' Pension and
26 Annuity Fund, Police and Firemen's Retirement System, State
27 Police Retirement System, or the Public Employees' Retirement
28 System shall also be considered in determining if the participant
29 met the requirements of this paragraph.

30 (cf: P.L.2007, c.103, s.15)

31

32 17. Section 14 of P.L.2007, c.92 (C.43:15C-14) is amended to
33 read as follows:

34 14. The disability benefit provided under a group policy or
35 policies shall be in an amount equal to 60% of the participant's base
36 monthly salary, reduced by periodic benefits to which the
37 participant may be entitled during the period of total disability. For
38 a member who is a participant pursuant to paragraph (5) of
39 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
40 amended by section 12 of P.L.2007, c.103 and section 7 of P.L. ,
41 c. (pending before the Legislature as this bill), base monthly salary
42 for this disability benefit shall mean the base or contractual salary
43 upon which contributions were made to the Teachers' Pension and
44 Annuity Fund, Police and Firemen's Retirement System, State
45 Police Retirement System, or the Public Employees' Retirement
46 System and to this program.

47 The periodic benefit by which the monthly disability benefit may
48 be reduced shall include salary or wages, retirement benefits or

1 benefits from any source for which the State or other public
2 employer has paid any part of the cost or made payroll deductions,
3 Social Security disability or other benefits, including dependents'
4 benefits, and benefits paid by Social Security at the option of the
5 participant before the age of 65, but not including any increase in
6 Social Security benefits enacted after the disability benefit under
7 such group policy or policies has commenced, and any other
8 periodic benefits provided by law except on account of military
9 service.

10 When a participant begins to receive a disability benefit under
11 such group policy or policies, the insurance company shall pay an
12 amount equal to the employee contribution which would have been
13 required of the participant and deducted from the participant's base
14 salary in order to meet the participant's obligation for the program.
15 Such amount shall be paid by the insurance company without
16 reduction by any other periodic benefit which the participant is
17 eligible to receive. Such amount shall be paid by the insurance
18 company to the insurer or insurers for the participant's retirement
19 annuity.

20 Premiums for such disability coverage shall be paid from a
21 special fund, hereby created, called the "Defined Contribution
22 Retirement Program Disability Premium Fund." The State Treasurer
23 shall estimate annually the amount that will be required for
24 premiums for such benefits for the ensuing fiscal year and shall
25 certify such amounts that shall be applied to the total State and
26 other employer contributions due on behalf of the participants in the
27 retirement program from the State and other employers, depositing
28 such amounts in the premium fund. Additionally, employers will
29 pay their share of the administrative costs of the program. The
30 intervals for all payments and the allocation of administrative costs
31 shall be determined by the Division of Pensions and Benefits
32 including due dates and penalties for noncompliance.

33 (cf: P.L.2007, c.103, s.16)

34

35 18. Section 4 of P.L.1944, c.255 (C.43:16A-4) is amended to
36 read as follows:

37 4. a. Only service as a policeman or fireman paid for by an
38 employer, which was rendered by a member since that member's
39 enrollment, or since that member's last enrollment in case of a break
40 in service, plus service, if any, covered by a prior service liability,
41 shall be considered as creditable service for the purposes of this act.
42 A member may purchase credit for temporary service as a
43 policeman or fireman, or as the holder of a title which, following
44 the termination of that temporary service, became covered by the
45 provisions of P.L.1944, c.255 (C.43:16A-1 et seq.), if that
46 temporary service shall have resulted, without interruption, in a
47 valid permanent or probational appointment as a policeman or
48 fireman or to a position, the title of which became covered by the

1 retirement system following the member's appointment thereto.
2 The purchase shall be made in the same manner and be subject to
3 the same terms and conditions provided for the purchase of previous
4 membership service by section 1 of P.L.1973, c.63 (C.43:16A-
5 11.4).

6 b. In the case of a member for whom compensation is defined
7 in paragraph (b) of subsection (26) of section 1 of P.L.1944, c.255
8 (C.43:16A-1), the retirement system shall credit the member with
9 the time of all service rendered by the member during the part of
10 any year that the member was a participant of the Defined
11 Contribution Retirement Program, pursuant to paragraph (5) of
12 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as
13 amended by section 7 of P.L. , c. (pending before the Legislature
14 as this bill), and making contributions to that program.
15 (cf: P.L.1991, c.138, s.11)
16

17 19. Section 6 of P.L.1965, c.89 (C.53:5A-6) is amended to read
18 as follows;

19 6. a. Service as a full-time commissioned officer,
20 noncommissioned officer or trooper rendered as a member, and
21 service credit which was transferred from the former "State Police
22 Retirement and Benevolent Fund," shall, if the required
23 contributions are made by the State and the member, be considered
24 as creditable service. In addition, service as a chief inspector,
25 deputy chief inspector, inspector and special inspector in the
26 Division of Motor Vehicles or equivalent Civil Service
27 classifications, including Chief, Highway Patrol Bureau; Assistant
28 Chief (Major), Highway Patrol Bureau; Captain, Highway Patrol
29 Bureau; Lieutenant, Highway Patrol Bureau; Sergeant, Highway
30 Patrol Bureau; and Officer, Highway Patrol Bureau, and service
31 credit may be transferred from the Police and Firemen's Retirement
32 System and the Public Employees' Retirement System and shall, if
33 the required contributions are made by the State and the member, be
34 considered as creditable service. In addition, service as a member
35 of the State Capitol Police Force, or as a Supervising Inspector,
36 Principal Inspector, Senior Inspector, or Inspector Recruit in the
37 Alcoholic Beverage Control Enforcement Bureau or as a Principal
38 Marine Law Enforcement Officer, Senior Marine Law Enforcement
39 Officer, or Marine Law Enforcement Officer in the Bureau of
40 Marine Law Enforcement and service credit transferred from the
41 Police and Firemen's Retirement System or the Public Employees'
42 Retirement System shall, if the required contributions are made by
43 the State and the member, be considered as creditable service.

44 A member on suspension shall be considered in service for the
45 period of the suspension, but the period of suspension shall not be
46 considered as creditable service unless the member receives salary
47 therefor.

1 If an employee's membership has been terminated and he is re-
2 enrolled as a member of the retirement system, he may purchase
3 credit for all of his previous membership service by paying into the
4 annuity savings fund the amount required by applying the factor,
5 supplied by the actuary, as being applicable to his age at the time of
6 the purchase, to his salary at that time. Such purchase may be made
7 in regular installments equal to at least 1/2 the normal contribution
8 to the retirement system, over a maximum period of 10 years. In
9 order to give to such person the same credit for such service as he
10 had at the time of termination, his pension credit shall be restored as
11 it was at the time of his termination, upon the completion of one
12 year of membership after his election to make the purchase and the
13 payment of at least 1/2 the total amount due, except that in the case
14 of retirement pursuant to sections 8, 27 and 28 of chapter 89 of the
15 laws of 1965, the credit granted for the service being purchased
16 shall be in direct proportion as the amount paid bears to the total
17 amount of the arrearage obligation.

18 b. Any member of the retirement system, who, prior to
19 becoming a member, had established service credits in another
20 retirement system supported in whole or in part by the State, or who
21 had rendered service to the State prior to becoming a member, or
22 had purchased service credits while in the Police and Firemen's
23 Retirement System or the Public Employees' Retirement System,
24 while serving as chief inspector, deputy chief inspector, inspector or
25 special inspector in the Enforcement Bureau, Division of Motor
26 Vehicles, or as a member of the State Capitol Police Force, or as a
27 Supervising Inspector, Principal Inspector, Senior Inspector,
28 Inspector, or Inspector Recruit in the Alcoholic Beverage Control
29 Enforcement Bureau, or as a Principal Marine Law Enforcement
30 Officer, Senior Marine Law Enforcement Officer, or Marine Law
31 Enforcement Officer in the Bureau of Marine Law Enforcement, for
32 which he desires to establish credit in this retirement system, shall
33 be permitted to purchase such credit or to transfer such previously
34 purchased credit. If such credit is established and except as
35 provided in subsection f., it shall be included in the computation of
36 a retirement allowance on the basis of 1% of final compensation for
37 each year of such service credit.

38 c. Not more than one year shall be credited for all service in a
39 calendar year.

40 d. In computing service, time during which a member was
41 absent on an official leave without pay shall be credited if such
42 leave was for a period of: (1) less than three months; or (2) up to a
43 maximum of two years, if the leave was due to the member's
44 personal illness and the period of leave is allowed for retirement
45 purposes within one year following his return to service after the
46 termination of such leave.

47 e. The method of computation and the terms of the purchase of
48 service permitted by subsections b. and d. of this section shall be

1 identical to those stipulated for the purchase of previous
2 membership service by members of the system, as provided by
3 subsection a. of this section.

4 f. For any person who becomes a member of the retirement
5 system pursuant to P.L.1997, c.19 (C.53:1-8.2 et al.) and is required
6 to retire pursuant to section 8 of P.L.1965, c.89 (C.53:5A-8) with
7 less than 20 years of creditable service in the retirement system, an
8 amount of service credit transferred or purchased pursuant to
9 subsection b. which when added to the amount of creditable service
10 in the retirement system equals 20 years shall be considered
11 creditable service in the retirement system. Transferred or
12 purchased service credit in excess of the amount necessary to
13 provide 20 years of creditable service in the retirement system shall
14 be included in the computation of a retirement allowance on the
15 basis provided in subsection b.

16 g. In the case of a member for whom compensation is defined
17 in paragraph (2) of subsection u. of section 3 of P.L.1965, c.89
18 (C.53:5A-3), the retirement system shall credit the member with the
19 time of all service rendered by the member during the part of any
20 year that the member was a participant of the Defined Contribution
21 Retirement Program, pursuant to paragraph (5) of subsection a. of
22 section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 7
23 of P.L. , c. (pending before the Legislature as this bill), and
24 making contributions to that program.

25 (cf: P.L.1997, c.19, s.8)

26

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

28 18A:66-2. As used in this article:

29 a. "Accumulated deductions" means the sum of all the
30 amounts, deducted from the compensation of a member or
31 contributed by or in behalf of the member, including interest
32 credited to January 1, 1956, standing to the credit of the member's
33 individual account in the annuity savings fund.

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

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

38 d. (1) "Compensation" means the contractual salary, for
39 services as a teacher as defined in this article, which is in
40 accordance with established salary policies of the member's
41 employer for all employees in the same position but shall not
42 include individual salary adjustments which are granted primarily in
43 anticipation of the member's retirement or additional remuneration
44 for performing temporary or extracurricular duties beyond the
45 regular school day or the regular school year.

46 (2) In the case of a person who becomes a member of the
47 retirement system on or after July 1, 2007, "compensation" means
48 the amount of the contractual salary equivalent to the annual

1 maximum wage contribution base for Social Security, pursuant to
2 the Federal Insurance Contributions Act, for services as a teacher as
3 defined in this article, which is in accordance with established
4 salary policies of the member's employer for all employees in the
5 same position but shall not include individual salary adjustments
6 which are granted primarily in anticipation of the member's
7 retirement or additional remuneration for performing temporary or
8 extracurricular duties beyond the regular school day or the regular
9 school year. This paragraph shall not apply to a person who at the
10 time of enrollment in the retirement system on or after July 1, 2007
11 transfers service credit from another State-administered retirement
12 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
13 member of the retirement system who has been granted a retirement
14 allowance and is reenrolled in the retirement system on or after July
15 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
16 again in a position that makes the person eligible to be a member of
17 the retirement system.

18 For the period of July 1, 2009 through June 30, 2011,
19 "contractual salary" for State employees shall include wage
20 increases under a collective negotiations agreement notwithstanding
21 that, by amendment to that collective negotiations agreement, the
22 effective date of the contractual increase has been deferred. For the
23 purpose of this paragraph, "State employee" means an employee in
24 the Executive Branch of State government of New Jersey.

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

28 f. (1) "Final compensation" means the average annual
29 compensation for which contributions are made for the three years
30 of creditable service in New Jersey immediately preceding the
31 member's retirement or death, or it shall mean the average annual
32 compensation for New Jersey service for which contributions are
33 made during any three fiscal years of his or her membership
34 providing the largest possible benefit to the member or the
35 member's beneficiary.

36 (2) In the case of a person who becomes a member of the
37 retirement system on or after the effective date of P.L. _____,
38 c. (pending before the Legislature as this bill), "final
39 compensation" means the average annual compensation for which
40 contributions are made for the five years of creditable service in
41 New Jersey immediately preceding the member's retirement or
42 death, or it shall mean the average annual compensation for New
43 Jersey service for which contributions are made during any five
44 fiscal years of his or her membership providing the largest possible
45 benefit to the member or the member's beneficiary.

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

- 1 h. "Pension" means payments for life derived from
2 appropriations made by the State or employers to the Teachers'
3 Pension and Annuity Fund.
- 4 i. "Annuity reserve" means the present value of all payments
5 to be made on account of any annuity or benefit in lieu of an
6 annuity, granted under the provisions of this article, computed on
7 the basis of such mortality tables recommended by the actuary as
8 the board of trustees adopts, with regular interest.
- 9 j. "Pension reserve" means the present value of all payments to
10 be made on account of any pension or benefit in lieu of a pension
11 granted to a member from the Teachers' Pension and Annuity Fund,
12 computed on the basis of such mortality tables recommended by the
13 actuary as the board of trustees adopts, with regular interest.
- 14 k. "Present-entrant" means any member of the Teachers'
15 Pension and Annuity Fund who had established status as a "present-
16 entrant member" of said fund prior to January 1, 1956.
- 17 l. "Rate of contribution initially certified" means the rate of
18 contribution certified by the retirement system in accordance with
19 N.J.S.18A:66-29.
- 20 m. "Regular interest" shall mean interest as determined by the
21 State Treasurer, after consultation with the Directors of the
22 Divisions of Investment and Pensions, the board of trustees and the
23 actuary. It shall bear a reasonable relationship to the percentage rate
24 of earnings on investments based on the market value of assets but
25 shall not exceed the assumed percentage rate of increase applied to
26 salaries plus 3%, provided however that the board of trustees shall
27 not set the average percentage rate of increase applied to salaries
28 below 6%.
- 29 n. "Retirement allowance" means the pension plus the annuity.
- 30 o. "School service" means any service as a "teacher" as defined
31 in this section.
- 32 p. "Teacher" means any regular teacher, special teacher,
33 helping teacher, teacher clerk, principal, vice-principal, supervisor,
34 supervising principal, director, superintendent, city superintendent,
35 assistant city superintendent, county superintendent, State
36 Commissioner or Assistant Commissioner of Education, members
37 of the State Department of Education who are certificated,
38 unclassified professional staff and other members of the teaching or
39 professional staff of any class, public school, high school, normal
40 school, model school, training school, vocational school, truant
41 reformatory school, or parental school, and of any and all classes or
42 schools within the State conducted under the order and
43 superintendence, and wholly or partly at the expense of the State
44 Board of Education, of a duly elected or appointed board of
45 education, board of school directors, or board of trustees of the
46 State or of any school district or normal school district thereof, and
47 any persons under contract or engagement to perform one or more
48 of these functions. It shall also mean any person who serves, while

1 on an approved leave of absence from regular duties as a teacher, as
2 an officer of a local, county or State labor organization which
3 represents, or is affiliated with an organization which represents,
4 teachers as defined in this subsection. No person shall be deemed a
5 teacher within the meaning of this article who is a substitute
6 teacher. In all cases of doubt the board of trustees shall determine
7 whether any person is a teacher as defined in this article.

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

16 r. "Veteran" means any honorably discharged officer, soldier,
17 sailor, airman, marine or nurse who served in any Army, Air Force
18 or Navy of the Allies of the United States in World War I between
19 July 14, 1914, and November 11, 1918, or who served in any Army,
20 Air Force or Navy of the Allies of the United States in World War
21 II, between September 1, 1939, and September 2, 1945, and who
22 was inducted into such service through voluntary enlistment, and
23 was a citizen of the United States at the time of such enlistment, and
24 who did not, during or by reason of such service, renounce or lose
25 United States citizenship, and any officer, soldier, sailor, marine,
26 airman, nurse or army field clerk who has served in the active
27 military or naval service of the United States and has or shall be
28 discharged or released therefrom under conditions other than
29 dishonorable, in any of the following wars, uprisings, insurrections,
30 expeditions or emergencies, and who has presented to the retirement
31 system evidence of such record of service in form and content
32 satisfactory to said retirement system:

33 (1) The Indian wars and uprisings during any of the periods
34 recognized by the War Department of the United States as periods
35 of active hostility;

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

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

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

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

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

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

1 (8) The Mexican border patrol, having actually participated in
2 engagements against Mexicans between April 12, 1911, and June
3 16, 1919;

4 (9) World War I, between April 6, 1917, and November 11,
5 1918;

6 (10) World War II, between September 16, 1940, and December
7 31, 1946, who shall have served at least 90 days in such active
8 service, exclusive of any period of assignment (1) for a course of
9 education or training under the Army Specialized Training Program
10 or the Navy College Training Program, which course was a
11 continuation of a civilian course and was pursued to completion, or
12 (2) as a cadet or midshipman at one of the service academies, any
13 part of which 90 days was served between said dates; provided that
14 any person receiving an actual service-incurred injury or disability
15 shall be classed as a veteran, whether or not that person has
16 completed the 90-day service as herein provided;

17 (11) Korean conflict on or after June 23, 1950, and on or prior to
18 January 31, 1955, who shall have served at least 90 days in such
19 active service, exclusive of any period of assignment (1) for a
20 course of education or training under the Army Specialized
21 Training Program or the Navy College Training Program, which
22 course was a continuation of a civilian course and was pursued to
23 completion, or (2) as a cadet or midshipman at one of the service
24 academies, any part of which 90 days was served between said
25 dates; provided that any person receiving an actual service-incurred
26 injury or disability shall be classed as a veteran, whether or not that
27 person has completed the 90-day service as herein provided; and
28 provided further that any member classed as a veteran pursuant to
29 this subsection prior to August 1, 1966, shall continue to be classed
30 as a veteran, whether or not that person completed the 90-day
31 service between said dates as herein provided;

32 (12) Lebanon crisis, on or after July 1, 1958, who has served in
33 Lebanon or on board any ship actively engaged in patrolling the
34 territorial waters of that nation for a period, continuous or in the
35 aggregate, of at least 14 days commencing on or before November
36 1, 1958 or the date of termination of that conflict, as proclaimed by
37 the President of the United States or Congress, whichever date of
38 termination is the latest, in such active service; provided, that any
39 person receiving an actual service-incurred injury or disability shall
40 be classed as a veteran whether or not that person has completed the
41 14 days' service as herein provided;

42 (13) Vietnam conflict, on or after December 31, 1960, and on or
43 prior to May 7, 1975, who shall have served at least 90 days in such
44 active service, exclusive of any period of assignment (1) for a
45 course of education or training under the Army Specialized
46 Training Program or the Navy College Training Program, which
47 course was a continuation of a civilian course and was pursued to
48 completion, or (2) as a cadet or midshipman at one of the service

1 academies, any part of which 90 days was served between said
2 dates; and exclusive of any service performed pursuant to the
3 provisions of section 511(d) of Title 10, United States Code,
4 pursuant to an enlistment in the Army National Guard or as a
5 reserve for service in the Army Reserve, Naval Reserve, Air Force
6 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
7 that any person receiving an actual service-incurred injury or
8 disability shall be classed as a veteran, whether or not that person
9 has completed the 90-day service as herein provided;

10 (14) Lebanon peacekeeping mission, on or after September 26,
11 1982, who has served in Lebanon or on board any ship actively
12 engaged in patrolling the territorial waters of that nation for a
13 period, continuous or in the aggregate, of at least 14 days
14 commencing on or before December 1, 1987 or the date of
15 termination of that mission, as proclaimed by the President of the
16 United States or Congress, whichever date of termination is the
17 latest, in such active service; provided, that any person receiving an
18 actual service-incurred injury or disability shall be classed as a
19 veteran whether or not that person has completed the 14 days'
20 service as herein provided;

21 (15) Grenada peacekeeping mission, on or after October 23,
22 1983, who has served in Grenada or on board any ship actively
23 engaged in patrolling the territorial waters of that nation for a
24 period, continuous or in the aggregate, of at least 14 days
25 commencing on or before November 21, 1983 or the date of
26 termination of that mission, as proclaimed by the President of the
27 United States or Congress, whichever date of termination is the
28 latest, in such active service; provided, that any person receiving an
29 actual service-incurred injury or disability shall be classed as a
30 veteran whether or not that person has completed the 14 days'
31 service as herein provided;

32 (16) Panama peacekeeping mission, on or after December 20,
33 1989 or the date of inception of that mission, as proclaimed by the
34 President of the United States or Congress, whichever date of
35 inception is earliest, who has served in Panama or on board any ship
36 actively engaged in patrolling the territorial waters of that nation for
37 a period, continuous or in the aggregate, of at least 14 days
38 commencing on or before January 31, 1990 or the date of
39 termination of that mission, as proclaimed by the President of the
40 United States or Congress, whichever date of termination is the
41 latest, in such active service; provided, that any person receiving an
42 actual service-incurred injury or disability shall be classed as a
43 veteran whether or not that person has completed the 14 days'
44 service as herein provided;

45 (17) Operation "Desert Shield/Desert Storm" mission in the
46 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
47 or the date of inception of that operation, as proclaimed by the
48 President of the United States or Congress, whichever date of

1 inception is earliest, who has served in the Arabian peninsula or on
2 board any ship actively engaged in patrolling the Persian Gulf for a
3 period, continuous or in the aggregate, of at least 14 days
4 commencing on or before the date of termination of that mission, as
5 proclaimed by the President of the United States or Congress,
6 whichever date of termination is the latest, in such active service;
7 provided, that any person receiving an actual service-incurred injury
8 or disability shall be classed as a veteran whether or not that person
9 has completed the 14 days' service as herein provided;

10 (18) Operation Northern Watch and Operation Southern Watch,
11 on or after August 27, 1992, or the date of inception of that
12 operation, as proclaimed by the President of the United States,
13 Congress or United States Secretary of Defense, whichever date of
14 inception is earliest, who served in the theater of operation,
15 including in the Arabian peninsula and the Persian Gulf, and in
16 direct support of that operation for a period, continuously or in the
17 aggregate, of at least 14 days in such active service, commencing on
18 or before the date of termination of the operation, as proclaimed by
19 the President of the United States, Congress or United States
20 Secretary of Defense, whichever date of termination is latest;
21 provided, that any person receiving an actual service-incurred injury
22 or disability while engaged in such service shall be classed as a
23 veteran whether or not that person has completed the 14 days'
24 service as herein provided;

25 (19) Operation "Restore Hope" in Somalia, on or after December
26 5, 1992, or the date of inception of that operation as proclaimed by
27 the President of the United States or Congress, whichever date is
28 earliest, who has served in Somalia or on board any ship actively
29 engaged in patrolling the territorial waters of that nation for a
30 period, continuously or in the aggregate, of at least 14 days in such
31 active service commencing on or before March 31, 1994; provided
32 that any person receiving an actual service-incurred injury or
33 disability shall be classed as a veteran whether or not that person
34 has completed the 14-day service as herein provided;

35 (20) Operations "Joint Endeavor" and "Joint Guard" in the
36 Republic of Bosnia and Herzegovina, on or after November 20,
37 1995, who served in such active service in direct support of one or
38 both of the operations for at least 14 days, continuously or in the
39 aggregate, commencing on or before June 20, 1998, and (1) was
40 deployed in that nation or in another area in the region, or (2) was
41 on board a United States naval vessel operating in the Adriatic Sea,
42 or (3) operated in airspace above the Republic of Bosnia and
43 Herzegovina; provided that any person receiving an actual service-
44 incurred injury or disability shall be classed as a veteran whether or
45 not that person completed the 14-day service requirement;

46 (21) Operation "Enduring Freedom", on or after September 11,
47 2001, who served in a theater of operation and in direct support of
48 that operation for a period, continuously or in the aggregate, of at

1 least 14 days in such active service commencing on or before the
2 date the President of the United States or the United States
3 Secretary of Defense designates as the termination date of that
4 operation; provided, that any person receiving an actual service-
5 incurred injury or disability while engaged in such service shall be
6 classed as a veteran whether or not that person has completed the 14
7 days' service as herein provided; and

8 (22) Operation "Iraqi Freedom", on or after the date the President
9 of the United States or the United States Secretary of Defense
10 designates as the inception date of that operation, who served in
11 Iraq or in another area in the region in direct support of that
12 operation for a period, continuously or in the aggregate, of at least
13 14 days in such active service commencing on or before the date the
14 President of the United States or the United States Secretary of
15 Defense designates as the termination date of that operation;
16 provided, that any person receiving an actual service-incurred injury
17 or disability while engaged in such service shall be classed as a
18 veteran whether or not that person has completed the 14 days'
19 service as herein provided.

20 "Veteran" also means any honorably discharged member of the
21 American Merchant Marine who served during World War II and is
22 declared by the United States Department of Defense to be eligible
23 for federal veterans' benefits.

24 s. "Child" means a deceased member's unmarried child either
25 (a) under the age of 18 or (b) of any age who, at the time of the
26 member's death, is disabled because of mental retardation or
27 physical incapacity, is unable to do any substantial, gainful work
28 because of the impairment and the impairment has lasted or can be
29 expected to last for a continuous period of not less than 12 months,
30 as affirmed by the medical board.

31 t. (1) "Widower," for employees of the State, means the man to
32 whom a member was married, or a domestic partner as defined in
33 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
34 the date of her death and to whom she continued to be married or a
35 domestic partner until the date of her death and who was receiving
36 at least one-half of his support from the member in the 12-month
37 period immediately preceding the member's death or the accident
38 which was the direct cause of the member's death. The dependency
39 of such a widower will be considered terminated by marriage of, or
40 establishment of a domestic partnership by, the widower subsequent
41 to the death of the member. In the event of the payment of an
42 accidental death benefit, the five-year qualification shall be waived.

43 (2) Subject to the provisions of paragraph (3) of this subsection,
44 "widower," for employees of public employers other than the State,
45 means the man to whom a member was married at least five years
46 before the date of her death and to whom she continued to be
47 married until the date of her death and who was receiving at least
48 one-half of his support from the member in the 12-month period

1 immediately preceding the member's death or the accident which
2 was the direct cause of the member's death. The dependency of such
3 a widower shall be considered terminated by marriage of the
4 widower subsequent to the death of the member. In the event of the
5 payment of an accidental death benefit, the five-year qualification
6 shall be waived.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "widower" as defined in
9 paragraph (2) of this subsection shall include domestic partners as
10 provided in paragraph (1) of this subsection.

11 u. (1) "Widow," for employees of the State, means the woman
12 to whom a member was married, or a domestic partner as defined in
13 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
14 the date of his death and to whom he continued to be married or a
15 domestic partner until the date of his death and who was receiving
16 at least one-half of her support from the member in the 12-month
17 period immediately preceding the member's death or the accident
18 which was the direct cause of the member's death. The dependency
19 of such a widow will be considered terminated by the marriage of,
20 or establishment of a domestic partnership by, the widow
21 subsequent to the member's death. In the event of the payment of an
22 accidental death benefit, the five-year qualification shall be waived.

23 (2) Subject to the provisions of paragraph (3) of this subsection,
24 "widow," for employees of public employers other than the State,
25 means the woman to whom a member was married at least five
26 years before the date of his death and to whom he continued to be
27 married until the date of his death and who was receiving at least
28 one-half of her support from the member in the 12-month period
29 immediately preceding the member's death or the accident which
30 was the direct cause of the member's death. The dependency of such
31 a widow shall be considered terminated by the marriage of the
32 widow subsequent to the member's death. In the event of the
33 payment of an accidental death benefit, the five-year qualification
34 shall be waived.

35 (3) A public employer other than the State may adopt a
36 resolution providing that the term "widower" as defined in
37 paragraph (2) of this subsection shall include domestic partners as
38 provided in paragraph (1) of this subsection.

39 v. "Parent" means the parent of a member who was receiving at
40 least one-half of the parent's support from the member in the 12-
41 month period immediately preceding the member's death or the
42 accident which was the direct cause of the member's death. The
43 dependency of such a parent will be considered terminated by
44 marriage of the parent subsequent to the death of the member.

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

1 x. (1) "Spouse," for employees of the State, means the husband
2 or wife, or domestic partner as defined in section 3 of P.L.2003,
3 c.246 (C.26:8A-3), of a member.

4 (2) Subject to the provisions of paragraph (1) of this subsection,
5 "spouse," for employees of public employers other than the State,
6 means the husband or wife of a member.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "spouse" as defined in paragraph
9 (2) of this subsection shall include domestic partners as provided in
10 paragraph (1) of this subsection.

11 (cf: P.L.2009, c.85, s.2)

12

13 21. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read
14 as follows:

15 6. As used in this act:

16 a. "Accumulated deductions" means the sum of all the
17 amounts, deducted from the compensation of a member or
18 contributed by or on behalf of the member, standing to the credit of
19 the member's individual account in the annuity savings fund.

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

22 c. "Annuity reserve" means the present value of all payments
23 to be made on account of any annuity or benefit in lieu of an
24 annuity, granted under the provisions of this act, computed on the
25 basis of such mortality tables recommended by the actuary as the
26 board of trustees adopts, with regular interest.

27 d. "Beneficiary" means any person receiving a retirement
28 allowance or other benefit as provided in this act.

29 e. "Child" means a deceased member's unmarried child either
30 (1) under the age of 18 or (2) of any age who, at the time of the
31 member's death, is disabled because of mental retardation or
32 physical incapacity, is unable to do any substantial, gainful work
33 because of the impairment and the impairment has lasted or can be
34 expected to last for a continuous period of not less than 12 months,
35 as affirmed by the medical board.

36 f. "Parent" shall mean the parent of a member who was
37 receiving at least 1/2 of the parent's support from the member in the
38 12-month period immediately preceding the member's death or the
39 accident which was the direct cause of the member's death. The
40 dependency of such a parent will be considered terminated by
41 marriage of the parent subsequent to the death of the member.

42 g. (1) "Widower," for employees of the State, means the man to
43 whom a member was married, or a domestic partner as defined in
44 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
45 the date of her death and to whom she continued to be married or a
46 domestic partner until the date of her death and who was receiving
47 at least 1/2 of his support from the member in the 12-month period
48 immediately preceding the member's death or the accident which

1 was the direct cause of the member's death. The dependency of such
2 a widower will be considered terminated by marriage of, or
3 establishment of a domestic partnership by, the widower subsequent
4 to the death of the member. In the event of the payment of an
5 accidental death benefit, the five-year qualification shall be waived.

6 (2) Subject to the provisions of paragraph (3) of this subsection,
7 "widower," for employees of public employers other than the State,
8 means the man to whom a member was married at least five years
9 before the date of her death and to whom she continued to be
10 married until the date of her death and who was receiving at least
11 1/2 of his support from the member in the 12-month period
12 immediately preceding the member's death or the accident which
13 was the direct cause of the member's death. The dependency of such
14 a widower shall be considered terminated by marriage of the
15 widower subsequent to the death of the member. In the event of the
16 payment of an accidental death benefit, the five-year qualification
17 shall be waived.

18 (3) A public employer other than the State may adopt a
19 resolution providing that the term "widower" as defined in
20 paragraph (2) of this subsection shall include domestic partners as
21 provided in paragraph (1) of this subsection.

22 h. (1) "Final compensation" means the average annual
23 compensation for which contributions are made for the three years
24 of creditable service in New Jersey immediately preceding the
25 member's retirement or death, or it shall mean the average annual
26 compensation for New Jersey service for which contributions are
27 made during any three fiscal years of his or her membership
28 providing the largest possible benefit to the member or the
29 member's beneficiary.

30 (2) In the case of a person who becomes a member of the
31 retirement system on or after the effective date of
32 P.L. , c. (pending before the Legislature as this bill), "final
33 compensation" means the average annual compensation for which
34 contributions are made for the five years of creditable service in
35 New Jersey immediately preceding the member's retirement or
36 death, or it shall mean the average annual compensation for New
37 Jersey service for which contributions are made during any five
38 fiscal years of his or her membership providing the largest possible
39 benefit to the member or the member's beneficiary.

40 i. "Fiscal year" means any year commencing with July 1 and
41 ending with June 30 next following.

42 j. "Medical board" shall mean the board of physicians
43 provided for in section 17 of P.L.1954, c.84 (C.43:15A-17).

44 k. "Pension" means payments for life derived from
45 appropriations made by the employer as provided in this act.

46 l. "Pension reserve" means the present value of all payments to
47 be made on account of any pension or benefit in lieu of a pension
48 granted under the provisions of this act, computed on the basis of

1 such mortality tables recommended by the actuary as the board of
2 trustees adopts, with regular interest.

3 m. "Public Employees' Retirement System of New Jersey,"
4 hereinafter referred to as the "retirement system" or "system," is the
5 corporate name of the arrangement for the payment of retirement
6 allowances and other benefits under the provisions of this act
7 including the several funds placed under said system. By that name
8 all of its business shall be transacted, its funds invested, warrants
9 for money drawn, and payments made and all of its cash and
10 securities and other property held.

11 n. "Regular interest" shall mean interest as determined by the
12 State Treasurer, after consultation with the Directors of the
13 Divisions of Investment and Pensions, the board of trustees and the
14 actuary. It shall bear a reasonable relationship to the percentage rate
15 of earnings on investments based on the market value of the assets
16 but shall not exceed the assumed percentage rate of increase applied
17 to salaries plus 3%, provided however that the board of trustees
18 shall not set the average percentage rate of increase applied to
19 salaries below 6%.

20 o. "Retirement allowance" means the pension plus the annuity.

21 p. "Veteran" means any honorably discharged officer, soldier,
22 sailor, airman, marine or nurse who served in any Army, Air Force
23 or Navy of the Allies of the United States in World War I, between
24 July 14, 1914, and November 11, 1918, or who served in any Army,
25 Air Force or Navy of the Allies of the United States in World War
26 II, between September 1, 1939, and September 2, 1945, and who
27 was inducted into such service through voluntary enlistment, and
28 was a citizen of the United States at the time of such enlistment, and
29 who did not, during or by reason of such service, renounce or lose
30 United States citizenship, and any officer, soldier, sailor, marine,
31 airman, nurse or army field clerk, who has served in the active
32 military or naval service of the United States and has or shall be
33 discharged or released therefrom under conditions other than
34 dishonorable, in any of the following wars, uprisings, insurrections,
35 expeditions, or emergencies, and who has presented to the
36 retirement system evidence of such record of service in form and
37 content satisfactory to said retirement system:

38 (1) The Indian wars and uprisings during any of the periods
39 recognized by the War Department of the United States as periods
40 of active hostility;

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

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

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

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- 1 (5) The army of Cuban occupation between July 18, 1898, and
2 May 20, 1902;
- 3 (6) The army of Cuban pacification between October 6, 1906,
4 and April 1, 1909;
- 5 (7) The Mexican punitive expedition between March 14, 1916,
6 and February 7, 1917;
- 7 (8) The Mexican border patrol, having actually participated in
8 engagements against Mexicans between April 12, 1911, and June
9 16, 1919;
- 10 (9) World War I, between April 6, 1917, and November 11,
11 1918;
- 12 (10) World War II, between September 16, 1940, and December
13 31, 1946, who shall have served at least 90 days in such active
14 service, exclusive of any period of assignment (1) for a course of
15 education or training under the Army Specialized Training Program
16 or the Navy College Training Program which course was a
17 continuation of a civilian course and was pursued to completion, or
18 (2) as a cadet or midshipman at one of the service academies any
19 part of which 90 days was served between said dates; provided, that
20 any person receiving an actual service-incurred injury or disability
21 shall be classed as a veteran whether or not that person has
22 completed the 90-day service as herein provided;
- 23 (11) Korean conflict on or after June 23, 1950, and on or prior to
24 January 31, 1955, who shall have served at least 90 days in such
25 active service, exclusive of any period of assignment (1) for a
26 course of education or training under the Army Specialized
27 Training Program or the Navy College Training Program which
28 course was a continuation of a civilian course and was pursued to
29 completion, or (2) as a cadet or midshipman at one of the service
30 academies, any part of which 90 days was served between said
31 dates; provided, that any person receiving an actual service-incurred
32 injury or disability shall be classed as a veteran whether or not that
33 person has completed the 90-day service as herein provided; and
34 provided further, that any member classed as a veteran pursuant to
35 this paragraph prior to August 1, 1966, shall continue to be classed
36 as a veteran whether or not that person completed the 90-day
37 service between said dates as herein provided;
- 38 (12) Lebanon crisis, on or after July 1, 1958, who has served in
39 Lebanon or on board any ship actively engaged in patrolling the
40 territorial waters of that nation for a period, continuous or in the
41 aggregate, of at least 14 days commencing on or before November
42 1, 1958 or the date of termination of that conflict, as proclaimed by
43 the President of the United States or Congress, whichever date of
44 termination is the latest, in such active service; provided, that any
45 person receiving an actual service-incurred injury or disability shall
46 be classed as a veteran whether or not that person has completed the
47 14 days' service as herein provided;

1 (13) Vietnam conflict on or after December 31, 1960, and on or
2 prior to May 7, 1975, who shall have served at least 90 days in such
3 active service, exclusive of any period of assignment (1) for a
4 course of education or training under the Army Specialized
5 Training Program or the Navy College Training Program which
6 course was a continuation of a civilian course and was pursued to
7 completion, or (2) as a cadet or midshipman at one of the service
8 academies, any part of which 90 days was served between said
9 dates; and exclusive of any service performed pursuant to the
10 provisions of section 511(d) of Title 10, United States Code,
11 pursuant to an enlistment in the Army National Guard or as a
12 reserve for service in the Army Reserve, Naval Reserve, Air Force
13 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
14 that any person receiving an actual service-incurred injury or
15 disability shall be classed as a veteran whether or not that person
16 has completed the 90 days' service as herein provided;

17 (14) Lebanon peacekeeping mission, on or after September 26,
18 1982, who has served in Lebanon or on board any ship actively
19 engaged in patrolling the territorial waters of that nation for a
20 period, continuous or in the aggregate, of at least 14 days
21 commencing on or before December 1, 1987 or the date of
22 termination of that mission, as proclaimed by the President of the
23 United States or Congress, whichever date of termination is the
24 latest, in such active service; provided, that any person receiving an
25 actual service-incurred injury or disability shall be classed as a
26 veteran whether or not that person has completed the 14 days'
27 service as herein provided;

28 (15) Grenada peacekeeping mission, on or after October 23,
29 1983, who has served in Grenada or on board any ship actively
30 engaged in patrolling the territorial waters of that nation for a
31 period, continuous or in the aggregate, of at least 14 days
32 commencing on or before November 21, 1983 or the date of
33 termination of that mission, as proclaimed by the President of the
34 United States or Congress, whichever date of termination is the
35 latest, in such active service; provided, that any person receiving an
36 actual service-incurred injury or disability shall be classed as a
37 veteran whether or not that person has completed the 14 days'
38 service as herein provided;

39 (16) Panama peacekeeping mission, on or after December 20,
40 1989 or the date of inception of that mission, as proclaimed by the
41 President of the United States or Congress, whichever date of
42 inception is earliest, who has served in Panama or on board any ship
43 actively engaged in patrolling the territorial waters of that nation for
44 a period, continuous or in the aggregate, of at least 14 days
45 commencing on or before January 31, 1990 or the date of
46 termination of that mission, as proclaimed by the President of the
47 United States or Congress, whichever date of termination is the
48 latest, in such active service; provided, that any person receiving an

1 actual service-incurred injury or disability shall be classed as a
2 veteran whether or not that person has completed the 14 days'
3 service as herein provided;

4 (17) Operation "Desert Shield/Desert Storm" mission in the
5 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
6 or the date of inception of that operation, as proclaimed by the
7 President of the United States or Congress, whichever date of
8 inception is earliest, who has served in the Arabian peninsula or on
9 board any ship actively engaged in patrolling the Persian Gulf for a
10 period, continuous or in the aggregate, of at least 14 days
11 commencing on or before the date of termination of that mission, as
12 proclaimed by the President of the United States or Congress,
13 whichever date of termination is the latest, in such active service;
14 provided, that any person receiving an actual service-incurred injury
15 or disability shall be classed as a veteran whether or not that person
16 has completed the 14 days' service as herein provided;

17 (18) Operation Northern Watch and Operation Southern Watch,
18 on or after August 27, 1992, or the date of inception of that
19 operation, as proclaimed by the President of the United States,
20 Congress or United States Secretary of Defense, whichever date of
21 inception is earliest, who served in the theater of operation,
22 including in the Arabian peninsula and the Persian Gulf, and in
23 direct support of that operation for a period, continuously or in the
24 aggregate, of at least 14 days in such active service, commencing on
25 or before the date of termination of that operation, as proclaimed by
26 the President of the United States, Congress or United States
27 Secretary of Defense, whichever date of termination is the latest;
28 provided, that any person receiving an actual service-incurred injury
29 or disability while engaged in such service shall be classed as a
30 veteran whether or not that person has completed the 14 days'
31 service as herein provided;

32 (19) Operation "Restore Hope" in Somalia, on or after December
33 5, 1992, or the date of inception of that operation as proclaimed by
34 the President of the United States or Congress, whichever date is
35 earliest, who has served in Somalia or on board any ship actively
36 engaged in patrolling the territorial waters of that nation for a
37 period, continuously or in the aggregate, of at least 14 days in such
38 active service commencing on or before March 31, 1994; provided
39 that any person receiving an actual service-incurred injury or
40 disability shall be classed as a veteran whether or not that person
41 has completed the 14-day service as herein provided;

42 (20) Operations "Joint Endeavor" and "Joint Guard" in the
43 Republic of Bosnia and Herzegovina, on or after November 20,
44 1995, who served in such active service in direct support of one or
45 both of the operations for at least 14 days, continuously or in the
46 aggregate, commencing on or before June 20, 1998 and (1) was
47 deployed in that nation or in another area in the region, or (2) was
48 on board a United States naval vessel operating in the Adriatic Sea,

1 or (3) operated in airspace above the Republic of Bosnia and
2 Herzegovina; provided that any person receiving an actual service-
3 incurred injury or disability shall be classed as a veteran whether or
4 not that person completed the 14-day service requirement;

5 (21) Operation "Enduring Freedom", on or after September 11,
6 2001, who served in a theater of operation and in direct support of
7 that operation for a period, continuously or in the aggregate, of at
8 least 14 days in such active service commencing on or before the
9 date the President of the United States or the United States
10 Secretary of Defense designates as the termination date of that
11 operation; provided, that any person receiving an actual service-
12 incurred injury or disability while engaged in such service shall be
13 classed as a veteran whether or not that person has completed the 14
14 days' service as herein provided; and

15 (22) Operation "Iraqi Freedom", on or after the date the President
16 of the United States or the United States Secretary of Defense
17 designates as the inception date of that operation, who served in
18 Iraq or in another area in the region in direct support of that
19 operation for a period, continuously or in the aggregate, of at least
20 14 days in such active service commencing on or before the date the
21 President of the United States or the United States Secretary of
22 Defense designates as the termination date of that operation;
23 provided, that any person receiving an actual service-incurred injury
24 or disability while engaged in such service shall be classed as a
25 veteran whether or not that person has completed the 14 days'
26 service as herein provided.

27 "Veteran" also means any honorably discharged member of the
28 American Merchant Marine who served during World War II and is
29 declared by the United States Department of Defense to be eligible
30 for federal veterans' benefits.

31 q. (1) "Widow," for employees of the State, means the woman
32 to whom a member was married, or a domestic partner as defined in
33 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
34 the date of his death and to whom he continued to be married or a
35 domestic partner until the date of his death and who was receiving
36 at least 1/2 of her support from the member in the 12-month period
37 immediately preceding the member's death or the accident which
38 was the direct cause of the member's death. The dependency of such
39 a widow will be considered terminated by the marriage of, or
40 establishment of a domestic partnership by, the widow subsequent
41 to the member's death. In the event of the payment of an accidental
42 death benefit, the five-year qualification shall be waived.

43 (2) Subject to the provisions of paragraph (3) of this subsection,
44 "widow," for employees of public employers other than the State,
45 means the woman to whom a member was married at least five
46 years before the date of his death and to whom he continued to be
47 married until the date of his death and who was receiving at least
48 1/2 of her support from the member in the 12-month period

1 immediately preceding the member's death or the accident which
2 was the direct cause of the member's death. The dependency of such
3 a widow shall be considered terminated by the marriage of the
4 widow subsequent to the member's death. In the event of the
5 payment of an accidental death benefit, the five-year qualification
6 shall be waived.

7 (3) A public employer other than the State may adopt a
8 resolution providing that the term "widow" as defined in paragraph
9 (2) of this subsection shall include domestic partners as provided in
10 paragraph (1) of this subsection.

11 r. (1) "Compensation" means the base or contractual salary, for
12 services as an employee, which is in accordance with established
13 salary policies of the member's employer for all employees in the
14 same position but shall not include individual salary adjustments
15 which are granted primarily in anticipation of the member's
16 retirement or additional remuneration for performing temporary or
17 extracurricular duties beyond the regular workday or the regular
18 work year.

19 (2) In the case of a person who becomes a member of the
20 retirement system on or after July 1, 2007, "compensation" means
21 the amount of base or contractual salary equivalent to the annual
22 maximum wage contribution base for Social Security, pursuant to
23 the Federal Insurance Contributions Act, for services as an
24 employee, which is in accordance with established salary policies of
25 the member's employer for all employees in the same position but
26 shall not include individual salary adjustments which are granted
27 primarily in anticipation of the member's retirement or additional
28 remuneration for performing temporary or extracurricular duties
29 beyond the regular workday or the regular work year. This
30 paragraph shall not apply to a person who at the time of enrollment
31 in the retirement system on or after July 1, 2007 transfers service
32 credit from another State-administered retirement system pursuant
33 to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a
34 former member of the retirement system who has been granted a
35 retirement allowance and is reenrolled in the retirement system on
36 or after July 1, 2007 pursuant to section 27 of P.L.1966, c.217
37 (C.43:15A-57.2) after becoming employed again in a position that
38 makes the person eligible to be a member of the retirement system.

39 In cases where salary includes maintenance, the retirement
40 system shall fix the value of that part of the salary not paid in
41 money which shall be considered under this act.

42 For the period of July 1, 2009 through June 30, 2011,
43 "contractual salary" for State employees shall include wage
44 increases under a collective negotiations agreement notwithstanding
45 that, by amendment to that collective negotiations agreement, the
46 effective date of the contractual increase has been deferred. For the
47 purpose of this paragraph, "State employee" means an employee in
48 the Executive Branch of State government of New Jersey but shall

1 not include employees of agencies authorized to participate in the
2 system under section 73 of P.L.1954, c.84 (C.43:15A-73) or
3 P.L.1990, c.25 (C.43:15A-73.2 et al.).
4 (cf: P.L.2009, c.85, s.1)

5
6 22. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to
7 read as follows:

8 1. As used in this act:

9 (1) "Retirement system" or "system" shall mean the Police and
10 Firemen's Retirement System of New Jersey as defined in section 2
11 of this act.

12 (2) (a) "Policeman" shall mean a permanent, full-time employee
13 of a law enforcement unit as defined in section 2 of P.L.1961, c.56
14 (C.52:17B-67) or the State, other than an officer or trooper of the
15 Division of State Police whose position is covered by the State
16 Police Retirement System, whose primary duties include the
17 investigation, apprehension or detention of persons suspected or
18 convicted of violating the criminal laws of the State and who:

19 (i) is authorized to carry a firearm while engaged in the actual
20 performance of his official duties;

21 (ii) has police powers;

22 (iii) is required to complete successfully the training
23 requirements prescribed by P.L.1961, c.56 (C.52:17B-66 et seq.) or
24 comparable training requirements as determined by the board of
25 trustees; and

26 (iv) is subject to the physical and mental fitness requirements
27 applicable to the position of municipal police officer established by
28 an agency authorized to establish these requirements on a Statewide
29 basis, or comparable physical and mental fitness requirements as
30 determined by the board of trustees.

31 The term shall also include an administrative or supervisory
32 employee of a law enforcement unit or the State whose duties
33 include general or direct supervision of employees engaged in
34 investigation, apprehension or detention activities or training
35 responsibility for these employees and a requirement for
36 engagement in investigation, apprehension or detention activities if
37 necessary, and who is authorized to carry a firearm while in the
38 actual performance of his official duties and has police powers.

39 (b) "Fireman" shall mean a permanent, full-time employee of a
40 firefighting unit whose primary duties include the control and
41 extinguishment of fires and who is subject to the training and
42 physical and mental fitness requirements applicable to the position
43 of municipal firefighter established by an agency authorized to
44 establish these requirements on a Statewide basis, or comparable
45 training and physical and mental fitness requirements as determined
46 by the board of trustees. The term shall also include an
47 administrative or supervisory employee of a firefighting unit whose
48 duties include general or direct supervision of employees engaged

1 in fire control and extinguishment activities or training
2 responsibility for these employees and a requirement for
3 engagement in fire control and extinguishment activities if
4 necessary. As used in this paragraph, "firefighting unit" shall mean
5 a municipal fire department, a fire district, or an agency of a county
6 or the State which is responsible for control and extinguishment of
7 fires.

8 (3) "Member" shall mean any policeman or fireman included in
9 the membership of the retirement system pursuant to this
10 amendatory and supplementary act, P.L.1989, c.204 (C.43:16A-15.6
11 et al.).

12 (4) "Board of trustees" or "board" shall mean the board provided
13 for in section 13 of this act.

14 (5) "Medical board" shall mean the board of physicians
15 provided for in section 13 of this act.

16 (6) "Employer" shall mean the State of New Jersey, the county,
17 municipality or political subdivision thereof which pays the
18 particular policeman or fireman.

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

21 (8) "Creditable service" shall mean service rendered for which
22 credit is allowed as provided under section 4 of this act.

23 (9) "Regular interest" shall mean interest as determined by the
24 State Treasurer, after consultation with the Directors of the
25 Divisions of Investment and Pensions, the board of trustees and the
26 actuary. It shall bear a reasonable relationship to the percentage
27 rate of earnings on investments based on the market value of assets
28 but shall not exceed the assumed percentage rate of increase applied
29 to salaries plus 3%, provided however that the board of trustees
30 shall not set the average percentage rate of increase applied to
31 salaries below 6%.

32 (10) "Aggregate contributions" shall mean the sum of all the
33 amounts, deducted from the compensation of a member or
34 contributed by him or on his behalf, standing to the credit of his
35 individual account in the annuity savings fund.

36 (11) "Annuity" shall mean payments for life derived from the
37 aggregate contributions of a member.

38 (12) "Pension" shall mean payments for life derived from
39 contributions by the employer.

40 (13) "Retirement allowance" shall mean the pension plus the
41 annuity.

42 (14) "Earnable compensation" shall mean the full rate of the
43 salary that would be payable to an employee if he worked the full
44 normal working time for his position. In cases where salary
45 includes maintenance, the retirement system shall fix the value of
46 that part of the salary not paid in money which shall be considered
47 under this act.

1 (15) "Average final compensation" shall mean [the average
2 annual salary upon which contributions are made for the three years
3 of creditable service immediately preceding his retirement or death,
4 or it shall mean the average annual salary for which contributions
5 are made during any three fiscal years of his or her membership
6 providing the largest possible benefit to the member or his
7 beneficiary] final compensation.

8 (16) "Retirement" shall mean the termination of the member's
9 active service with a retirement allowance granted and paid under
10 the provisions of this act.

11 (17) "Annuity reserve" shall mean the present value of all
12 payments to be made on account of any annuity or benefit in lieu of
13 any annuity computed upon the basis of such mortality tables
14 recommended by the actuary as shall be adopted by the board of
15 trustees, and regular interest.

16 (18) "Pension reserve" shall mean the present value of all
17 payments to be made on account of any pension or benefit in lieu of
18 any pension computed upon the basis of such mortality tables
19 recommended by the actuary as shall be adopted by the board of
20 trustees, and regular interest.

21 (19) "Actuarial equivalent" shall mean a benefit of equal value
22 when computed upon the basis of such mortality tables
23 recommended by the actuary as shall be adopted by the board of
24 trustees, and regular interest.

25 (20) "Beneficiary" shall mean any person receiving a retirement
26 allowance or other benefit as provided by this act.

27 (21) "Child" shall mean a deceased member's or retirant's
28 unmarried child (a) under the age of 18, or (b) 18 years of age or
29 older and enrolled in a secondary school, or (c) under the age of 24
30 and enrolled in a degree program in an institution of higher
31 education for at least 12 credit hours in each semester, provided that
32 the member died in active service as a result of an accident met in
33 the actual performance of duty at some definite time and place, and
34 the death was not the result of the member's willful misconduct, or
35 (d) of any age who, at the time of the member's or retirant's death, is
36 disabled because of mental retardation or physical incapacity, is
37 unable to do any substantial, gainful work because of the
38 impairment and his impairment has lasted or can be expected to last
39 for a continuous period of not less than 12 months, as affirmed by
40 the medical board.

41 (22) "Parent" shall mean the parent of a member who was
42 receiving at least one-half of his support from the member in the
43 12-month period immediately preceding the member's death or the
44 accident which was the direct cause of the member's death. The
45 dependency of such a parent will be considered terminated by
46 marriage of the parent subsequent to the death of the member.

47 (23) (a) "Widower," for employees of the State, means the man
48 to whom a member or retirant was married, or a domestic partner as

1 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
2 her death and who has not since remarried or established a domestic
3 partnership. In the event of the payment of accidental death
4 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
5 the restriction concerning remarriage or establishment of a domestic
6 partnership shall be waived.

7 (b) Subject to the provisions of paragraph (c) of this subsection,
8 "widower," for employees of public employers other than the State,
9 means the man to whom a member or retirant was married on the
10 date of her death and who has not remarried.

11 (c) A public employer other than the State may adopt a
12 resolution providing that the term "widower" as defined in
13 paragraph (b) of this subsection shall include domestic partners as
14 provided in paragraph (a) of this subsection.

15 (24) (a) "Widow," for employees of the State, means the woman
16 to whom a member or retirant was married, or a domestic partner as
17 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
18 his death and who has not since remarried or established a domestic
19 partnership. In the event of the payment of accidental death
20 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
21 the restriction concerning remarriage or establishment of a domestic
22 partnership shall be waived.

23 (b) Subject to the provisions of paragraph (c) of this subsection,
24 "widow," for employees of public employers other than the State,
25 means the woman to whom a member or retirant was married on the
26 date of his death and who has not remarried.

27 (c) A public employer other than the State may adopt a
28 resolution providing that the term "widow" as defined in paragraph
29 (b) of this subsection shall include domestic partners as provided in
30 paragraph (a) of this subsection.

31 (25) "Fiscal year" shall mean any year commencing with July 1,
32 and ending with June 30, next following.

33 (26) (a) "Compensation" shall mean the base salary, for services
34 as a member as defined in this act, which is in accordance with
35 established salary policies of the member's employer for all
36 employees in the same position but shall not include individual
37 salary adjustments which are granted primarily in anticipation of
38 the member's retirement or additional remuneration for performing
39 temporary duties beyond the regular workday.

40 (b) In the case of a person who becomes a member of the
41 retirement system on or after the effective date of P.L. _____,
42 c. (pending before the Legislature as this bill), "compensation"
43 means the amount of base salary equivalent to the annual maximum
44 wage contribution base for Social Security, pursuant to the Federal
45 Insurance Contributions Act, for services as a member as defined in
46 this act, which is in accordance with established salary policies of
47 the member's employer for all employees in the same position but
48 shall not include individual salary adjustments which are granted

1 primarily in anticipation of the member's retirement or additional
2 remuneration for performing temporary duties beyond the regular
3 workday.

4 (27) "Department" shall mean any police or fire department of a
5 municipality or a fire department of a fire district located in a
6 township or a county police or park police department or the
7 appropriate department of the State or instrumentality thereof.

8 (28) (a) "Final compensation" means the compensation received
9 by the member in the last 12 months of creditable service preceding
10 his retirement or death.

11 (b) In the case of a person who becomes a member of the
12 retirement system on or after the effective date of
13 P.L. , c. (pending before the Legislature as this bill), "final
14 compensation" means the average annual compensation for service
15 for which contributions are made during any three fiscal years of
16 membership providing the largest possible benefit to the member or
17 the member's beneficiary.

18 (29) (Deleted by amendment, P.L.1992, c.78).

19 (30) (Deleted by amendment, P.L.1992, c.78).

20 (31) (a) "Spouse," for employees of the State, means the husband
21 or wife, or domestic partner as defined in section 3 of P.L.2003,
22 c.246 (C.26:8A-3), of a member.

23 (b) Subject to the provisions of paragraph (c) of this subsection,
24 "spouse," for employees of public employers other than the State,
25 means the husband or wife of a member.

26 (c) A public employer other than the State may adopt a
27 resolution providing that the term "spouse" as defined in paragraph
28 (b) of this subsection shall include domestic partners as provided in
29 paragraph (a) of this subsection.

30 (cf: P.L.2003, c.246, s.43)

31

32 23. Section 3 of P.L.1965, c.89 (C.53:5A-3) is amended to read
33 as follows:

34 3. As used in this act:

35 a. "Aggregate contributions" means the sum of all the amounts,
36 deducted from the salary of a member or contributed by him or on
37 his behalf, standing to the credit of his individual account in the
38 Annuity Savings Fund. Interest credited on contributions to the
39 former "State Police Retirement and Benevolent Fund" shall be
40 included in a member's aggregate contributions.

41 b. "Annuity" means payments for life derived from the
42 aggregate contributions of a member.

43 c. "Annuity reserve" means the present value of all payments
44 to be made on account of any annuity or benefit in lieu of an
45 annuity, computed upon the basis of such mortality tables
46 recommended by the actuary as the board of trustees adopts and
47 regular interest.

- 1 d. "Beneficiary" means any person entitled to receive any
2 benefit pursuant to the provisions of this act by reason of the death
3 of a member or retirant.
- 4 e. "Board of trustees" or "board" means the board provided for
5 in section 30 of this act.
- 6 f. "Child" means a deceased member's or retirant's unmarried
7 child either (a) under the age of 18 or (b) of any age who, at the
8 time of the member's or retirant's death, is disabled because of
9 mental retardation or physical incapacity, is unable to do any
10 substantial, gainful work because of the impairment and his
11 impairment has lasted or can be expected to last for a continuous
12 period of not less than 12 months, as affirmed by the medical board.
- 13 g. "Creditable service" means service rendered for which credit
14 is allowed on the basis of contributions made by the member or the
15 State.
- 16 h. "Parent" means the parent of a member who was receiving at
17 least one-half of his support from the member in the 12-month
18 period immediately preceding the member's death or the accident
19 which was the direct cause of the member's death. The dependency
20 of such a parent will be considered terminated by marriage of the
21 parent subsequent to the death of the member.
- 22 i. (1) "Final compensation" means the average compensation
23 received by the member in the last 12 months of creditable service
24 preceding his retirement or death. Such term includes the value of
25 the member's maintenance allowance for this same period.
- 26 (2) In the case of a person who becomes a member of the
27 retirement system on or after the effective date of
28 P.L. , c. (pending before the Legislature as this bill), "final
29 compensation" means the average annual compensation for service
30 for which contributions are made during any three fiscal years of
31 membership providing the largest possible benefit to the member or
32 the member's beneficiary. Such term includes the value of the
33 member's maintenance allowance for this same period.
- 34 j. (1) "Final salary" means the average salary received by the
35 member in the last 12 months of creditable service preceding his
36 retirement or death. Such term shall not include the value of the
37 member's maintenance allowance.
- 38 (2) In the case of a person who becomes a member of the
39 retirement system on or after the effective date of
40 P.L. , c. (pending before the Legislature as this bill), "final
41 salary" means the average annual salary for service for which
42 contributions are made during any three fiscal years of membership
43 providing the largest possible benefit to the member or the
44 member's beneficiary. Such term shall not include the value of the
45 member's maintenance allowance.
- 46 k. "Fiscal year" means any year commencing with July 1 and
47 ending with June 30 next following.

- 1 l. "Medical board" means the board of physicians provided for
2 in section 30 of this act.
- 3 m. "Member" means any full-time, commissioned officer, non-
4 commissioned officer or trooper of the Division of State Police of
5 the Department of Law and Public Safety of the State of New Jersey
6 enrolled in the retirement system established by this act.
- 7 n. "Pension" means payment for life derived from contributions
8 by the State.
- 9 o. "Pension reserve" means the present value of all payments to
10 be made on account of any pension or benefit in lieu of any pension
11 computed on the basis of such mortality tables recommended by the
12 actuary as shall be adopted by the board of trustees and regular
13 interest.
- 14 p. "Regular interest" means interest as determined by the State
15 Treasurer, after consultation with the Directors of the Divisions of
16 Investment and Pensions, the board of trustees and the actuary. It
17 shall bear a reasonable relationship to the percentage rate of
18 earnings on investments based on the market value of the assets but
19 shall not exceed the assumed percentage rate of increase applied to
20 salaries plus 3%, provided however that the board of trustees shall
21 not set the average percentage rate of increase applied to salaries
22 below 6%.
- 23 q. "Retirant" means any former member receiving a retirement
24 allowance as provided by this act.
- 25 r. "Retirement allowance" means the pension plus the annuity.
- 26 s. "State Police Retirement System of New Jersey," herein also
27 referred to as the "retirement system" or "system," is the corporate
28 name of the arrangement for the payment of retirement allowances
29 and of the benefits under the provisions of this act including the
30 several funds placed under said system. By that name, all of its
31 business shall be transacted, its funds invested, warrants for moneys
32 drawn, and payments made and all of its cash and securities and
33 other property held. All assets held in the name of the former
34 "State Police Retirement and Benevolent Fund" shall be transferred
35 to the retirement system established by this act.
- 36 t. "Surviving spouse" means the person to whom a member or
37 a retirant was married, or a domestic partner as defined in section 3
38 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the
39 member or retirant. The dependency of such a surviving spouse will
40 be considered terminated by the marriage of, or establishment of a
41 domestic partnership by, the surviving spouse subsequent to the
42 member's or the retirant's death, except that in the event of the
43 payment of accidental death benefits, pursuant to section 14 of
44 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving
45 spouse or domestic partner will not be considered terminated by the
46 marriage of, or establishment of a domestic partnership by, the
47 surviving spouse subsequent to the member's death.

1 u. (1) "Compensation" for purposes of computing pension
2 contributions means the base salary, for services as a member as
3 defined in this act, which is in accordance with established salary
4 policies of the State for all employees in the same position but shall
5 not include individual salary adjustments which are granted
6 primarily in anticipation of the member's retirement or additional
7 remuneration for performing temporary duties beyond the regular
8 workday or shift.

9 (2) In the case of a person who becomes a member of the
10 retirement system on or after the effective date of P.L. ,
11 c. (pending before the legislature as this bill), "compensation"
12 means the amount of base salary equivalent to the annual maximum
13 wage contribution base for Social Security, pursuant to the Federal
14 Insurance Contributions Act, for services as a member as defined in
15 this act, which is in accordance with established salary policies of
16 the State for all employees in the same position but shall not include
17 individual salary adjustments which are granted primarily in
18 anticipation of the member's retirement or additional remuneration
19 for performing temporary duties beyond the regular workday or
20 shift.

21 (cf: P.L.2003, c.246, s.46)

22
23 24. N.J.S.18A:66-19 is amended to read as follows:

24 18A:66-19. The annuity savings fund shall be the fund in which
25 shall be credited accumulated deductions and contributions by
26 members or on their behalf to provide for their allowances.

27 A single account shall be established in this fund for each person
28 who is or shall become a member and all contributions deducted
29 from each such member's compensation shall be credited to **[his]**
30 this single account **[regardless of the number of positions a member**
31 **might hold or the number of employers he might have].**

32 (cf: P.L.1971, c. 121, s. 9)

33
34 25. (New section) a. Notwithstanding the provisions of any law
35 to the contrary, after the effective date of P.L. , c. (pending
36 before the Legislature as this bill), a person who is or becomes a
37 member of the Teachers' Pension and Annuity Fund and becomes
38 employed in more than one office, position, or employment covered
39 by the retirement system or commences service in a covered office,
40 position, or employment with more than one employer shall be
41 eligible for membership in the retirement system based upon only
42 one of the offices, positions, or employments held concurrently. In
43 the case of a person who holds more than one office, position, or
44 employment covered by the retirement system, the retirement
45 system shall designate the position providing the higher or highest
46 compensation for the person with such concurrent positions as the
47 basis for eligibility for membership and the compensation base for
48 contributions and pension calculations.

1 b. Contributions shall be deducted only from the member's
2 compensation for the office, position, or employment designated
3 pursuant to subsection a. of this section and shall be credited to the
4 member's single account established pursuant to N.J.S.18A:66-19.
5 The designation by the retirement system of one office, position, or
6 employment upon which membership in the retirement system shall
7 be based shall be irrevocable as between or among the offices,
8 positions, or employments held at the time the designation is made
9 as long as the designated position is the one with the higher or
10 highest compensation. A member who leaves a designated office,
11 position, or employment, or acquires a different or additional office,
12 position, or employment, may receive a new designation by the
13 retirement system from among the offices, positions, or
14 employments then held. Service in an office, position, or
15 employment other than the one designated shall not be deemed
16 creditable service for the purposes of the retirement system.

17 c. The provisions of subsections a. and b. of this section shall
18 not apply to a person who, on the effective date of
19 P.L. , c. (pending before the Legislature as this bill), is a
20 member of the retirement system and holds more than one office,
21 position, or employment covered by the retirement system with one
22 or more employers, while the member continues to hold without a
23 break in service more than one of those offices, positions, or
24 employments. Any additional office, position, or employment
25 acquired by the member shall not be deemed creditable service for
26 the purposes of the retirement system and no designation for that
27 member shall be made until only one of the offices, positions, or
28 employments held on the effective date remains.

29
30 26. Section 25 of P.L.1954, c.84 (C.43:15A-25) is amended to
31 read as follows:

32 25. a. The annuity savings fund shall be the fund in which shall
33 be credited accumulated deductions and contributions by members
34 or on their behalf to provide for their allowances. A single account
35 shall be established in this fund for each person who is or shall
36 become a member and all contributions deducted from each such
37 member's compensation shall be credited to **【his】 this single**
38 **account 【regardless of the number of positions a member might**
39 **hold or the number of employers as he might have】.**

40 b. (1) Members enrolled in the retirement system on or after
41 July 1, 1994 shall contribute 5% of compensation to the system.
42 Members enrolled in the system prior to July 1, 1994 shall
43 contribute 5% of compensation to the system effective with the
44 payroll period for which the beginning date is closest to July 1,
45 1995, provided, however, that any member enrolled before July 1,
46 1994, whose full contribution rate under the system prior to the
47 revisions by this act was less than 6%, shall pay 4% of
48 compensation to the system effective with the payroll period for

1 which the beginning date is closest to July 1, 1995, and 5% of
2 compensation to the system effective with the payroll period for
3 which the beginning date is closest to July 1, 1996.

4 (2) Members enrolled in the retirement system on or after July
5 1, 2007 who are:

6 employees of the State, other than employees of the Judicial
7 Branch;

8 employees of an independent State authority, board, commission,
9 corporation, agency or organization;

10 employees of a local school district, regional school district,
11 county vocational school district, county special services school
12 district, jointure commission, educational services commission,
13 State-operated school district, charter school, county college, any
14 officer, board, or commission under the authority of the
15 Commissioner of Education or of the State Board of Education, and
16 any other public entity which is established pursuant to authority
17 provided by Title 18A of the New Jersey Statutes; or

18 employees of a State public institution of higher education, other
19 than employees of the University of Medicine and Dentistry of New
20 Jersey shall contribute 5.5% of compensation to the system, and all
21 such members described above enrolled in the system prior to July
22 1, 2007 shall contribute 5.5% of compensation to the system
23 effective with the payroll period for which the beginning date is
24 closest to July 1, 2007.

25 Members enrolled in the retirement system on or after July 1,
26 2008, other than those described in the paragraph above, shall
27 contribute 5.5% of compensation to the system. Members enrolled
28 in the system prior to July 1, 2008, other than those described in the
29 paragraph above, shall contribute 5.5% of compensation to the
30 system effective with the payroll period that begins immediately
31 after July 1, 2008.

32 c. The retirement system shall certify to each State department
33 or subdivision thereof, and to each branch of the State service not
34 included in a State department, and to every other employer, the
35 proportion of each member's compensation to be deducted and to
36 facilitate the making of deductions the retirement system may
37 modify the deduction required by a member by such an amount as
38 shall not exceed 1/10 of 1% of the compensation upon the basis of
39 which the deduction is to be made.

40 If payment in full, representing the monthly or biweekly
41 transmittal and report of salary deductions, is not made within 15
42 days of the due date established by the retirement system, interest at
43 the rate of 6% per annum shall commence to run against the total
44 transmittal of salary deductions for the period on the first day after
45 such fifteenth day.

46 d. Every employee to whom this act applies shall be deemed to
47 consent and agree to any deduction from his compensation required
48 by this act and to all other provisions of this act. Notwithstanding

1 any other law, rule or regulation affecting the salary, pay,
2 compensation, other perquisites, or tenure of a person to whom this
3 act applies, or shall apply, and notwithstanding that the minimum
4 salary, pay, or compensation or other perquisites provided by law
5 for him shall be reduced thereby, payment, less such deductions,
6 shall be a full and complete discharge and acquittance of all claims
7 and demands for service rendered by him during the period covered
8 by such payment.

9 (cf: P.L.2007, c.103, s.2)

10

11 27. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to
12 read as follows:

13 1. Members of the Legislature commencing service on or after
14 the effective date of sections 1 through 19 of P.L.2007, c.92
15 (C.43:15C-1 through C.43:15C-15, C.43:3C-9, C.43:15A-7,
16 C.43:15A-75 and C.43:15A-135) shall not be eligible for
17 membership in the retirement system based on service in that
18 elective office. A member of the Legislature enrolled in the
19 retirement system as of that effective date who continues to hold
20 office as a member of the Legislature without a break in service
21 shall be eligible to continue membership in the retirement system
22 under the terms and conditions of the member's enrollment, except
23 that during service in the Legislature, a legislator shall be a member
24 of the retirement system on the basis of only one position of service
25 in an elected office or of employment with a participating employer,
26 as designated by the retirement system pursuant to section 28 of
27 P.L. , c. (C.)(pending before the Legislature as this bill).

28 (cf: P.L.2007, c.92, s.19)

29

30 28. (New section) a. Notwithstanding the provisions of any law
31 to the contrary, after the effective date of P.L. , c. (pending
32 before the Legislature as this bill), a person who is or becomes a
33 member of the Public Employees' Retirement System and becomes
34 employed in more than one office, position, or employment covered
35 by the retirement system or commences service in a covered office,
36 position, or employment with more than one employer shall be
37 eligible for membership in the retirement system based upon only
38 one of the offices, positions, or employments held concurrently. In
39 the case of a person who holds more than one office, position, or
40 employment covered by the retirement system, the retirement
41 system shall designate the position providing the higher or highest
42 compensation for the person with such concurrent positions as the
43 basis for eligibility for membership and the compensation base for
44 contributions and pension calculations.

45 b. Contributions shall be deducted only from the member's
46 compensation for the office, position, or employment designated
47 pursuant to subsection a. of this section and shall be credited to the
48 member's single account established pursuant to section 25 of

1 P.L.1954, c.84 (C.43:15A-25), or in the case of an eligible member
2 of the Legislature, the legislative account established pursuant to
3 section 2 of P.L.1972, c.167 (C.43:15A-136). The designation by
4 the retirement system of one office, position or employment upon
5 which membership in the retirement system shall be based shall be
6 irrevocable as between or among the offices, positions, or
7 employments held at the time the designation is made as long as the
8 designated position is the one with the higher or highest
9 compensation. A member who leaves a designated office, position,
10 or employment or acquires a different or additional office, position,
11 or employment, may receive a new designation by the retirement
12 system from among the offices, positions, or employments then
13 held. Service in an office, position, or employment other than the
14 one designated shall not be deemed creditable service for the
15 purposes of the retirement system.

16 c. The provisions of subsections a. and b. of this section shall
17 not apply to a person who, on the effective date of
18 P.L. , c. (pending before the Legislature as this bill), is a
19 member of the retirement system and holds more than one office,
20 position, or employment covered by the retirement system with one
21 or more employers, while the member continues to hold without a
22 break in service more than one of those offices, positions, or
23 employments. Any additional office, position, or employment
24 acquired by the member shall not be deemed creditable service for
25 the purposes of the retirement system and no designation for that
26 member shall be made until only one of the offices, positions, or
27 employments held on the effective date remains.

28

29 29. Section 5 of P.L.1997, c.113 (C.43:3C-9.5) is amended to
30 read as follows:

31 5. a. For purposes of this section, a "non-forfeitable right to
32 receive benefits" means that the benefits program, for any employee
33 for whom the right has attached, cannot be reduced. The provisions
34 of this section shall not apply to post-retirement medical benefits
35 which are provided pursuant to law.

36 b. Vested members of the Teachers' Pension and Annuity Fund,
37 the Judicial Retirement System, the Prison Officers' Pension Fund,
38 the Public Employees' Retirement System, the Consolidated Police
39 and Firemen's Pension Fund, the Police and Firemen's Retirement
40 System, and the State Police Retirement System, upon the
41 attainment of five years of service credit in the retirement system or
42 fund or on the date of enactment of this bill, whichever is later,
43 shall have a non-forfeitable right to receive benefits as provided
44 under the laws governing the retirement system or fund upon the
45 attainment of five years of service credit in the retirement system or
46 fund or on the effective date of this act, whichever is later. This
47 subsection shall not be applicable to a person who becomes a
48 member of these systems or funds on or after the effective date of

1 P.L. , c. (pending before the Legislature as this bill), except that
2 such person shall not include a person who at the time of enrollment
3 in the retirement system or fund on or after that effective date
4 transfers service credit, as permitted, from another State-
5 administered retirement system or fund of which the person was a
6 member immediately prior to the effective date and continuously
7 thereafter, but shall include a former member of the retirement
8 system or fund who has been granted a retirement allowance and is
9 reenrolled in the retirement system or fund on or after that effective
10 date after becoming employed again in a position that makes the
11 person eligible to be a member of the retirement system.

12 c. The State shall make an annual normal contribution and an
13 annual unfunded accrued liability contribution to each system or
14 fund pursuant to standard actuarial practices authorized by law,
15 unless both of the following conditions are met: (1) there is no
16 existing unfunded accrued liability contribution due to the system
17 or fund at the close of the valuation period applicable to the
18 upcoming fiscal year; and (2) there are excess valuation assets in
19 excess of the actuarial accrued liability of the system or fund at the
20 close of the valuation period applicable to the upcoming fiscal year.

21 d. This act shall not be construed to preclude forfeiture,
22 suspension or reduction in benefits for dishonorable service.

23 e. Except as expressly provided herein and only to the extent
24 so expressly provided, nothing in this act shall be deemed to (1)
25 limit the right of the State to alter, modify or amend such retirement
26 systems and funds, or (2) create in any member a right in the corpus
27 or management of a retirement system or pension fund.

28 (cf: P.L.1997, c.113, s.5)

29

30 30. (New section) a. Notwithstanding any other provision of
31 law to the contrary, a person who commences service in an
32 employment, office or position that makes the person eligible to be
33 a member of the Teachers' Pension and Annuity Fund, the Judicial
34 Retirement System, the Public Employees' Retirement System, the
35 Police and Firemen's Retirement System, or the State Police
36 Retirement System, or a member of the retirement system with less
37 than 10 years of service credit, shall have the option to choose
38 either to be enrolled in the relevant retirement system or enrolled in
39 the Defined Contribution Retirement Program established pursuant
40 to P.L.2007, c.92 (C.43:15C-1 et al.) with regard to that particular
41 employment, office, or position by irrevocably waiving all rights
42 and benefits which would otherwise be provided by the relevant
43 retirement system.

44 b. When a member of the Teachers' Pension and Annuity Fund,
45 the Judicial Retirement System, the Public Employees' Retirement
46 System, the Police and Firemen's Retirement System, or the State
47 Police Retirement System elects to transfer to the Defined
48 Contribution Retirement Program by filing the proper application

1 form declaring the election to participate in the program, the
2 respective retirement system shall transfer the amount of all of the
3 member's accumulated deductions standing to the credit of the
4 member in the annuity savings fund, plus regular interest, less any
5 outstanding loan, except that no interest shall be payable in the case
6 of a member who has less than three years of membership credit for
7 which the member has made contributions. The interest payable
8 shall be such proportion of the interest determined at the regular
9 rate of 2% per annum bears to the regular rate of interest.

10 c. Notwithstanding any other provision of law to the contrary,
11 a person who commences service in an employment, office, or
12 position that makes the person eligible to be a member or
13 participant of the Teachers' Pension and Annuity Fund, the Judicial
14 Retirement System, the Public Employees' Retirement System, the
15 Police and Firemen's Retirement System, the State Police
16 Retirement System, the Alternate Benefit Program, or the Defined
17 Contribution Program, or a member or participant of the retirement
18 system or program with less than 10 years of service credit, shall
19 have the option to choose to not enroll or to withdraw from
20 enrollment in the relevant retirement system or program with regard
21 to that particular employment, office, or position by irrevocably
22 waiving all rights and benefits which would otherwise be provided
23 by the relevant retirement system or program. All relevant
24 provisions of law with regard to withdrawals from a retirement
25 system or program shall be applicable to such a withdrawal.

26

27 31. Section 2 of P.L.2001, c.366 (C.43:15A-156) is amended to
28 read as follows:

29 2. a. Notwithstanding the provisions of any other law,
30 prosecutors shall be members of the Prosecutors Part, established
31 pursuant to P.L.2001, c.366 (C.43:15A-155 et seq.), of the Public
32 Employees' Retirement System, established pursuant to P.L.1954,
33 c.84 (C.43:15A-1 et seq.), if enrolled in the part prior to the
34 effective date of P.L. , c. (pending before the Legislature as this
35 bill), and shall be subject to the same membership and benefit
36 provisions as State employees, except as provided by P.L.2001,
37 c.366. Membership in the retirement system shall be a condition of
38 employment for service as a prosecutor for a prosecutor enrolled in
39 the part prior to the effective date of P.L. , c. (pending before
40 the Legislature as this bill). Any service credit which has been
41 established in the Public Employees' Retirement System by a
42 prosecutor prior to the effective date of this act shall be established
43 in the Prosecutors Part without further assessment of cost to the
44 prosecutor; provided, however, any service credit which has been
45 established in the Public Employees' Retirement System by a
46 member of the retirement system in any position prior to service as
47 a county prosecutor, nominated and appointed pursuant to Article
48 VII, Section II, paragraph 1 of the New Jersey Constitution, shall be

1 established in the Prosecutors Part without further assessment of
2 cost to the prosecutor.

3 A prosecutor who becomes a member of the retirement system
4 on or after the effective date of P.L. , c. (pending before the
5 Legislature as this bill) shall not be a member of the Prosecutors
6 Part and the provisions of P.L.2001, c.366 (C.43:15A-155 et seq.)
7 shall not apply to such prosecutor or the prosecutor's beneficiary.

8 b. All outstanding obligations, such as loans, purchases and
9 other arrearage, shall be satisfied by a prosecutor as previously
10 scheduled for payment to the Public Employees' Retirement
11 System.

12 (cf: P.L.2003, c.140, s.1)

13

14 32. Section 16 of P.L.1964, c.241 (C.43:16A-11.1) is amended
15 to read as follows:

16 16. a. Should a member resign after having established 25 years
17 of creditable service, he may elect "special retirement," provided,
18 that such election is communicated by such member to the
19 retirement system by filing a written application, duly attested,
20 stating at what time subsequent to the execution and filing thereof
21 he desires to be retired. He shall receive, in lieu of the payment
22 provided in section 11, a retirement allowance which shall consist
23 of:

24 (1) An annuity which shall be the actuarial equivalent of his
25 aggregate contributions, and

26 (2) A pension in the amount which, when added to the
27 member's annuity, will provide a total retirement allowance of 65%
28 of his final compensation, plus 1% of his final compensation
29 multiplied by the number of years of creditable service over 25 but
30 not over 30]; or, beginning in the fiscal year immediately following
31 the adoption of the valuation report by the retirement system board
32 of trustees in which the funded level is in excess of 104%, a pension
33 in the amount which, when added to the member's annuity, will
34 provide a total retirement allowance of 70% of final compensation,
35 plus 1% of final compensation multiplied by the number of years of
36 creditable service over 25 but not over 30]; provided, however, that
37 any member who has earned, prior to July 1, 1979, more than 30
38 years of creditable service, shall receive an additional 1% of his
39 final compensation for each year of his creditable service over 30.

40 The board of trustees shall retire him at the time specified or at
41 such other time within one month after the date so specified as the
42 board finds advisable.

43 Upon the receipt of proper proofs of the death of such a retired
44 member, there shall be paid to his beneficiary an amount equal to
45 one-half of the final compensation received by the member.

46 b. The "special retirement" allowance payable under subsection
47 a. of this section to any person who retired under the retirement
48 system prior to December 20, 1989 shall be increased by an amount

1 equal to 5% of the person's final compensation or by such lesser
2 amount as would, if added to the allowance payable at the time of
3 retirement, provide a total retirement allowance of 70% of final
4 compensation, except that in the case of such a retirant who retired
5 on or after July 1, 1979 and had earned prior to that date more than
6 30 years of creditable service, the amount of the increase shall be
7 equal to 5% of the person's final compensation irrespective of the
8 total retirement allowance which such an increase would provide.
9 The provisions of this subsection shall not be construed either to
10 require a reduction in the retirement allowance payable to any
11 retirant or to provide for the payment of any adjustment in such an
12 allowance with respect to any period of time prior to the first day of
13 the month following that effective date.

14 (cf: P.L.2003, c.108, s.2)

15

16 33. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to
17 read as follows:

18 15. (1) The contributions required for the support of the
19 retirement system shall be made by members and their employers.

20 (2) The uniform percentage contribution rate for members shall
21 be 8.5% of compensation.

22 (3) (Deleted by amendment, P.L.1989, c.204).

23 (4) Upon the basis of the tables recommended by the actuary
24 which the board adopts and regular interest, the actuary shall
25 compute annually, beginning as of June 30, 1991, the amount of
26 contribution which shall be the normal cost as computed under the
27 projected unit credit method attributable to service rendered under
28 the retirement system for the year beginning on July 1 immediately
29 succeeding the date of the computation. This shall be known as the
30 "normal contribution."

31 (5) (Deleted by amendment, P.L.1989, c.204).

32 (6) (Deleted by amendment, P.L.1994, c.62.)

33 (7) Each employer shall cause to be deducted from the salary of
34 each member the percentage of earnable compensation prescribed in
35 subsection (2) of this section. To facilitate the making of
36 deductions, the retirement system may modify the amount of
37 deduction required of any member by an amount not to exceed 1/10
38 of 1% of the compensation upon which the deduction is based.

39 (8) The deductions provided for herein shall be made
40 notwithstanding that the minimum salary provided for by law for
41 any member shall be reduced thereby. Every member shall be
42 deemed to consent and agree to the deductions made and provided
43 for herein, and payment of salary or compensation less said
44 deduction shall be a full and complete discharge and acquittance of
45 all claims and demands whatsoever for the service rendered by such
46 person during the period covered by such payment, except as to the
47 benefits provided under this act. The chief fiscal officer of each
48 employer shall certify to the retirement system in such manner as

1 the retirement system may prescribe, the amounts deducted; and
2 when deducted shall be paid into said annuity savings fund, and
3 shall be credited to the individual account of the member from
4 whose salary said deduction was made.

5 (9) With respect to employers other than the State, upon the
6 basis of the tables recommended by the actuary which the board
7 adopts and regular interest, the actuary shall compute the amount of
8 the accrued liability as of June 30, 1991 under the projected unit
9 credit method, which is not already covered by the assets of the
10 retirement system, valued in accordance with the asset valuation
11 method established in this section. Using the total amount of this
12 unfunded accrued liability, the actuary shall compute the initial
13 amount of contribution which, if the contribution is increased at a
14 specific rate and paid annually for a specific period of time, will
15 amortize this liability. The State Treasurer shall determine, upon
16 the advice of the Director of the Division of Pensions and Benefits,
17 the board of trustees and the actuary, the rate of increase for the
18 contribution and the time period for full funding of this liability,
19 which shall not exceed 40 years on initial application of this section
20 as amended by this act, P.L.1994, c.62. This shall be known as the
21 "accrued liability contribution." Any increase or decrease in the
22 unfunded accrued liability as a result of actuarial losses or gains for
23 the 10 valuation years following valuation year 1991 shall serve to
24 increase or decrease, respectively, the unfunded accrued liability
25 contribution. Thereafter, any increase or decrease in the unfunded
26 accrued liability as a result of actuarial losses or gains for
27 subsequent valuation years shall serve to increase or decrease,
28 respectively, the amortization period for the unfunded accrued
29 liability, unless an increase in the amortization period will cause it
30 to exceed 30 years. If an increase in the amortization period as a
31 result of actuarial losses for a valuation year would exceed 30 years,
32 the accrued liability contribution shall be computed for the
33 valuation year in the same manner provided for the computation of
34 the initial accrued liability contribution under this section.

35 With respect to the State, upon the basis of the tables
36 recommended by the actuary which the board adopts and regular
37 interest, the actuary shall annually determine if there is an amount
38 of the accrued liability, computed under the projected unit credit
39 method, which is not already covered by the assets of the retirement
40 system, valued in accordance with the asset valuation method
41 established in this section. This shall be known as the "unfunded
42 accrued liability." If there was no unfunded accrued liability for the
43 valuation period immediately preceding the current valuation
44 period, the actuary, using the total amount of this unfunded accrued
45 liability, shall compute the initial amount of contribution which, if
46 the contribution is increased at a specific rate and paid annually for
47 a specific period of time, will amortize this liability. The State
48 Treasurer shall determine, upon the advice of the Director of the

1 Division of Pensions and Benefits, the board of trustees and the
2 actuary, the rate of increase for the contribution and the time period
3 for full funding of this liability, which shall not exceed 30 years.
4 This shall be known as the "accrued liability contribution."
5 Thereafter, any increase or decrease in the unfunded accrued
6 liability as a result of actuarial losses or gains for subsequent
7 valuation years shall serve to increase or decrease, respectively, the
8 amortization period for the unfunded accrued liability, unless an
9 increase in the amortization period will cause it to exceed 30 years.
10 If an increase in the amortization period as a result of actuarial
11 losses for a valuation year would exceed 30 years, the accrued
12 liability contribution shall be computed for the valuation year in the
13 same manner provided for the computation of the initial accrued
14 liability contribution under this section. The State may pay all or
15 any portion of its unfunded accrued liability under the retirement
16 system from any source of funds legally available for the purpose,
17 including, without limitation, the proceeds of bonds authorized by
18 law for this purpose.

19 The value of the assets to be used in the computation of the
20 contributions provided for under this section for valuation periods
21 shall be the value of the assets for the preceding valuation period
22 increased by the regular interest rate, plus the net cash flow for the
23 valuation period (the difference between the benefits and expenses
24 paid by the system and the contributions to the system) increased by
25 one half of the regular interest rate, plus 20% of the difference
26 between this expected value and the full market value of the assets
27 as of the end of the valuation period. This shall be known as the
28 "valuation assets." Notwithstanding the first sentence of this
29 paragraph, the valuation assets for the valuation period ending June
30 30, 1995 shall be the full market value of the assets as of that date
31 and, with respect to the valuation assets allocated to the State, shall
32 include the proceeds from the bonds issued pursuant to the "Pension
33 Bond Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et
34 seq.), paid to the system by the New Jersey Economic Development
35 Authority to fund the unfunded accrued liability of the system.
36 Notwithstanding the first sentence of this paragraph, the percentage
37 of the difference between the expected value and the full market
38 value of the assets to be added to the expected value of the assets
39 for the valuation period ending June 30, 1998 for the State shall be
40 100% and for other employers shall be 57% plus such additional
41 percentage as is equivalent to \$150,000,000. Notwithstanding the
42 first sentence of this paragraph, the amount of the difference
43 between the expected value and the full market value of the assets
44 to be added to the expected value of the assets for the valuation
45 period ending June 30, 1999 shall include an additional amount of
46 the market value of the assets sufficient to fund (1) the unfunded
47 accrued liability for the supplementary "special retirement"
48 allowances provided under subsection b. of section 16 of P.L.1964,

1 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the
2 full credit toward benefits under the retirement system for service
3 credited in the Public Employees' Retirement System and
4 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)
5 and the reimbursement of the cost of any credit purchase pursuant
6 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under
7 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

8 "Excess valuation assets" means, with respect to the valuation
9 assets allocated to the State, the valuation assets allocated to the
10 State for a valuation period less the actuarial accrued liability of the
11 State for the valuation period, and beginning with the valuation
12 period ending June 30, 1998, less the present value of the expected
13 additional normal cost contributions attributable to the provisions of
14 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the
15 active members employed by the State as of the valuation period
16 over the expected working lives of the active members in
17 accordance with the tables of actuarial assumptions applicable to
18 the valuation period, and less the present value of the expected
19 additional normal cost contributions attributable to the provisions of
20 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
21 (C.43:16A-11.1) payable on behalf of the active members employed
22 by the State as of the valuation period over the expected working
23 lives of the active members in accordance with the tables of
24 actuarial assumptions applicable to the valuation period, if the sum
25 is greater than zero. "Excess valuation assets" means, with respect
26 to the valuation assets allocated to other employers, the valuation
27 assets allocated to the other employers for a valuation period less
28 the actuarial accrued liability of the other employers for the
29 valuation period, excluding the unfunded accrued liability for early
30 retirement incentive benefits pursuant to P.L.1993, c.99 for the
31 other employers, and beginning with the valuation period ending
32 June 30, 1998, less the present value of the expected additional
33 normal cost contributions attributable to the provisions of P.L.1999,
34 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active
35 members employed by other employers as of the valuation period
36 over the expected working lives of the active members in
37 accordance with the tables of actuarial assumptions applicable to
38 the valuation period, and less the present value of the expected
39 additional normal cost contributions attributable to the provisions of
40 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
41 (C.43:16A-11.1) payable on behalf of the active members employed
42 by other employers as of the valuation period over the expected
43 working lives of the active members in accordance with the tables
44 of actuarial assumptions applicable to the valuation period, if the
45 sum is greater than zero.

46 If there are excess valuation assets allocated to the State or to the
47 other employers for the valuation period ending June 30, 1995, the
48 normal contributions payable by the State or by the other employers

1 for the valuation periods ending June 30, 1995, and June 30, 1996
2 which have not yet been paid to the retirement system shall be
3 reduced to the extent possible by the excess valuation assets
4 allocated to the State or to the other employers, respectively,
5 provided that with respect to the excess valuation assets allocated to
6 the State, the General Fund balances that would have been paid to
7 the retirement system except for this provision shall first be
8 allocated as State aid to public schools to the extent that additional
9 sums are required to comply with the May 14, 1997 decision of the
10 New Jersey Supreme Court in *Abbott v. Burke*.

11 If there are excess valuation assets allocated to the other
12 employers for the valuation period ending June 30, 1998, the
13 accrued liability contributions payable by the other employers for
14 the valuation period ending June 30, 1997 shall be reduced to the
15 extent possible by the excess valuation assets allocated to the other
16 employers.

17 If there are excess valuation assets allocated to the State or to the
18 other employers for a valuation period ending after June 30, 1998,
19 the State Treasurer may reduce the normal contribution payable by
20 the State or by other employers for the next valuation period as
21 follows:

22 (1) for valuation periods ending June 30, 1996 through June 30,
23 2000, to the extent possible by up to 100% of the excess valuation
24 assets allocated to the State or to the other employers, respectively;

25 (2) for the valuation period ending June 30, 2001, to the extent
26 possible by up to 84% of the excess valuation assets allocated to the
27 State or to the other employers, respectively;

28 (3) for the valuation period ending June 30, 2002, to the extent
29 possible by up to 68% of the excess valuation assets allocated to the
30 State or to the other employers, respectively; and

31 (4) for valuation periods ending June 30, 2003 through June 30,
32 2007, to the extent possible by up to 50% of the excess valuation
33 assets allocated to the State or to the other employers, respectively.

34 Notwithstanding the discretion provided to the State Treasurer in
35 the previous paragraph to reduce the amount of the normal
36 contribution payable by employers other than the State, the State
37 Treasurer shall reduce the amount of the normal contribution
38 payable by employers other than the State by \$150,000,000 in the
39 aggregate for the valuation period ending June 30, 1998, and then
40 the State Treasurer may reduce further pursuant to the provisions of
41 the previous paragraph the normal contribution payable by such
42 employers for that valuation period.

43 **【**As of the valuation report in which the funded level is in excess
44 of 104%, an amount equal to the present value of the future normal
45 contributions for the benefits provided by P.L.2003, c.108 as
46 amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be
47 credited to the benefit enhancement fund. If there are excess
48 valuation assets after reductions in normal contributions as

1 authorized in the preceding paragraphs, for a valuation period
2 beginning with the valuation period in which the benefits provided
3 by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by
4 P.L.2003, c.108 apply, an amount of excess valuation assets not to
5 exceed the amount of the member contributions for the fiscal year
6 in which the normal contributions are payable shall be credited to
7 the benefit enhancement fund. The amount of excess valuation
8 assets credited to the benefit enhancement fund shall not exceed the
9 present value of the expected additional normal and accrued
10 liability contributions attributable to the provisions of section 16 of
11 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,
12 payable on behalf of the active members over the expected working
13 lives of the active members in accordance with the tables of
14 actuarial assumptions for the valuation period. No additional
15 excess valuation assets shall be credited to the benefit enhancement
16 fund after the maximum amount is attained. Interest shall be
17 credited to the benefit enhancement fund.

18 The normal and accrued liability contributions for the increased
19 benefits for active employees under section 16 of P.L.1964, c.241
20 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid
21 from the benefit enhancement fund. If assets in the benefit
22 enhancement fund are insufficient to pay the normal and accrued
23 liability contributions for the increased benefits for a valuation
24 period, the retirement system shall pay the amount of normal and
25 accrued liability contributions for the increased benefits not covered
26 by assets from the benefit enhancement fund.】

27 The normal and accrued liability contributions shall be certified
28 annually by the retirement system and shall be included in the
29 budget of the employer and levied and collected in the same manner
30 as any other taxes are levied and collected for the payment of the
31 salaries of members.

32 Notwithstanding the preceding sentence, the normal and accrued
33 liability contributions to be included in the budget of and paid by
34 the employer other than the State shall be as follows: for the
35 payment due in the State fiscal year ending on June 30, 2004, 20%
36 of the amount certified by the retirement system; for the payment
37 due in the State fiscal year ending on June 30, 2005, a percentage of
38 the amount certified by the retirement system as the State Treasurer
39 shall determine but not more than 40%; for the payment due in the
40 State fiscal year ending on June 30, 2006, a percentage of the
41 amount certified by the retirement system as the State Treasurer
42 shall determine but not more than 60%; and for the payment due in
43 the State fiscal year ending on June 30, 2007, a percentage of the
44 amount certified by the retirement system as the State Treasurer
45 shall determine but not more than 80%.

46 The State Treasurer shall reduce the normal and accrued liability
47 contributions payable by employers other than the State to 50
48 percent of the amount certified annually by the retirement system

1 for payments due in the State fiscal year ending June 30, 2009. An
2 employer that elects to pay the reduced normal and accrued liability
3 contribution shall adopt a resolution, separate and apart from other
4 budget resolutions, stating that the employer needs to pay the
5 reduced contribution and providing an explanation of that need
6 which shall include (1) a description of its inability to meet the levy
7 cap without jeopardizing public safety, health, and welfare or
8 without jeopardizing the fiscal stability of the employer, or (2) a
9 description of another condition that offsets the long term fiscal
10 impact of the payment of the reduced contribution. An employer
11 also shall document those actions it has taken to reduce its
12 operating costs, or provide a description of relevant anticipated
13 circumstances that could have an impact on revenues or
14 expenditures. This resolution shall be submitted to and approved by
15 the Local Finance Board after making a finding that these fiscal
16 conditions are valid and affirming the findings contained in the
17 employer resolution.

18 An employer that elects to pay 100 percent of the amount
19 certified by the retirement system for the State fiscal year ending
20 June 30, 2009 shall be credited with such payment and any such
21 amounts shall not be included in the employer's unfunded liability.

22 The actuaries for the retirement system shall determine the
23 unfunded liability of the retirement system, by employer, for the
24 reduced normal and accrued liability contributions provided under
25 P.L.2009, c.19. This unfunded liability shall be paid by the
26 employer in level annual payments over a period of 15 years
27 beginning with the payments due in the State fiscal year ending
28 June 30, 2012 and shall be adjusted by the rate of return on the
29 actuarial value of assets.

30 The retirement system shall annually certify to each employer
31 the contributions due to the contingent reserve fund for the liability
32 under P.L.2009, c.19. The contributions certified by the retirement
33 system shall be paid by the employer to the retirement system on or
34 before the date prescribed by law for payment of employer
35 contributions for basic retirement benefits. If payment of the full
36 amount of the contribution certified is not made within 30 days
37 after the last date for payment of employer contributions for basic
38 retirement benefits, interest at the rate of 10% per year shall be
39 assessed against the unpaid balance on the first day after the
40 thirtieth day.

41 (10) The treasurer or corresponding officer of the employer shall
42 pay to the State Treasurer no later than April 1 of the State's fiscal
43 year in which payment is due the amount so certified as payable by
44 the employer, and shall pay monthly to the State Treasurer the
45 amount of the deductions from the salary of the members in the
46 employ of the employer, and the State Treasurer shall credit such
47 amount to the appropriate fund or funds, of the retirement system.

1 If payment of the full amount of the employer's obligation is not
2 made within 30 days of the due date established by this act, interest
3 at the rate of 10% per annum shall commence to run against the
4 unpaid balance thereof on the first day after such 30th day.

5 If payment in full, representing the monthly transmittal and
6 report of salary deductions, is not made within 15 days of the due
7 date established by the retirement system, interest at the rate of 10%
8 per annum shall commence to run against the total transmittal of
9 salary deductions for the period on the first day after such 15th day.

10 (11) The expenses of administration of the retirement system
11 shall be paid by the State of New Jersey. Each employer shall
12 reimburse the State for a proportionate share of the amount paid by
13 the State for administrative expense. This proportion shall be
14 computed as the number of members under the jurisdiction of such
15 employer bears to the total number of members in the system. The
16 pro rata share of the cost of administrative expense shall be
17 included with the certification by the retirement system of the
18 employer's contribution to the system.

19 (12) Notwithstanding anything to the contrary, the retirement
20 system shall not be liable for the payment of any pension or other
21 benefits on account of the employees or beneficiaries of any
22 employer participating in the retirement system, for which reserves
23 have not been previously created from funds, contributed by such
24 employer or its employees for such benefits.

25 (13) (Deleted by amendment, P.L.1992, c.125.)

26 (14) Commencing with valuation year 1991, with payment to be
27 made in Fiscal Year 1994, the Legislature shall annually
28 appropriate and the State Treasurer shall pay into the pension
29 accumulation fund of the retirement system an amount equal to
30 1.1% of the compensation of the members of the system for the
31 valuation year to fund the benefits provided by section 16 of
32 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

33 (15) If the valuation assets are insufficient to fund the normal
34 and accrued liability costs attributable to P.L.1999, c.428
35 (C.43:16A-15.8 et al.) as provided hereinabove, the normal and
36 unfunded accrued liability contributions required to fund these costs
37 for the State and other employers shall be paid by the State.

38 (16) The savings realized as a result of the amendments to this
39 section by P.L.2001, c.44 in the payment of normal contributions
40 computed by the actuary for the valuation periods ending June 30,
41 1998 for employers other than the State shall be used solely and
42 exclusively by a county or municipality for the purpose of reducing
43 the amount that is required to be raised by the local property tax
44 levy by the county for county purposes or by the municipality for
45 municipal purposes, as appropriate. The Director of the Division of
46 Local Government Services in the Department of Community
47 Affairs shall certify for each year that each county or municipality
48 has complied with the requirements set forth herein. If the director

1 finds that a county or municipality has not used the savings solely
2 and exclusively for the purpose of reducing the amount that is
3 required to be raised by the local property tax levy by the county for
4 county purposes or by the municipality for municipal purposes, as
5 appropriate, the director shall direct the county or municipal
6 governing body, as appropriate, to make corrections to its budget.
7 (cf: P.L.2009, c.19, s.2)

8
9 34. Section 16 of P.L.1944, c.255 (C.43:16A-16) is amended to
10 read as follows:

11 16. (1) All the assets of the retirement system shall be credited
12 according to the purpose for which they are held to one of five
13 funds, namely, the annuity savings fund, the pension accumulation
14 fund, the retirement reserve fund, and the special reserve fund¹, and
15 the benefit enhancement fund².

16 (2) The annuity savings fund shall be a fund in which shall be
17 credited accumulated contributions by members or on their behalf
18 to provide for their allowances. The aggregate contributions of a
19 member withdrawn by him or paid to his estate or his designated
20 beneficiary in event of his death as provided in this act shall be paid
21 from the annuity savings fund. Upon the retirement of a member
22 where the aggregate contributions of the member are to be provided
23 in the form of an annuity, the aggregate contributions of the
24 member shall be transferred from the annuity savings fund to the
25 retirement reserve fund.

26 (3) The pension accumulation fund shall be the fund in which
27 shall be credited contributions made by employers. Upon the death
28 of a member either before or after retirement any lump sum benefit
29 payable shall be charged to the pension accumulation fund. Upon
30 the retirement or death of a member the reserve of any pension
31 payable to or on his account shall be transferred to the retirement
32 reserve fund. The retirement system at the end of each fiscal year
33 shall allow interest on the balance of the retirement reserve fund as
34 of the beginning of said fiscal year at the regular interest rate
35 applicable thereto to cover the interest creditable for the year. The
36 amount so allowed shall be due and payable and shall be credited
37 annually. All other income received on the securities, funds and
38 investments of the retirement system shall be credited to the
39 pension accumulation fund, except as provided by subsection (5) of
40 this section. The retirement system, upon the advice of the actuary,
41 shall transfer to and from the pension accumulation fund any
42 surplus or deficit in the retirement reserve fund.

43 (4) The retirement reserve fund shall be the fund from which all
44 retirement allowances and benefits in lieu thereof shall be paid. If
45 the retirement allowance of a member who has been retired is
46 subsequently canceled, the appropriate reserve shall be transferred
47 to the pension accumulation fund and the annuity savings fund.

1 (5) The special reserve fund shall be the fund to which any
2 earnings in excess of the amounts annually allowed under the
3 provisions of subsection (3) of this section shall be transferred. No
4 additional amounts shall be credited to the special reserve fund at
5 any time when the total accumulations in such fund equal 1% of the
6 book value of the investments of the retirement system. In this
7 event, any such excess shall be credited to the pension accumulation
8 fund. All losses from the sale of securities shall be charged against
9 the special reserve fund. The special reserve fund shall be
10 considered for valuation purposes by the actuary as an asset of the
11 retirement system.

12 (cf: P.L.2003, c.108, s.4)

13

14 35. (New section) The provision of N.J.S.18A:66-2,
15 N.J.S.18A:66-36, N.J.S.18A:66-37, N.J.S.18A:66-44, N.J.S.
16 18A:66-71 as amended by P.L. , c. (pending before the
17 Legislature as this bill) concerning persons who become members
18 of the retirement system on or after the effective date of P.L. ,
19 c. (pending before the Legislature as this bill) shall not apply to a
20 person who at the time of enrollment in the retirement system on or
21 after that effective date transfers service credit, as permitted, from
22 another State-administered retirement system of which the person
23 was a member immediately prior to the effective date and
24 continuously thereafter, but shall apply to a former member of the
25 retirement system who has been granted a retirement allowance and
26 is reenrolled in the retirement system on or after that effective date
27 after becoming employed again in a position that makes the person
28 eligible to be a member of the retirement system.

29

30 36. (New section) The provision of section 6 of P.L.1954, c.84
31 (C.43:15A-6), section 38 of P.L.1954, c.84 (C.43:15A-38), section
32 41 of P.L.1954, c.84 (C.43:15A-41), section 48 of P.L.1954, c.84
33 (C.43:15A-48), section 61 of P.L.1954, c.84 (C.43:15A-61) as
34 amended by P.L. , c. (pending before the Legislature as this bill)
35 concerning persons who become members of the retirement system
36 on or after the effective date of P.L. , c. (pending before the
37 Legislature as this bill) shall not apply to a person who at the time
38 of enrollment in the retirement system on or after that effective date
39 transfers service credit, as permitted, from another State-
40 administered retirement system of which the person was a member
41 immediately prior to the effective date and continuously thereafter,
42 but shall apply to a former member of the retirement system who
43 has been granted a retirement allowance and is reenrolled in the
44 retirement system on or after that effective date after becoming
45 employed again in a position that makes the person eligible to be a
46 member of the retirement system.

1 37. (New section) The provision of section 1 of P.L.1944, c.255
2 (C.43:16A-1) as amended by P.L. , c. (pending before the
3 Legislature as this bill) concerning persons who become members
4 of the retirement system on or after the effective date of P.L. ,
5 c. (pending before the Legislature as this bill) shall not apply to a
6 person who at the time of enrollment in the retirement system on or
7 after that effective date transfers service credit , as permitted, from
8 another State-administered retirement system of which the person
9 was a member immediately prior to the effective date and
10 continuously thereafter, but shall apply to a former member of the
11 retirement system who has been granted a retirement allowance and
12 is reenrolled in the retirement system on or after that effective date
13 after becoming employed again in a position that makes the person
14 eligible to be a member of the retirement system.

15

16 38. (New section) The provision of section 3 of P.L.1965, c.89
17 (C.53:5A-3) as amended by P.L. , c. (pending before the
18 Legislature as this bill) concerning persons who become members
19 of the retirement system on or after the effective date of P.L. ,
20 c. (pending before the Legislature as this bill) shall not apply to a
21 person who at the time of enrollment in the retirement system on or
22 after that effective date transfers service credit, as permitted, from
23 another State-administered retirement system of which the person
24 was a member immediately prior to the effective date and
25 continuously thereafter, but shall apply to a former member of the
26 retirement system who has been granted a retirement allowance and
27 is reenrolled in the retirement system on or after that effective date
28 after becoming employed again in a position that makes the person
29 eligible to be a member of the retirement system.

30

31 39. (New section) Commencing July 1, 2011 and thereafter, the
32 contribution required, by law, to be made by the State to the
33 Teachers' Pension and Annuity Fund, established pursuant to
34 N.J.S.18A:66-1 et seq., the Judicial Retirement System, established
35 pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison Officers'
36 Pension Fund, established pursuant to P.L.1941, c.220 (C.43:7-7 et
37 seq.), the Public Employees' Retirement System, established
38 pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the Consolidated
39 Police and Firemen's Pension Fund, established pursuant to
40 R.S.43:16-1 et seq., the Police and Firemen's Retirement System,
41 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), and
42 the State Police Retirement System, established pursuant to
43 P.L.1965, c.89 (C.53:5A-1 et seq.), shall be made in full each year
44 to each system or fund in the manner and at the time provided by
45 law. The contribution shall be computed by actuaries for each
46 system or fund based on an annual valuation of the assets and
47 liabilities of the system or fund pursuant to consistent and generally
48 accepted actuarial standards and shall include the normal

1 contribution and the unfunded accrued liability contribution. The
2 State with regard to its obligations funded through the annual
3 appropriations act shall be in compliance with this requirement
4 provided the State makes a payment, to each State-administered
5 retirement system or fund, of at least 1/7th of the full contribution,
6 as computed by the actuaries, in the State fiscal year commencing
7 July 1, 2011 and a payment in each subsequent fiscal year that
8 increases by at least an additional 1/7th until payment of the full
9 contribution is made in the seventh fiscal year and thereafter.

10
11 40. This act shall take effect on the 60th day following
12 enactment.

13 14 15 STATEMENT

16 17 Sections 1-7:

18 These sections implement Recommendation 1 of the Joint
19 Legislative Committee on Public Employee Benefits Reform set
20 forth in the final report dated December 1, 2006. The committee
21 recommended “the enactment of legislation to limit eligibility for
22 defined benefit plans to full-time employees”, with all new part-
23 time employees, new elected officials and new full-time appointed
24 officials having membership in a defined contribution pension plan.

25 The bill shifts the basis for membership in the Teachers’ Pension
26 and Annuity Fund (TPAF) and the Public Employees’ Retirement
27 System (PERS) from the amount of compensation to the number of
28 hours worked weekly. After its effective date, any person in public
29 employment for which the hours of work are fixed at fewer than 35
30 per week for State employees or 32 for political subdivision
31 employees is ineligible to become a new member of PERS and at
32 fewer than 32 hours per week is ineligible to become a new member
33 of TPAF. When determining eligibility, hours during which a
34 person does not work due to the person’s participation in a
35 voluntary or mandatory furlough program will not be deducted in
36 determining if a person’s hours of work are fixed at fewer than 35
37 or 32 per week, as appropriate, for the purpose of eligibility.

38 Persons ineligible for TPAF or PERS because the hours of work
39 are fewer than required for PERS or TPAF membership may be
40 eligible for enrollment in the Defined Contribution Retirement
41 Program, whose membership compensation threshold the bill
42 increases to \$5,000 from \$1,500.

43 44 Sections 8-13:

45 These sections implement Recommendation 3 of the Joint
46 Legislative Committee on Public Employee Benefits Reform set
47 forth in the final report dated December 1, 2006 to reduce the
48 benefits formula for new members of the Public Employees’

1 Retirement System (PERS) and the Teachers' Annuity and Pension
2 Fund (TPAF) by changing from 1/55 to 1/60 the multiplier of the
3 number of years of service in the calculation of a member's
4 retirement allowance. The committee noted that this
5 recommendation is consistent with other recommendations aimed at
6 reducing the long-term costs of the defined benefit retirement
7 systems to ensure their fiscal stability and the fiscal stability of the
8 State and local public employers funding those costs.

9 In 2001, legislation enhanced the PERS and TPAF benefits for
10 members and retirees by 9% with a change of the multiplier from
11 1/60 to 1/55. Veterans and disability benefits were similarly
12 enhanced. These sections return the multiplier for PERS and TPAF
13 to 1/60 and the other benefits to their pre-2001 level, except for
14 veterans and disability benefits, for persons who become members
15 of PERS or TPAF after the bill is enacted.

16

17 Sections 7, 14-19, and 22-23:

18 These sections implement Recommendation 4 of the Joint
19 Legislative Committee on Public Employee Benefits Reform set
20 forth in the final report dated December 1, 2006. The committee
21 recommended "a cap on pensionable salary at the Social Security
22 maximum wage contribution limit under the Federal Insurance
23 Contributions Act (FICA). ... Employees with annual compensation
24 in excess of the Social Security maximum would be eligible for
25 membership in the defined contribution program .. with regard to
26 only that excess compensation. The legislation should apply
27 prospectively to all new employees who become members of the
28 State-administered retirement system, except the Judicial
29 Retirement System (JRS), after the enactment of legislation." The
30 committee stated that it "believes that this proposal should help
31 control escalating retirement system costs." P.L.2007, c.103
32 implemented this recommendation for the Public Employees'
33 Retirement System (PERS) and the Teachers' Pension and Annuity
34 Fund (TPAF).

35 This bill imposes a maximum compensation upon which
36 contributions will be made for Police and Firemen's Retirement
37 System (PFRS) and State Police Retirement System (SPRS)
38 purposes for police officers, firefighters, and State Police officers
39 who become members of those systems on or after the bill's
40 effective date. The maximum amount will be the amount of base
41 salary equivalent to the annual maximum wage contribution base
42 for Social Security, pursuant to the federal Insurance Contributions
43 Act. For 2010, that amount is \$106,800. A new member for whom
44 this annual maximum will be reached in any year will become a
45 participant of the Defined Contribution Retirement Program
46 (DCRP) with regard to the remaining compensation, unless the
47 member irrevocably elects to waive the participation. For the
48 amount of compensation over the maximum compensation, 5.5%

1 will be deducted as a contribution for the purposes of the DCRP.
2 When a PFRS or SPRS member also becomes a participant in the
3 DCRP, the life insurance and disability benefit provisions of that
4 program will be available for that participant.
5

6 Sections 20-23:

7 These sections implement Recommendation 5 of the Joint
8 Legislative Committee on Public Employee Benefits Reform set
9 forth in the final report dated December 1, 2006. The committee
10 recommended “the enactment of legislation to change the pension
11 benefits calculation from the three highest paid years to the five
12 highest paid years or from the single highest paid year to the three
13 highest paid years, as appropriate.” The committee recommended
14 that the legislation apply to new employees who become members
15 of the State-administered retirement systems, except the Judicial
16 Retirement System, after the enactment of the legislation. The
17 committee stated that “its recommendation is consistent with other
18 recommendations aimed at reducing the long-term costs of the
19 defined benefit retirement systems to ensure their fiscal stability
20 and the fiscal stability of the State and local public employers
21 funding those costs.”

22 This bill changes the definition of compensation to be used to
23 calculate retirement benefits for members of the Public Employees’
24 Retirement System (PERS), Teachers’ Pension and Annuity Fund
25 (TPAF), Police and Firemen’s Retirement System (PFRS), and
26 State Police Retirement System (SPRS), who become members
27 after the bill’s effective date, as well as to calculate, in certain
28 cases, pension benefits for surviving family members, when
29 available, and death benefit payments to beneficiaries.

30 The bill provides that a member of the TPAF or PERS who is
31 enrolled in the retirement system after the enactment date, would
32 have the member’s retirement allowance calculated using the
33 average annual compensation for the last five years of service or for
34 any five fiscal years of membership providing the largest possible
35 benefit to the member or the member’s beneficiary. A member
36 enrolled in the systems before the effective date would continue to
37 have the member’s allowance calculated in the manner provided by
38 existing law using the average annual compensation for the last
39 three years of service or for any three fiscal years of membership
40 providing the largest possible benefit to the member or the
41 member’s beneficiary.

42 The bill also changes the provisions of the PFRS and SPRS to
43 provide that a member who is enrolled in one of these retirement
44 systems after the effective date would have the member’s retirement
45 allowance calculated using the average annual compensation
46 received by the member during any three fiscal years of
47 membership providing the largest possible benefit. A member of
48 the system before the effective date would continue to have the

1 member's allowance calculated in the manner provided by existing
2 law using the compensation in the final year of service.

3 The bill would affect the calculation of a family member's
4 pension benefit, when such a benefit is available, and the amount of
5 a death benefit to a beneficiary whenever current law provides for
6 the use of final compensation or final salary, as those terms are
7 redefined by the bill, for the purpose of that calculation. In some
8 instances, the current law provides that the calculations for benefits
9 be based on the compensation or salary received in the last year of
10 service or at the time of death; in these instances, there would be no
11 change as a result of this bill.

12

13 Sections 24-28:

14 These sections implement Recommendation 6 of the Joint
15 Legislative Committee on Public Employee Benefits Reform set forth
16 in the final report dated December 1, 2006. The committee
17 recommended "the enactment of legislation to require the designation
18 of one position per employee for both the PERS or TPAF" and that the
19 "legislation should apply to new full-time employees who become
20 members of PERS or TPAF after the bill's enactment and who must
21 select one job for defined benefit credit." The committee noted that
22 "although a person holding multiple positions does contribute to the
23 retirement system for each position, the potential for abuse and the
24 difficulty in preventing it make the one-position requirement a
25 necessary reform."

26 For the purposes of the Public Employees' Retirement System and
27 the Teachers' Pension and Annuity Fund, this bill provides that a
28 person shall be eligible for membership in the retirement system based
29 upon only one position and requires the retirement system to designate
30 the position providing the higher or highest compensation for the
31 person with such concurrent positions as the basis for eligibility for
32 membership and the compensation base for contributions and pensions
33 calculations. A member who leaves a designated position or acquires
34 a different or additional position will receive a new designation by the
35 retirement system, if appropriate. These provisions will not apply to a
36 person who on the effective date of the bill is a member of the
37 retirement system and holds more than one office, position, or
38 employment covered by the retirement system with one or more
39 employers, while the member continues to hold without a break in
40 service more than one of those offices, positions, or employment.

41 Under the bill, contributions would be deducted only from the
42 member's compensation for the position designated, and for the
43 purpose of calculating the member's retirement benefit, only that
44 compensation would be considered. Service in a position other than
45 the one designated will not be deemed creditable service for the
46 purposes of the retirement system.

1 Section 29:

2 This section implements Recommendation 7 of the Joint
3 Legislative Committee on Public Employee Benefits Reform set
4 forth in the final report dated December 1, 2006. The committee
5 recommended “the repeal on a prospective basis for new employees
6 of N.J.S.A.43:3C-9.5 ... because the Legislature should not be
7 permanently and inextricably bound by an action of a prior session
8 of the Legislature.”

9 The bill would remove public employees who become members
10 after the bill’s effective date of the Teachers’ Pension and Annuity
11 Fund, the Judicial Retirement System, the Prison Officers’ Pension
12 Fund, the Public Employees’ Retirement System, the Consolidated
13 Police and Firemen’s Pension Fund, the Police and Firemen’s
14 Retirement System, and the State Police Retirement System from
15 the law that provides vested members with a non-forfeitable right to
16 receive benefits, as provided under the laws governing the
17 retirement system or fund, upon the attainment of five years of
18 service credit in the retirement system or fund.

19

20 Section 30:

21 This section implements Recommendation 9 of the Joint
22 Legislative Committee on Public Employee Benefits Reform set
23 forth in the final report dated December 1, 2006. The committee
24 recommended that legislation be enacted “to give all non-vested
25 employees the option of entering into a defined contribution
26 program ... and should apply to all current and future public
27 employees.”

28 This bill permits a person who commences service in a position
29 that makes the person eligible to be a member of the Teachers’
30 Pension and Annuity Fund, the Judicial Retirement System, the
31 Public Employees’ Retirement System, the Police and Firemen’s
32 Retirement System, or the State Police Retirement System, or a
33 person already enrolled but with less than 10 years of service credit,
34 to choose either to be enrolled in the relevant retirement system or
35 enrolled in the Defined Contribution Retirement Program
36 established pursuant to N.J.S.A.43:15C-1 et al. with regard to that
37 particular position by irrevocably waiving all rights and benefits
38 which would otherwise be provided by the relevant retirement
39 system.

40 In addition, this bill would permit a person commencing service,
41 or with less than 10 years of service credit, to choose to withdraw
42 entirely from enrollment in any State-administered retirement
43 system. In this regard, the bill exceeds the recommendation, but
44 serves the recommendation’s goal by providing a person with the
45 flexibility to choose a course most consistent with his or her
46 personal situation and financial goals while also reducing the costs
47 to public employers.

1 Section 31:

2 This bill implements Recommendation 12 of the Joint
3 Legislative Committee on Public Employee Benefits Reform set
4 forth in the final report dated December 1, 2006. The committee
5 recommended “the enactment of legislation to close the PERS
6 Prosecutors Part ... prospectively to new members.” The committee
7 recommended “an end to special benefits within the Public
8 Employees’ Retirement System for selected groups of public
9 employees and officials. ... This recommendation would standardize
10 pension benefits for public employees with similar job functions.”

11 This bill closes the Prosecutors Part of the Public Employees’
12 Retirement System (PERS) to new members. The Prosecutors Part
13 was added to PERS in 2001. With the enactment of this bill, all
14 prosecutors taking office after the bill’s effective date will be
15 enrolled in the “regular” PERS system, except that a county
16 prosecutor who is appointed by the Governor with the advice and
17 consent of the Senate will be enrolled in the Defined Contribution
18 Retirement System. “Prosecutor” is defined in the law as a county
19 prosecutor, first assistant prosecutor or assistant prosecutor; the
20 Director of the Division of Criminal Justice in the Department of
21 Law and Public Safety; an assistant director, deputy director,
22 assistant attorney general or deputy attorney general in that
23 department and assigned to that division; or a criminal investigator
24 in the Division of Criminal Justice in the Department of Law and
25 Public Safety who is not eligible for enrollment in the Police and
26 Firemen's Retirement System.

27

28 Section 32-34:

29 These section implement Recommendation 14 of the Joint
30 Legislative Committee on Public Employee Benefits Reform set
31 forth in the final report dated December 1, 2006. The committee
32 recommended “the enactment of legislation to repeal this
33 prospective benefit enhancement, and the corresponding benefit
34 enhancement fund, effective immediately. This recommendation
35 would result in significant cost savings for the State and local
36 public employers.”

37 The bill eliminates the provision in the PFRS that would permit a
38 member of the Police and Firemen’s Retirement System to retire, at
39 any age after 25 years of service credit, on a special retirement
40 allowance of 70% of final compensation after the retirement system
41 reaches a funded level of 104%.

42

43 Sections 35-38:

44 These sections provide that, with regard to any provision of this
45 bill made applicable to a person who becomes a member of a State-
46 administered retirement system on or after the bill’s effective date,
47 that provision would not apply to a person who at the time of
48 enrollment in the retirement system on or after that effective date

1 transfers service credit, as permitted, from another State-
2 administered retirement system or fund of which the person was a
3 member immediately prior to the effective and continuously
4 thereafter, but would apply to a former member of the retirement
5 system who has been granted a retirement allowance and is
6 reenrolled in the retirement system on or after that effective date
7 after becoming employed again in a position that makes the person
8 eligible to be a member of the retirement system. These sections
9 are in line with recent prior enactments in this regard.

10

11 Section 39:

12 This section of the bill requires the State, beginning July 1, 2011,
13 to make in full the annual employer's contribution, as computed by
14 the actuaries, to the Teachers' Pension and Annuity Fund, the
15 Judicial Retirement System, the Prison Officers' Pension Fund, the
16 Public Employees' Retirement System, the Consolidated Police and
17 Firemen's Pension Fund, the Police and Firemen's Retirement
18 System, and the State Police Retirement System. The State would
19 be in compliance with this requirement provided the State makes a
20 payment, to each State-administered retirement system or fund, of
21 at least 1/7th of the full contribution, as computed by the actuaries,
22 in the State fiscal year commencing July 1, 2011 and makes a
23 payment in each subsequent fiscal year that increases by at least an
24 additional 1/7th until payment of the full contribution is made in the
25 seventh fiscal year and thereafter. This phase-in is for the purpose
26 of allowing the State to make gradual adjustments to the annual
27 appropriations act.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2461

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably on Assembly, No. 2461.

The bill makes a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the enrollment waiver, the prosecutor's part of the Public Employees' Retirement System (PERS), special retirement under the Police and Firemen's Retirement System (PFRS) and employer contributions to the pension systems.

Specifically, the bill provides that:

1) new members in the Teachers' Pension and Annuity Fund (TPAF) and the PERS will be eligible only if their hours of work are 35 or more per week for State employees and 32 or more per week for political subdivision employees. Persons not eligible for TPAF or PERS because the hours of work are fewer than required may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP); the membership compensation threshold for the DCRP is increased to \$5,000 from \$1,500.

2) the multiplier for retirement calculation purposes, other than for veterans' and disability benefits, for new PERS and TPAF members will be changed from 1/55 to 1/60, the pre-2001 level.

3) maximum compensation upon which contributions will be made for PFRS and State Police Retirement System (SPRS) purposes for new police officers, firefighters, and State Police officers who become members of those systems will be the amount of base salary equivalent to the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act, with a member becoming a participant of the DCRP with regard to any amount over the maximum

4) the retirement allowance for a new member of the TPAF or PERS will be calculated using the average annual compensation for the highest five years of service as opposed to using the current average for the three highest years of service, and for a new member of the PFRS and SPRS will be calculated using the average annual compensation for the three highest years of service as opposed to using the current compensation in the final year of service.

5) a person will be eligible for membership in the PERS or TPAF based upon only one position of several that may be held concurrently and requires the retirement system to designate the position providing the higher compensation as the basis for membership, contributions, and pensions calculations.

6) new members of the TPAF, the Judicial Retirement System (JRS), the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS will not have a non-forfeitable right to receive benefits upon the attainment of five years of service credit.

7) a person who commences service in a position that makes the person eligible to be a member of the TPAF, the JRS, the PERS, the PFRS, or the SPRS, or a person already enrolled but with less than 10 years of service credit, may choose either to be enrolled in the relevant retirement system or enrolled in the DCRP, or to choose to withdraw entirely from enrollment in any State-administered retirement system.

8) the Prosecutors Part of the PERS will be closed to new members.

9) the benefit enhancement in the PFRS that would permit a member of the PFRS to retire, at any age after 25 years of service credit, on a special retirement allowance of 70 percent of final compensation after the retirement system reaches a funded level of 104 percent is to be eliminated.

10) the State, beginning July 1, 2011, is to make in full the annual employer's contribution, as computed by the actuaries, to the TPAF, the JRS, the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter.

This bill is identical to Senate Bill No. 2, as also reported by the committee.

FISCAL IMPACT:

The Department of the Treasury estimates that the provisions of this bill, excluding the provision that permits the State to phase-in the payment of its full annual contribution to the various State-administered retirement systems, will reduce the actuarially required contribution to the State-administered retirement systems by the State and local employers by \$13.2 million in FY 2013, \$25.3 million in FY 2014, and \$40.9 million in FY 2015. The cumulative State and local savings from FY 2013 to FY 2026 are projected to total \$1.6 billion and \$1.16 billion, respectively, excluding any associated phase-in

savings. The actuaries of the retirement systems were not able to estimate the fiscal impact of the provision limiting PERS and TPAF membership to full time employment because the database of the Division of Pensions and Benefits does not maintain hours worked by members. Consequently, the population that would be impacted by this provision could not be ascertained.

In addition, the Department of the Treasury indicates that the provision of this bill requiring the State to make its full annual pension contribution, phased-in over seven years, will result in a payment by the State of at least \$540.3 million in FY 2012, \$1.156 billion in FY 2013, and \$1.884 billion in FY 2014. The State's full contribution for these fiscal years are estimated to be \$3.477 billion for FY 2012, \$3.705 billion in FY 2013, and \$3.923 billion in FY 2014. This provision in the bill is designated as a State cost because the State has not made its full contribution in FY 2009 and FY 2010.

FISCAL NOTE
ASSEMBLY, No. 2461
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: APRIL 27, 2010

SUMMARY

- Synopsis:** Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.
- Type of Impact:** Expenditure Decrease: State General Fund; Local Government Funds; Boards of Education Funds.
- Agencies Affected:** Department of the Treasury; Local Government Entities; Boards of Education.

Executive Branch Estimate

<u>Fiscal Impact</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State Savings	\$12,400,000	\$16,600,000	\$22,500,000
Local Savings	\$800,000	\$8,700,000	\$18,400,000

* These numbers do not include the required contribution by the State that may be phased-in over seven years.

- The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- This bill makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.
- The Department of the Treasury estimates that this bill, excluding the provision that permits the State to phase-in over seven fiscal years the payment of its full annual contribution, will reduce the actuarially required contribution to the State-administered retirement systems for the State and local employers by \$13.2 million in State FY 2013, \$25.3 million in FY 2014 and \$40.9 million in FY 2015.
- In addition, the Department of the Treasury indicates that the provision of this bill requiring the State to make its full annual contribution, phased-in over seven years, will result in a payment by the State of at least \$540.3 million in State FY 2012, \$1.156 billion in FY 2013, and \$1.884 billion in FY 2014. This provision is designated as a State cost because the State has not made its full contribution in FY 2009 and 2010.

BILL DESCRIPTION

Assembly Bill No. 2461 of 2010 makes a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the enrollment waiver, the prosecutor's part of the Public Employees Retirement System (PERS), special retirement under the Police and Firemen's Retirement System (PFRS) and employer contributions to the pension systems.

Specifically, the bill provides that:

1) new members in the Teachers' Pension and Annuity Fund (TPAF) and the PERS will be eligible only if their hours of work are 35 or more per week for State employees and 32 or more per week for political subdivision employees. Persons not eligible for TPAF or PERS because the hours of work are fewer than required may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP). The membership compensation threshold for the DCRP is increased to \$5,000 from \$1,500.

2) the multiplier for retirement calculation purposes, other than for veterans and disability benefits, for new PERS and TPAF members will be changed from 1/55 to 1/60, the pre-2001 level.

3) maximum compensation upon which contributions will be made for PFRS and State Police Retirement System (SPRS) purposes for new police officers, firefighters, and State Police officers who become members of those systems will be the amount of base salary equivalent to the annual maximum wage contribution base for Social Security, pursuant to the federal Insurance Contributions Act, with a member becoming a participant of the DCRP with regard to any amount over the maximum.

4) the retirement allowance for a new member of the TPAF or PERS will be calculated using the average annual compensation for the highest five years of service as opposed to using the current average for the three highest years of service, and for a new member of the PFRS and SPRS will be calculated using the average annual compensation for the three highest years of service as opposed to using the current compensation in the final year of service.

5) a person will be eligible for membership in PERS or TPAF based upon only one position of several that may be held concurrently and requires the retirement system to designate the position providing the higher compensation as the basis for membership, contributions, and pensions calculations.

6) new members of the TPAF, the Judicial Retirement System (JRS), the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS will not have a non-forfeitable right to receive benefits upon the attainment of five years of service credit.

7) a person who commences service in a position that makes the person eligible to be a member of the TPAF, the JRS, the PERS, the PFRS, or the SPRS, or a person already enrolled but with less than 10 years of service credit, may choose either to be enrolled in the relevant retirement system or enrolled in the DCRP, or to choose to withdraw entirely from enrollment in any State-administered retirement system.

8) the Prosecutors Part of the PERS will be closed to new members.

9) the benefit enhancement in the PFRS that would permit a member of the PFRS to retire, at any age after 25 years of service credit, on a special retirement allowance of 70 percent of final compensation after the retirement system reaches a funded level of 104 percent is eliminated.

10) the State, beginning July 1, 2011, is to make in full the annual employer's contribution, as computed by the actuaries, to the TPAF, the JRS, the Prison Officers' Pension

Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Department of the Treasury estimates that the provisions of this bill, excluding the provision that permits the State to phase-in the payment of its full annual contribution to the various State-administered retirement systems, will reduce the actuarially required contribution to the State-administered retirement systems by the State and local employers by \$13.2 million in State FY 2013, \$25.3 million in FY 2014, and \$40.9 million in FY 2015. The cumulative State and local savings from FY 2013 to FY 2026 are projected to total \$1.6 billion and \$1.16 billion, respectively, excluding any associated phase-in savings. The actuaries of the retirement systems were not able to estimate the fiscal impact of the provision limiting PERS and TPAF membership to full time employment because the database of the Division of Pensions and Benefits does not maintain hours worked by members. Consequently, the population that would be impacted by this provision could not be ascertained.

In addition, the Department of the Treasury indicates that the provision of this bill requiring the State to make its full annual pension contribution, phased-in over seven years, will result in a payment by the State of at least \$540.3 million in State FY 2012, \$1.156 billion in FY 2013, and \$1.884 billion in FY 2014. The State's full contribution for these fiscal years are estimated to be \$3.477 billion for State FY 2012, \$3.705 billion in FY 2013, and \$3.923 billion in FY 2014. This provision in the bill is designated as a State cost because the State has not made its full contribution in State FY 2009 and 2010.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with Executive estimate. The OLS notes that the Executive estimate assumes that the State will make only the minimum required contribution during the phase-in period. The State may make its contributions in amounts that exceed the minimum.

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This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

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Mar. 22, 2010 - Statement by Governor Chris Christie on the Signing of Pension Reform Legislation

For Immediate Release:

Date: Monday, March 22, 2010

Contact: Michael Drewniak

609-777-2600

Trenton, NJ - Governor Chris Christie released the following statement upon signing S2, S3 and S4 into law:

"The passage of today's set of bills is a solid start to reforming our pension system and I applaud the Senate and Assembly Leadership and the entire bipartisan efforts of the legislature for taking this necessary first step. It is clear that our state can no longer afford a system that is rife with abuse, that promises substantial payouts with little buy-in, and that provides benefits that are wildly out of proportion with the private sector. The costs in the system remain dangerously out of balance and additional reforms are necessary to ensure the future solvency of the system. I will continue to work with stakeholders, the legislative leadership, and members of both parties to bring about additional reforms to fix the system in a responsible, fair and fiscally sound manner for New Jersey taxpayers."

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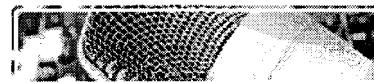
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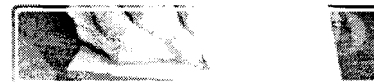
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