

SENATE, No. 2573

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:

Senator PETER A. INVERSO
District 14 (Mercer and Middlesex)
Senator ANTHONY R. BUCCO
District 25 (Morris)

Co-Sponsored by:

Senators Matheussen, Allen, Zane, Kosco and Cafiero

SYNOPSIS

Increases TPAF and PERS disability and veterans retirement benefits for active and retired employees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/4/2001)

S2573 INVERSO, BUCCO

2

1 AN ACT concerning the disability and veterans retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.).

6

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

9

10 1. N.J.S.18A:66-41 is amended to read as follows:

11 18A:66-41. A member upon retirement for ordinary disability shall
12 receive a retirement allowance which shall consist of:

13 (a) an annuity which shall be the actuarial equivalent of his
14 accumulated deductions at the time of his retirement together with
15 regular interest after January 1, 1956; and

16 (b) a pension in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of 1 1/2% of final
18 compensation multiplied by his number of years of creditable service;
19 and provided further, that in no event shall the allowance be less than
20 **[40%]** 43.6% of final compensation[, except that in no case shall the
21 rate of allowance exceed 9/10 of the rate of the regular service
22 retirement allowance which the member would have received had he
23 remained in service from the date of retirement to age 60].

24 Upon the receipt of proper proofs of the death of a member who
25 has retired on an ordinary disability retirement allowance, there shall
26 be paid to such member's beneficiary, an amount equal to 1 1/2 times
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable service
29 or in the year of the member's highest contractual salary, whichever is
30 higher; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation. The death benefits provided in this
33 section shall apply to any member who has retired or shall retire on or
34 after January 1, 1956.

35 (cf: P.L.1995, c.410, s.2)

36

37 2. (New section) The retirement allowance of each retiree under
38 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
39 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
40 before the Legislature as this bill) shall be increased from 40% to
41 43.6% of final compensation. The provisions of section 7 of
42 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
43 in retirement allowances provided by this section.

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 3. N.J.S.18A:66-42 is amended to read as follows:

2 18A:66-42. A member under 65 years of age upon retirement for
3 accidental disability shall receive a retirement allowance which shall
4 consist of:

5 (a) an annuity which shall be the actuarial equivalent of his
6 accumulated deductions at the time of his retirement together with
7 regular interest after January 1, 1956; and

8 (b) a pension in the amount which, when added to the member's
9 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
10 his actual annual compensation for which contributions were being
11 made at the time of the occurrence of the accident.

12 Upon the receipt of proper proofs of the death of a member who
13 has retired on an accidental disability retirement allowance, there shall
14 be paid to such member's beneficiary, an amount equal to 1 1/2 times
15 the compensation upon which contributions by the member to the
16 annuity savings fund were based in the last year of creditable service
17 or in the year of the member's highest contractual salary, whichever is
18 higher; provided, however, that if such death shall occur after the
19 member shall have attained age 60, the amount payable shall equal
20 3/16 of such compensation. The death benefits provided in this
21 section shall apply to any member who has retired or shall retire on or
22 after January 1, 1956.

23 (cf: P.L.1995, c.410, s.3)

24

25 4. (New section) The retirement allowance of each retiree under
26 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
27 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
28 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
29 of the actual annual compensation for which contributions were being
30 made at the time of the occurrence of the accident. The provisions of
31 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
32 increases in retirement allowances provided by this section.

33

34 5. (New section) The normal contribution for the increased benefits
35 for active members under N.J.S.18A:66-41 and N.J.S.18A:66-42 as
36 amended by sections 1 and 3 of P.L. , c. (now pending before the
37 Legislature as this bill) shall be paid from the benefit enhancement
38 fund established pursuant to N.J.S.18A:66-16. If there are excess
39 valuation assets after reductions in normal contributions and member
40 contributions, the amount of excess valuation assets credited to the
41 benefit enhancement fund shall include the present value of the
42 expected additional normal contributions attributable to the provisions
43 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
44 and 3 of P.L. , c. (now pending before the Legislature as this bill)
45 payable on behalf of the active members over the expected working
46 lives of the active members in accordance with the tables of actuarial

1 assumptions for the valuation period. No additional excess valuation
2 assets shall be credited to the benefit enhancement fund after the
3 maximum amount is attained. Interest shall be credited to the benefit
4 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
5 benefit enhancement fund are insufficient to pay the normal
6 contribution for the increased benefits for a valuation period, the State
7 shall pay the amount of normal contribution for the increased benefits
8 not covered by assets from the benefit enhancement fund.

9

10 6. N.J.S.18A:66-71 is amended to read as follows:

11 18A:66-71. a. Any public employee veteran member in office,
12 position or employment of this State or of a county, municipality, or
13 school district, board of education or other employer who (1) has or
14 shall have attained the age of 60 years and has or shall have been for
15 20 years continuously or in the aggregate in office, position or
16 employment of this State or of a county, municipality or school
17 district, board of education or other employer, or (2) has or shall have
18 attained the age of 55 years and has or shall have been for 25 years
19 continuously or in the aggregate in that office, position or
20 employment, shall have the privilege of retiring for service and of
21 receiving, instead of the retirement allowance provided under
22 N.J.S.18A:66-44, a retirement allowance of ~~one-half~~ 54.5% of the
23 compensation for which contributions are made during the 12-month
24 period of membership providing the largest possible benefit to the
25 member or the member's beneficiary.

26 b. (Deleted by amendment, P.L.1984, c.69.)

27 c. Any public employee veteran member who has been for 20
28 years in the aggregate in office, position or employment of this State
29 or of a county, municipality or school district, board of education or
30 other employer as of January 1, 1955, shall have the privilege of
31 retiring for ordinary disability and of receiving, instead of the
32 retirement allowance provided under N.J.S.18A:66-41, a retirement
33 allowance of one-half of the compensation received during the last
34 year of employment upon which contributions to the annuity savings
35 fund or contingent reserve fund are made. Such retirement shall be
36 subject to the provisions governing ordinary disability retirement in
37 N.J.S.18A:66-39 and N.J.S.18A:66-40.

38 d. Any public employee veteran member who shall be in office,
39 position or employment of this State or of a county, municipality,
40 school district, board of education or other employer and who shall
41 have attained 55 years of age and who has at least 35 years of
42 aggregate service credit in such office, position or employment, shall
43 have the privilege of retiring for service and receiving a retirement
44 allowance of 1/55 of the compensation he received during the last year
45 of employment upon which contributions to the annuity savings fund
46 or contingent reserve fund are made for each year of creditable

1 service.

2 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
3 the case of any member retiring under the provisions of subsections
4 a. and d. of this section and in the case of any member who has
5 previously retired under the provisions of subsection b. of this section
6 before said subsection was amended by [this act] P.L.1984, c.69. The
7 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
8 any member [retiring] retired under the provisions of subsection c. of
9 this section.

10 f. A member who purchases service credit pursuant to any
11 provision of the "Teachers' Pension and Annuity Fund Law"
12 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
13 of satisfying any of the service requirements of that act.
14 (cf: P.L.2001, c.133, s.7)

15
16 7. (New section) The retirement allowance of each retiree under
17 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
18 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
19 pending before the Legislature as this bill), shall be increased from
20 50% to 54.5% of the compensation for which contributions were made
21 during the 12-month period of membership providing the largest
22 possible benefit to the member or the member's beneficiary. The
23 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
24 applicable to the increases in retirement allowances provided by this
25 section.

26
27 8. (New section) The normal contribution for the increased
28 benefits for active members under subsection a. of N.J.S.18A:66-71 as
29 amended by section 6 of P.L. , c. (now pending before the
30 Legislature as this bill) shall be paid from the benefit enhancement
31 fund established pursuant to N.J.S.18A:66-16. If there are excess
32 valuation assets after reductions in normal contributions and member
33 contributions, the amount of excess valuation assets credited to the
34 benefit enhancement fund shall include the present value of the
35 expected additional normal contributions attributable to the provisions
36 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
37 P.L. , c. (now pending before the Legislature as this bill) payable
38 on behalf of the active members over the expected working lives of the
39 active members in accordance with the tables of actuarial assumptions
40 for the valuation period. No additional excess valuation assets shall
41 be credited to the benefit enhancement fund after the maximum
42 amount is attained. Interest shall be credited to the benefit
43 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
44 benefit enhancement fund are insufficient to pay the normal
45 contribution for the increased benefits for a valuation period, the State
46 shall pay the amount of normal contribution for the increased benefits

1 not covered by assets from the benefit enhancement fund.

2

3 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
4 as follows:

5 45. A member upon retirement for ordinary disability shall receive
6 a retirement allowance, which shall consist of:

7 a. An annuity which shall be the actuarial equivalent of his
8 accumulated deductions together with regular interest and

9 b. A pension in the amount which, when added to the member's
10 annuity, will provide a total retirement allowance of 1 1/2 % of final
11 compensation multiplied by his number of years of creditable service;
12 provided further, that in no event shall the allowance be less than
13 [40%] 43.6% of final compensation[, except that in no case shall the
14 rate of allowance exceed 9/10 of the rate of the regular service
15 retirement allowance which the member would have received had he
16 remained in service from the date of retirement to age 60].

17 c. Upon the receipt of proper proofs of the death of a member who
18 has retired on an ordinary disability retirement allowance, there shall
19 be paid to such member's beneficiary, an amount equal to 1 1/2 times
20 the compensation upon which contributions by the member to the
21 annuity savings fund were based in the last year of creditable service;
22 provided, however, that if such death shall occur after the member
23 shall have attained age 60, the amount payable shall equal 3/16 of
24 such compensation.

25 (cf: P.L.1971, c.213, s.19)

26

27 10. (New section) The retirement allowance of each retiree under
28 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
29 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
30 on the effective date of P.L. , c. (now pending before the
31 Legislature as this bill) shall be increased from 40% to 43.6% of final
32 compensation. The provisions of section 7 of P.L.1969, c.169
33 (C.43:3B-8) shall not be applicable to the increases in retirement
34 allowances provided by this section.

35

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

38 46. A member under 65 years of age upon retirement for accidental
39 disability shall receive a retirement allowance which shall consist of:

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

42 b. A pension, in the amount which, when added to the member's
43 annuity, will provide a total retirement allowance of [2/3] 72.7% of
44 his actual annual compensation for which contributions were being
45 made at the time of the occurrence of the accident.

46 c. Upon receipt of proper proofs of the death of a member who has

1 retired on an accidental disability retirement allowance, there shall be
2 paid to such member's beneficiary, an amount equal to 1 1/2 times
3 the compensation upon which contributions by the member to the
4 annuity savings fund were based in the last year of creditable service;
5 provided, however, that if such death shall occur after the member
6 shall have attained age 60, the amount payable shall equal 3/16 of
7 such compensation.

8 (cf: P.L.1971, c.213, s.20)

9

10 12. (New section) The retirement allowance of each retiree under
11 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
12 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
13 on the effective date of P.L. , c. (now pending before the
14 Legislature as this bill) shall be increased from 2/3 to 72.7% of the
15 actual annual compensation for which contributions were being made
16 at the time of the occurrence of the accident. The provisions of section
17 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
18 increases in retirement allowances provided by this section.

19

20 13. (New section) The normal contribution for the increased
21 benefits for active members under sections 45 and 46 of P.L.1954,
22 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
23 of P.L. , c. (now pending before the Legislature as this bill) shall
24 be paid from the benefit enhancement fund established pursuant to
25 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
26 valuation assets after reductions in normal contributions and member
27 contributions, the amount of excess valuation assets credited to the
28 benefit enhancement fund shall include the present value of the
29 expected additional normal contributions attributable to the provisions
30 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
31 as amended by sections 9 and 11 of P.L. , c. (now pending before
32 the Legislature as this bill) payable on behalf of the active members
33 over the expected working lives of the active members in accordance
34 with the tables of actuarial assumptions for the valuation period. No
35 additional excess valuation assets shall be credited to the benefit
36 enhancement fund after the maximum amount is attained. Interest
37 shall be credited to the benefit enhancement fund as provided under
38 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
39 enhancement fund are insufficient to pay the normal contribution for
40 the increased benefits for a valuation period, the State shall pay the
41 amount of normal contribution for the increased benefits not covered
42 by assets from the benefit enhancement fund.

43

44 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
45 read as follows:

46 61. a. (Deleted by amendment, P.L.1995, c.332.)

1 b. Any public employee veteran member in office, position or
2 employment of this State or of a county, municipality, public agency,
3 school district or board of education and who (1) shall have attained
4 ~~[62]~~ 60 years of age and who has 20 years of aggregate service credit
5 in such office, position or employment, or (2) shall have attained 55
6 years of age and who has 25 years of aggregate service credit in such
7 office, position or employment, shall have the privilege of retiring for
8 service and receiving, instead of the retirement allowance provided
9 under section 48 of this act, a retirement allowance of ~~[one-half]~~
10 54.5% of the compensation for which contributions are made during
11 the 12-month period of membership providing the largest possible
12 benefit to the member or the member's beneficiary.

13 c. Any public employee veteran member who has been for 20
14 years in the aggregate in office, position or employment of this State
15 or of a county, municipality, public agency, school district or board of
16 education as of January 2, 1955, shall have the privilege of retiring for
17 ordinary disability and of receiving, instead of the retirement allowance
18 provided under section 45 of this act, a retirement allowance of
19 one-half of the compensation received during the last year of
20 employment upon which contributions to the annuity savings fund or
21 contingent reserve fund are made. Such retirement shall be subject to
22 the provisions governing ordinary disability retirement in sections 42
23 and 44 of this act.

24 d. Any public employee veteran member who shall be in office,
25 position or employment of this State or of a county, municipality,
26 public agency, school district or board of education and who shall have
27 attained 55 years of age and who has at least 35 years of aggregate
28 service credit in such office, position or employment, shall have the
29 privilege of retiring for service and receiving a retirement allowance
30 of 1/55 of the compensation he received during the last year of
31 employment upon which contributions to the annuity savings fund or
32 contingent reserve fund are made for each year of creditable service.

33 e. The death benefit provided in section 48 shall apply in the case
34 of any member retiring under the provisions of subsections a., b. and
35 d. of this section. The death benefit provided in section 45 shall apply
36 in the case of any member ~~[retiring]~~ retired under the provisions of
37 subsection c. of this section.

38 f. The State shall be liable for any increased cost to local
39 government employers participating in the retirement system as a
40 result of the amendment of this section by P.L. , c. (now pending
41 before the Legislature as this bill), except as provided in section 16 of
42 P.L. , c. (now pending before the Legislature as this bill).

43 (cf: P.L.2001, c.133, s.14)

44

45 15. (New section) The retirement allowance of each retiree under
46 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the

1 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
2 (C.43:15A-50), on the effective date of P.L. , c. (now pending
3 before the Legislature as this bill) shall be increased from 50% to
4 54.5% of the compensation for which contributions were made during
5 the 12-month period of membership providing the largest possible
6 benefit to the member or the member's beneficiary. The provisions of
7 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
8 increases in retirement allowances provided by this section.

9
10 16. (New section) The normal contribution for the increased
11 benefits resulting from the increase in the percentage of compensation
12 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
13 as amended by section 14 of P.L. , c. (now pending before the
14 Legislature as this bill) shall be paid from the benefit enhancement
15 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
16 22). If there are excess valuation assets after reductions in normal
17 contributions and member contributions, the amount of excess
18 valuation assets credited to the benefit enhancement fund shall include
19 the present value of the expected additional normal contributions
20 attributable to the provisions of section 61 of P.L.1954, c.84
21 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
22 before the Legislature as this bill) payable on behalf of the active
23 members in accordance with the tables of actuarial assumptions for the
24 valuation period. No additional excess valuation assets shall be
25 credited to the benefit enhancement fund after the maximum amount
26 is attained. Interest shall be credited to the benefit enhancement fund
27 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
28 assets in the benefit enhancement fund are insufficient to pay the
29 normal contribution for the increased benefits for a valuation period,
30 the State shall pay the amount of normal contribution for the increased
31 benefits not covered by assets from the benefit enhancement fund.

32
33 17. This act shall take effect on the first day of the fourth month
34 after the date of enactment.

35
36
37 STATEMENT

38
39 This bill provides for an increase in the ordinary and accidental
40 retirement allowances, and the special veterans retirement allowance,
41 for members of the Teachers' Pension and Annuity Fund (TPAF) and
42 the Public Employees' Retirement System (PERS). The percentage
43 increase will be comparable to the increase provided under P.L.2001,
44 c.133 in the retirement allowance formulas of those retirement
45 systems. P.L.2001, c.133 increased TPAF and PERS service
46 retirement formulas, and veterans special retirement formulas for those

1 veterans with 35 or more years of service, by approximately 9.09
2 percent. Existing retirees, or their beneficiaries, will also receive this
3 percentage increase in their retirement allowances.

4 Specifically, the ordinary disability retirement allowances will
5 increase from a minimum of 40 percent to 43.6 percent of final
6 average compensation, and the accidental disability retirement
7 allowance will increase from 66.66 percent to 72.7 percent of the
8 actual annual compensation at the time of the accident. The TPAF
9 and PERS veterans special retirement allowances will increase from 50
10 percent to 54.5 percent of the compensation for the 12-month period
11 providing the largest possible benefit.

12 The additional annual employer normal contributions to TPAF and
13 PERS for this increase in the retirement allowances would be paid
14 from the benefit enhancement funds established by P.L.2001, c.133.
15 If the assets in these funds are insufficient to pay the normal
16 contribution, the State will pay the normal contribution not covered by
17 the assets. The unfunded liability created in TPAF and PERS will be
18 covered by excess valuation assets.

19 The bill also removes an inoperative provision of the law which
20 placed a cap on both ordinary and accidental disability retirement
21 allowances. This provision was preempted by the federal Older
22 Workers Benefit Protection Act.

23 Finally, the bill (1) reduces from 62 to 60 the age at which a veteran
24 member of the PERS with 20 years of aggregate service credit may
25 retire on the special veterans' retirement allowance, and (2) provides
26 that such a veteran member of PERS who is 55 years of age with 25
27 years of aggregate service credit may retire on the same special
28 veterans' retirement allowance. This change will create parity for
29 veteran members of the PERS with veteran members of the TPAF.
30 The State will be liable for any increased cost to local government
31 employers participating in the retirement system as a result of this
32 change.

SENATE, No. 2528

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Mercer)

SYNOPSIS

Increases TPAF and PERS ordinary and accidental disability retirement benefits for active members and retirees.

CURRENT VERSION OF TEXT

As introduced.



S2528 TURNER

2

1 AN ACT concerning disability retirement benefits under the Teachers'
2 Pension and Annuity Fund and the Public Employees' Retirement
3 System of New Jersey and amending and supplementing
4 N.J.S.18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.).
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

9 1. N.J.S.18A:66-41 is amended to read as follows:

10 18A:66-41. A member upon retirement for ordinary disability shall
11 receive a retirement allowance which shall consist of:

12 (a) an annuity which shall be the actuarial equivalent of his
13 accumulated deductions at the time of his retirement together with
14 regular interest after January 1, 1956; and

15 (b) a pension in the amount which, when added to the member's
16 annuity, will provide a total retirement allowance of 1 1/2% of final
17 compensation multiplied by his number of years of creditable service;
18 and provided further, that in no event shall the allowance be less than
19 **[40%]** 44% of final compensation**[, except that in no case shall the**
20 **rate of allowance exceed 9/10 of the rate of the regular service**
21 **retirement allowance which the member would have received had he**
22 **remained in service from the date of retirement to age 60]**.

23 Upon the receipt of proper proofs of the death of a member who
24 has retired on an ordinary disability retirement allowance, there shall
25 be paid to such member's beneficiary, an amount equal to 1 1/2 times
26 the compensation upon which contributions by the member to the
27 annuity savings fund were based in the last year of creditable service
28 or in the year of the member's highest contractual salary, whichever is
29 higher; provided, however, that if such death shall occur after the
30 member shall have attained age 60, the amount payable shall equal
31 3/16 of such compensation. The death benefits provided in this
32 section shall apply to any member who has retired or shall retire on or
33 after January 1, 1956.

34 (cf: P.L.1995, c.410, s.2)
35

36 2. N.J.S.18A:66-42 is amended to read as follows:

37 18A:66-42. A member under 65 years of age upon retirement for
38 accidental disability shall receive a retirement allowance which shall
39 consist of:

40 (a) an annuity which shall be the actuarial equivalent of his
41 accumulated deductions at the time of his retirement together with
42 regular interest after January 1, 1956; and

43 (b) a pension in the amount which, when added to the member's

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 annuity, will provide a total retirement allowance of [2/3] 73% of his
2 actual annual compensation for which contributions were being made
3 at the time of the occurrence of the accident.

4 Upon the receipt of proper proofs of the death of a member who
5 has retired on an accidental disability retirement allowance, there shall
6 be paid to such member's beneficiary, an amount equal to 1 1/2 times
7 the compensation upon which contributions by the member to the
8 annuity savings fund were based in the last year of creditable service
9 or in the year of the member's highest contractual salary, whichever is
10 higher; provided, however, that if such death shall occur after the
11 member shall have attained age 60, the amount payable shall equal
12 3/16 of such compensation. The death benefits provided in this
13 section shall apply to any member who has retired or shall retire on or
14 after January 1, 1956.

15 (cf: P.L.1995, c.410, s.3)

16

17 3. (New section) The normal contribution for the increased
18 benefits for active members under sections 1 and 2 of this act,
19 P.L. , c. (now pending before the Legislature as this bill), shall be
20 paid from the benefit enhancement fund established pursuant to
21 N.J.S.18A:66-16. If there are excess valuation assets after reductions
22 in normal contributions and member contributions, the amount of
23 excess valuation assets credited to the benefit enhancement fund shall
24 include the present value of the expected additional normal
25 contributions attributable to the provisions of sections 1 and 2 of this
26 act payable on behalf of the active members over the expected working
27 lives of the active members in accordance with the tables of actuarial
28 assumptions for the valuation period. No additional excess valuation
29 assets shall be credited to the benefit enhancement fund after the
30 maximum amount is attained. Interest shall be credited to the benefit
31 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
32 benefit enhancement fund are insufficient to pay the normal
33 contribution for the increased benefits for a valuation period, the State
34 shall pay the amount of normal contribution for the increased benefits
35 not covered by assets from the benefit enhancement fund.

36

37 4. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
38 as follows:

39 45. A member upon retirement for ordinary disability shall receive
40 a retirement allowance, which shall consist of:

41 a. An annuity which shall be the actuarial equivalent of his
42 accumulated deductions together with regular interest and

43 b. A pension in the amount which, when added to the member's
44 annuity, will provide a total retirement allowance of 1 1/2% of final
45 compensation multiplied by his number of years of creditable service;
46 provided further, that in no event shall the allowance be less than

1 [40%] 44% of final compensation[, except that in no case shall the
2 rate of allowance exceed 9/10 of the rate of the regular service
3 retirement allowance which the member would have received had he
4 remained in service from the date of retirement to age 60].

5 c. Upon the receipt of proper proofs of the death of a member who
6 has retired on an ordinary disability retirement allowance, there shall
7 be paid to such member's beneficiary, an amount equal to 1 1/2 times
8 the compensation upon which contributions by the member to the
9 annuity savings fund were based in the last year of creditable service;
10 provided, however, that if such death shall occur after the member
11 shall have attained age 60, the amount payable shall equal 3/16 of such
12 compensation.

13 (cf: P.L.1971, c.213, s.19)

14

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

17 46. A member under 65 years of age upon retirement for accidental
18 disability shall receive a retirement allowance which shall consist of:

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

21 b. A pension, in the amount which, when added to the member's
22 annuity, will provide a total retirement allowance of [2/3] 73% of his
23 actual annual compensation for which contributions were being made
24 at the time of the occurrence of the accident.

25 c. Upon receipt of proper proofs of the death of a member who has
26 retired on an accidental disability retirement allowance, there shall be
27 paid to such member's beneficiary, an amount equal to 1 1/2 times the
28 compensation upon which contributions by the member to the annuity
29 savings fund were based in the last year of creditable service;
30 provided, however, that if such death shall occur after the member
31 shall have attained age 60, the amount payable shall equal 3/16 of such
32 compensation.

33 (cf: P.L.1971, c.213, s.20)

34

35 6. (New section) The normal contribution for the increased benefits
36 for active members under sections 4 and 5 of this act, P.L. , c.

37 (now pending before the Legislature as this bill), shall be paid from the
38 benefit enhancement fund established pursuant to section 22 of
39 P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets
40 after reductions in normal contributions and member contributions, the
41 amount of excess valuation assets credited to the benefit enhancement
42 fund shall include the present value of the expected additional normal
43 contributions attributable to the provisions of sections 4 and 5 of this
44 act payable on behalf of the active members over the expected working
45 lives of the active members in accordance with the tables of actuarial
46 assumptions for the valuation period. No additional excess valuation

1 assets shall be credited to the benefit enhancement fund after the
2 maximum amount is attained. Interest shall be credited to the benefit
3 enhancement fund as provided under section 33 of P.L.1954, c.84
4 (C.43:15A-33). If assets in the benefit enhancement fund are
5 insufficient to pay the normal contribution for the increased benefits
6 for a valuation period, the State shall pay the amount of normal
7 contribution for the increased benefits not covered by assets from the
8 benefit enhancement fund.

9
10 7. (New section) The retirement allowance of each retiree under
11 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
12 N.J.S.18A:66-47, on the effective date of this act, P.L. , c. (now
13 pending before the Legislature as this bill), shall be increased from
14 40% to 44% of final compensation. The provisions of section 7 of
15 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
16 in retirement allowances provided by this section.

17
18 8. (New section) The retirement allowance of each retiree under
19 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
20 N.J.S.18A:66-47, on the effective date of this act, P.L. , c. (now
21 pending before the Legislature as this bill), shall be increased from 2/3
22 to 73% of the actual annual compensation for which contributions
23 were being made at the time of the occurrence of the accident. The
24 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
25 applicable to the increases in retirement allowances provided by this
26 section.

27
28 9. (New section) The retirement allowance of each retiree under
29 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
30 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
31 on the effective date of this act, P.L. , c. (now pending before the
32 Legislature as this bill), shall be increased from 40% to 44% of final
33 compensation. The provisions of section 7 of P.L.1969, c.169
34 (C.43:3B-8) shall not be applicable to the increases in retirement
35 allowances provided by this section.

36
37 10. (New section) The retirement allowance of each retiree under
38 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
39 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
40 on the effective date of this act, P.L. , c. (now pending before the
41 Legislature as this bill), shall be increased from 2/3 to 73% of the
42 actual annual compensation for which contributions were being made
43 at the time of the occurrence of the accident. The provisions of section
44 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
45 increases in retirement allowances provided by this section.

1 11. This act shall take effect on the first day of the fourth month
2 after the date of enactment.

3
4
5 STATEMENT

6
7 The purpose of this bill is to provide ordinary and accidental
8 disability retirees under the Teachers' Pension and Annuity Fund
9 (TPAF) and the Public Employees' Retirement System (PERS) with a
10 pension percentage increase comparable to the increase provided to
11 other members of the retirement systems under P.L.2001, c.133. That
12 law increased TPAF and PERS service retirement formulas, and
13 veterans special retirement formulas for those veterans with 35 or
14 more years of service, by approximately 9%.

15 To qualify for ordinary disability retirement, a TPAF or PERS
16 member must be considered totally and permanently disabled for
17 further employment in the member's job title. The cause of the
18 disability would not be work-related. To qualify for accidental
19 disability retirement, a TPAF or PERS member must be considered
20 totally and permanently disabled for further employment in the
21 member's job title as a direct result of a traumatic event occurring
22 during and as a result of the performance of regular duties.

23 This bill increases TPAF and PERS disability retirement allowances
24 by approximately 9% by increasing the ordinary disability retirement
25 allowance from 40% to 44% of final compensation and by increasing
26 the accidental disability retirement allowance from 2/3 to 73% of the
27 actual annual compensation for which contributions were being made
28 at the time of the occurrence of the accident. Existing retirees, or
29 their beneficiaries, will also receive this increase in their retirement
30 allowances.

31 The additional annual employer normal contributions to fund this
32 benefit would be paid from the benefit enhancement funds established
33 under TPAF and PERS by P.L.2001, c.133. If the assets in the
34 respective benefit enhancement funds are insufficient to pay the normal
35 contribution for the increased benefits for a valuation period, the State
36 will pay the amount of the normal contribution not covered by assets
37 from the benefit enhancement fund.

38 The bill also removes an inoperative provision of the law which
39 placed a cap on both ordinary and accidental disability retirement
40 allowances. This provision was preempted by the federal Older
41 Workers Benefit Protection Act.

SENATE, No. 2530

STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator GARRY J. FURNARI

District 36 (Bergen, Essex and Passaic)

Co-Sponsored by:

Senators Vitale and Ciesla

SYNOPSIS

Increases TPAF and PERS veterans retirement benefits for active members and retirees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/8/2002)

S2530 TURNER, FURNARI

2

1 AN ACT concerning veterans retirement benefits under the Teachers'
2 Pension and Annuity Fund and the Public Employees' Retirement
3 System of New Jersey and amending and supplementing
4 N.J.S.18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.).
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

9 1. N.J.S.18A:66-71 is amended to read as follows:

10 18A:66-71. a. Any public employee veteran member in office,
11 position or employment of this State or of a county, municipality, or
12 school district, board of education or other employer who (1) has or
13 shall have attained the age of 60 years and has or shall have been for
14 20 years continuously or in the aggregate in office, position or
15 employment of this State or of a county, municipality or school
16 district, board of education or other employer, or (2) has or shall have
17 attained the age of 55 years and has or shall have been for 25 years
18 continuously or in the aggregate in that office, position or
19 employment, shall have the privilege of retiring for service and of
20 receiving, instead of the retirement allowance provided under
21 N.J.S.18A:66-44, a retirement allowance of **[one-half]** 55% of the
22 compensation for which contributions are made during the 12-month
23 period of membership providing the largest possible benefit to the
24 member or the member's beneficiary.

25 b. (Deleted by amendment, P.L.1984, c.69.)

26 c. **[**Any public employee veteran member who has been for
27 20 years in the aggregate in office, position or employment of this
28 State or of a county, municipality or school district, board of
29 education or other employer as of January 1, 1955, shall have the
30 privilege of retiring for ordinary disability and of receiving, instead of
31 the retirement allowance provided under N.J.S.18A:66-41, a
32 retirement allowance of one-half of the compensation received during
33 the last year of employment upon which contributions to the annuity
34 savings fund or contingent reserve fund are made. Such retirement
35 shall be subject to the provisions governing ordinary disability
36 retirement in N.J.S.18A:66-39 and N.J.S.18A:66-40.] (Deleted by
37 amendment, P.L. , c. (now pending before the Legislature as this
38 bill).)

39 d. Any public employee veteran member who shall be in office,
40 position or employment of this State or of a county, municipality,
41 school district, board of education or other employer and who shall
42 have attained 55 years of age and who has at least 35 years of
43 aggregate service credit in such office, position or employment, shall

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 have the privilege of retiring for service and receiving a retirement
2 allowance of 1/55 of the compensation he received during the last year
3 of employment upon which contributions to the annuity savings fund
4 or contingent reserve fund are made for each year of creditable
5 service.

6 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
7 case of any member retiring under the provisions of subsections a. and
8 d. of this section and in the case of any member who has previously
9 retired under the provisions of subsection b. of this section before said
10 subsection was amended by [this act] P.L.1984, c.69. The death
11 benefit provided in N.J.S.18A:66-41 shall apply in the case of any
12 member [retiring] who has previously retired under the provisions of
13 subsection c. of this section.

14 f. A member who purchases service credit pursuant to any
15 provision of the "Teachers' Pension and Annuity Fund Law"
16 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
17 of satisfying any of the service requirements of that act.
18 (cf: P.L.2001, c.133, s.7)

19
20 2. (New section) The normal contribution for the increased
21 benefits for active members under section 1 of this act, P.L. , c.
22 (now pending before the Legislature as this bill), shall be paid from
23 the benefit enhancement fund established pursuant to N.J.S.18A:66-
24 16. If there are excess valuation assets after reductions in normal
25 contributions and member contributions, the amount of excess
26 valuation assets credited to the benefit enhancement fund shall include
27 the present value of the expected additional normal contributions
28 attributable to the provisions of section 1 of this act payable on behalf
29 of the active members over the expected working lives of the active
30 members in accordance with the tables of actuarial assumptions for the
31 valuation period. No additional excess valuation assets shall be
32 credited to the benefit enhancement fund after the maximum amount
33 is attained. Interest shall be credited to the benefit enhancement fund
34 as provided under N.J.S.18A:66-25. If assets in the benefit
35 enhancement fund are insufficient to pay the normal contribution for
36 the increased benefits for a valuation period, the State shall pay the
37 amount of normal contribution for the increased benefits not covered
38 by assets from the benefit enhancement fund.

39
40 3. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read
41 as follows:

42 61. a. (Deleted by amendment, P.L.1995, c.332.)

43 b. Any public employee veteran member in office, position or
44 employment of this State or of a county, municipality, public agency,
45 school district or board of education and who shall have attained
46 62 years of age and who has 20 years of aggregate service credit in

1 such office, position or employment, shall have the privilege of retiring
2 for service and receiving, instead of the retirement allowance provided
3 under section 48 of this act, a retirement allowance of ~~[one-half]~~ 55%
4 of the compensation for which contributions are made during the
5 12-month period of membership providing the largest possible benefit
6 to the member or the member's beneficiary.

7 c. ~~[Any public employee veteran member who has been for~~
8 ~~20 years in the aggregate in office, position or employment of this~~
9 ~~State or of a county, municipality, public agency, school district or~~
10 ~~board of education as of January 2, 1955, shall have the privilege of~~
11 ~~retiring for ordinary disability and of receiving, instead of the~~
12 ~~retirement allowance provided under section 45 of this act, a~~
13 ~~retirement allowance of one-half of the compensation received during~~
14 ~~the last year of employment upon which contributions to the annuity~~
15 ~~savings fund or contingent reserve fund are made. Such retirement~~
16 ~~shall be subject to the provisions governing ordinary disability~~
17 ~~retirement in sections 42 and 44 of this act.] (Deleted by amendment,~~
18 ~~P.L. , c. (now pending before the Legislature as this bill).)~~

19 d. Any public employee veteran member who shall be in office,
20 position or employment of this State or of a county, municipality,
21 public agency, school district or board of education and who shall have
22 attained 55 years of age and who has at least 35 years of aggregate
23 service credit in such office, position or employment, shall have the
24 privilege of retiring for service and receiving a retirement allowance
25 of 1/55 of the compensation he received during the last year of
26 employment upon which contributions to the annuity savings fund or
27 contingent reserve fund are made for each year of creditable service.

28 e. The death benefit provided in section 48 shall apply in the case
29 of any member retiring under the provisions of subsections a., b. and
30 d. of this section. The death benefit provided in section 45 shall apply
31 in the case of any member ~~[retiring]~~ who has previously retired under
32 the provisions of subsection c. of this section.

33 (cf: P.L.2001, c.133, s.14)

34

35 4. (New section) The normal contribution for the increased
36 benefits for active members under section 3 of this act, P.L. , c.
37 (now pending before the Legislature as this bill), shall be paid from the
38 benefit enhancement fund established pursuant to section 22 of
39 P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets
40 after reductions in normal contributions and member contributions, the
41 amount of excess valuation assets credited to the benefit enhancement
42 fund shall include the present value of the expected additional normal
43 contributions attributable to the provisions of section 3 of this act
44 payable on behalf of the active members in accordance with the tables
45 of actuarial assumptions for the valuation period. No additional
46 excess valuation assets shall be credited to the benefit enhancement

1 fund after the maximum amount is attained. Interest shall be credited
2 to the benefit enhancement fund as provided under section 33 of
3 P.L.1954, c.84 (C.43:15A-33). If assets in the benefit enhancement
4 fund are insufficient to pay the normal contribution for the increased
5 benefits for a valuation period, the State shall pay the amount of
6 normal contribution for the increased benefits not covered by assets
7 from the benefit enhancement fund.

8
9 5. (New section) The retirement allowance of each retiree under
10 N.J.S.18A:66-71a., or the retiree's beneficiary pursuant to
11 N.J.S.18A:66-47, on the effective date of this act, P.L. , c. (now
12 pending before the Legislature as this bill), shall be increased from
13 50% to 55% of the compensation for which contributions were made
14 during the 12-month period of membership providing the largest
15 possible benefit to the member or the member's beneficiary. The
16 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
17 applicable to the increases in retirement allowances provided by this
18 section.

19
20 6. (New section) The retirement allowance of each retiree under
21 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
22 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
23 (C.43:15A-50), on the effective date of this act, P.L. , c. (now
24 pending before the Legislature as this bill), shall be increased from
25 50% to 55% of the compensation for which contributions were made
26 during the 12-month period of membership providing the largest
27 possible benefit to the member or the member's beneficiary. The
28 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
29 applicable to the increases in retirement allowances provided by this
30 section.

31
32 7. This act shall take effect on the first day of the fourth month
33 after the date of enactment.

34
35
36 STATEMENT

37
38 The purpose of this bill is to provide veteran members of the
39 Teachers' Pension and Annuity Fund (TPAF) and the Public
40 Employees' Retirement System (PERS) with a pension percentage
41 increase comparable to the increase provided to other members of the
42 retirement systems under P.L.2001, c.133. That law increased TPAF
43 and PERS service retirement formulas, and veterans special retirement
44 formulas for those veterans with 35 or more years of service, by
45 approximately 9%.

S2530 TURNER, FURNARI

6

1 This bill increases TPAF and PERS veterans special retirement
2 allowances by approximately 9% by increasing the retirement
3 allowance from 50% to 55% of the compensation for which
4 contributions are made during the 12-month period providing the
5 largest possible benefit to the member or the member's beneficiary.
6 Existing retirees or their beneficiaries will also receive this increase in
7 their retirement allowances.

8 The additional annual employer normal contributions to fund this
9 benefit would be paid from the benefit enhancement funds established
10 under TPAF and PERS by P.L.2001, c.133. If the assets in the
11 respective benefit enhancement funds are insufficient to pay the normal
12 contribution for the increased benefits for a valuation period, the State
13 will pay the amount of the normal contribution not covered by assets
14 from the benefit enhancement fund.

15 The bill also deletes outdated sections of the law dealing with
16 ordinary disability retirements for persons with 20 years of service as
17 of January 1, 1955.

SENATE, No. 2645

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED NOVEMBER 8, 2001

Sponsored by:

Senator GERALD CARDINALE

District 39 (Bergen)

SYNOPSIS

Enhances TPAF and PERS veterans retirement benefits for active members and retirees.

CURRENT VERSION OF TEXT

As introduced.



S2645 CARDINALE

2

1 AN ACT concerning veterans retirement benefits under the Teachers'
2 Pension and Annuity Fund and the Public Employees' Retirement
3 System of New Jersey and amending and supplementing
4 N.J.S.18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.).
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

9 1. N.J.S.18A:66-71 is amended to read as follows:

10 18A:66-71. a. Any public employee veteran member in office,
11 position or employment of this State or of a county, municipality, or
12 school district, board of education or other employer who (1) has or
13 shall have attained the age of 60 years and has or shall have been for
14 20 years continuously or in the aggregate in office, position or
15 employment of this State or of a county, municipality or school
16 district, board of education or other employer, or (2) has or shall have
17 attained the age of 55 years and has or shall have been for 25 years
18 continuously or in the aggregate in that office, position or
19 employment, shall have the privilege of retiring for service and of
20 receiving, instead of the retirement allowance provided under
21 N.J.S.18A:66-44, a retirement allowance of **[one-half]** 55% of the
22 compensation for which contributions are made during the 12-month
23 period of membership providing the largest possible benefit to the
24 member or the member's beneficiary.

25 b. (Deleted by amendment, P.L.1984, c.69.)

26 c. Any public employee veteran member who has been for 20
27 years in the aggregate in office, position or employment of this State
28 or of a county, municipality or school district, board of education or
29 other employer as of January 1, 1955, shall have the privilege of
30 retiring for ordinary disability and of receiving, instead of the
31 retirement allowance provided under N.J.S.18A:66-41, a retirement
32 allowance of one-half of the compensation received during the last
33 year of employment upon which contributions to the annuity savings
34 fund or contingent reserve fund are made. Such retirement shall be
35 subject to the provisions governing ordinary disability retirement in
36 N.J.S.18A:66-39 and N.J.S.18A:66-40.

37 d. Any public employee veteran member who shall be in office,
38 position or employment of this State or of a county, municipality,
39 school district, board of education or other employer and who shall
40 have attained 55 years of age and who has at least 35 years of
41 aggregate service credit in such office, position or employment, shall
42 have the privilege of retiring for service and receiving a retirement
43 allowance of 1/55 of the compensation he received during the last year

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 of employment upon which contributions to the annuity savings fund
2 or contingent reserve fund are made for each year of creditable
3 service.

4 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
5 the case of any member retiring under the provisions of subsections
6 a. and d. of this section and in the case of any member who has
7 previously retired under the provisions of subsection b. of this section
8 before said subsection was amended by [this act] P.L.1984, c.69. The
9 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
10 any member retiring under the provisions of subsection c. of this
11 section.

12 f. A member who purchases service credit pursuant to any
13 provision of the "Teachers' Pension and Annuity Fund Law"
14 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
15 of satisfying any of the service requirements of that act.

16 g. The normal contribution for the increased benefits for active
17 members under subsection a. of this section as amended by this act,
18 P.L. , c. (now pending before the Legislature as this bill), shall be
19 paid from the benefit enhancement fund established pursuant to
20 N.J.S.18A:66-16. If there are excess valuation assets after reductions
21 in normal contributions and member contributions, the amount of
22 excess valuation assets credited to the benefit enhancement fund shall
23 include the present value of the expected additional normal
24 contributions attributable to the provisions of this act payable on
25 behalf of the active members over the expected working lives of the
26 active members in accordance with the tables of actuarial assumptions
27 for the valuation period. No additional excess valuation assets shall
28 be credited to the benefit enhancement fund after the maximum
29 amount is attained. Interest shall be credited to the benefit
30 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
31 benefit enhancement fund are insufficient to pay the normal
32 contribution for the increased benefits for a valuation period, the State
33 shall pay the amount of normal contribution for the increased benefits
34 not covered by assets from the benefit enhancement fund.

35 (cf: P.L.2001, c.133, s.7)

36

37 2. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read
38 as follows:

39 61. a. (Deleted by amendment, P.L.1995, c.332.)

40 b. Any public employee veteran member in office, position or
41 employment of this State or of a county, municipality, public agency,
42 school district or board of education and who shall have attained 62
43 years of age and who has 20 years of aggregate service credit in such
44 office, position or employment, shall have the privilege of retiring for
45 service and receiving, instead of the retirement allowance provided
46 under section 48 of this act, a retirement allowance of [one-half] 55%

1 of the compensation for which contributions are made during the
2 12-month period of membership providing the largest possible benefit
3 to the member or the member's beneficiary.

4 c. Any public employee veteran member who has been for 20
5 years in the aggregate in office, position or employment of this State
6 or of a county, municipality, public agency, school district or board of
7 education as of January 2, 1955, shall have the privilege of retiring for
8 ordinary disability and of receiving, instead of the retirement allowance
9 provided under section 45 of this act, a retirement allowance of
10 one-half of the compensation received during the last year of
11 employment upon which contributions to the annuity savings fund or
12 contingent reserve fund are made. Such retirement shall be subject to
13 the provisions governing ordinary disability retirement in sections 42
14 and 44 of this act.

15 d. Any public employee veteran member who shall be in office,
16 position or employment of this State or of a county, municipality,
17 public agency, school district or board of education and who shall have
18 attained 55 years of age and who has at least 35 years of aggregate
19 service credit in such office, position or employment, shall have the
20 privilege of retiring for service and receiving a retirement allowance
21 of 1/55 of the compensation he received during the last year of
22 employment upon which contributions to the annuity savings fund or
23 contingent reserve fund are made for each year of creditable service.

24 e. The death benefit provided in section 48 shall apply in the case
25 of any member retiring under the provisions of subsections a., b. and
26 d. of this section. The death benefit provided in section 45 shall apply
27 in the case of any member retiring under the provisions of subsection
28 c. of this section.

29 f. The normal contribution for the increased benefits for active
30 members under subsection b. of this section as amended by this act,
31 P.L. , c. (now pending before the Legislature as this bill), shall be
32 paid from the benefit enhancement fund established pursuant to section
33 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess valuation
34 assets after reductions in normal contributions and member
35 contributions, the amount of excess valuation assets credited to the
36 benefit enhancement fund shall include the present value of the
37 expected additional normal contributions attributable to the provisions
38 of this act payable on behalf of the active members in accordance with
39 the tables of actuarial assumptions for the valuation period. No
40 additional excess valuation assets shall be credited to the benefit
41 enhancement fund after the maximum amount is attained. Interest
42 shall be credited to the benefit enhancement fund as provided under
43 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
44 enhancement fund are insufficient to pay the normal contribution for
45 the increased benefits for a valuation period, the State shall pay the
46 amount of normal contribution for the increased benefits not covered

1 by assets from the benefit enhancement fund.

2 (cf: P.L.2001, c.133, s.14)

3

4 3. (New section) The retirement allowance of each retiree under
5 N.J.S.18A:66-71a., or the retiree's beneficiary pursuant to
6 N.J.S.18A:66-47, on the effective date of this act, P.L. , c. (now
7 pending before the Legislature as this bill), shall be increased from
8 50% to 55% of the compensation for which contributions were made
9 during the 12-month period of membership providing the largest
10 possible benefit to the member or the member's beneficiary. The
11 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
12 applicable to the increases in retirement allowances provided by this
13 section.

14

15 4. (New section) The retirement allowance of each retiree under
16 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
17 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
18 (C.43:15A-50), on the effective date of this act, P.L. , c. (now
19 pending before the Legislature as this bill), shall be increased from
20 50% to 55% of the compensation for which contributions were made
21 during the 12-month period of membership providing the largest
22 possible benefit to the member or the member's beneficiary. The
23 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
24 applicable to the increases in retirement allowances provided by this
25 section.

26

27 5. This act shall take effect on the first day of the fourth month
28 after the date of enactment.

29

30

31

STATEMENT

32

33 This bill increases the veterans special retirement allowance under
34 the Teachers' Pension and Annuity Fund (TPAF) and the Public
35 Employees' Retirement System (PERS) by approximately 9% by
36 increasing the retirement allowance from 50% to 55% of the
37 compensation for which contributions are made during the 12-month
38 period providing the largest possible benefit to the member or the
39 member's beneficiary. Existing retirees or their beneficiaries will also
40 receive this increase in their retirement allowances.

41

42 The purpose of this bill is to provide veteran members of TPAF and
43 PERS with a percentage increase comparable to the increase provided
44 to other members of the retirement systems under P.L.2001, c.133.
45 That law increased TPAF and PERS service retirement formulas, and
46 veterans special retirement formulas for those veterans with 35 or
more years of service, by approximately 9%.

S2645 CARDINALE

6

1 The additional annual employer normal contributions to fund this
2 benefit would be paid from the benefit enhancement funds established
3 under TPAF and PERS by P.L.2001, c.133. If the assets in the
4 respective benefit enhancement funds are insufficient to pay the normal
5 contribution for the increased benefits for a valuation period, the State
6 will pay that amount which is not covered by the fund's assets.

SENATE COMMITTEE SUBSTITUTE FOR
**SENATE, Nos. 2573, 2528, 2530 and
2645**

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED NOVEMBER 29, 2001

Sponsored by:

Senator PETER A. INVERSO

District 14 (Mercer and Middlesex)

Senator ANTHONY R. BUCCO

District 25 (Morris)

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator GARRY J. FURNARI

District 36 (Bergen, Essex and Passaic)

Senator GERALD CARDINALE

District 39 (Bergen)

Co-Sponsored by:

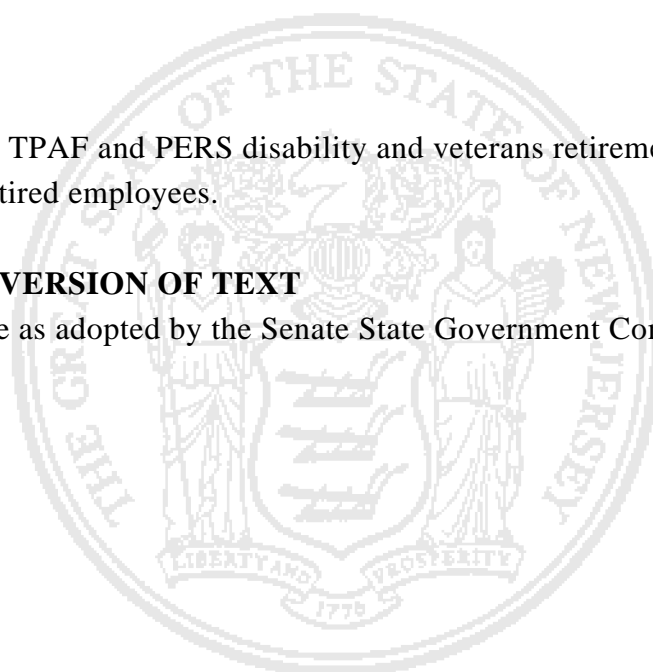
**Senators Matheussen, Allen, Zane, Kosco, Cafiero, Vitale, Ciesla and
Bennett**

SYNOPSIS

Increases TPAF and PERS disability and veterans retirement benefits for active and retired employees.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate State Government Committee.



(Sponsorship Updated As Of: 12/14/2001)

1 **AN ACT** concerning the disability and veterans retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.).

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

9
10 1. N.J.S.18A:66-41 is amended to read as follows:

11 18A:66-41. A member upon retirement for ordinary disability
12 shall receive a retirement allowance which shall consist of:

13 (a) an annuity which shall be the actuarial equivalent of his
14 accumulated deductions at the time of his retirement together with
15 regular interest after January 1, 1956; and

16 (b) a pension in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of 1 1/2% of final
18 compensation multiplied by his number of years of creditable service;
19 and provided further, that in no event shall the allowance be less than
20 **[40%]** 43.6% of final compensation[, except that in no case shall the
21 rate of allowance exceed 9/10 of the rate of the regular service
22 retirement allowance which the member would have received had he
23 remained in service from the date of retirement to age 60].

24 Upon the receipt of proper proofs of the death of a member who
25 has retired on an ordinary disability retirement allowance, there shall
26 be paid to such member's beneficiary, an amount equal to 1 1/2 times
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable service
29 or in the year of the member's highest contractual salary, whichever is
30 higher; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation. The death benefits provided in this
33 section shall apply to any member who has retired or shall retire on or
34 after January 1, 1956.

35 (cf: P.L.1995, c.410, s.2)

36
37 2. (New section) The retirement allowance of each retiree under
38 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
39 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
40 before the Legislature as this bill) shall be increased from 40% to
41 43.6% of final compensation. The provisions of section 7 of
42 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
43 in retirement allowances provided by this section.

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

Matter underlined thus is new matter.

1 3. N.J.S.18A:66-42 is amended to read as follows:

2 18A:66-42. A member under 65 years of age upon retirement for
3 accidental disability shall receive a retirement allowance which shall
4 consist of:

5 (a) an annuity which shall be the actuarial equivalent of his
6 accumulated deductions at the time of his retirement together with
7 regular interest after January 1, 1956; and

8 (b) a pension in the amount which, when added to the member's
9 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
10 his actual annual compensation for which contributions were being
11 made at the time of the occurrence of the accident.

12 Upon the receipt of proper proofs of the death of a member who
13 has retired on an accidental disability retirement allowance, there shall
14 be paid to such member's beneficiary, an amount equal to 1 1/2 times
15 the compensation upon which contributions by the member to the
16 annuity savings fund were based in the last year of creditable service
17 or in the year of the member's highest contractual salary, whichever is
18 higher; provided, however, that if such death shall occur after the
19 member shall have attained age 60, the amount payable shall equal
20 3/16 of such compensation. The death benefits provided in this
21 section shall apply to any member who has retired or shall retire on or
22 after January 1, 1956.

23 (cf: P.L.1995, c.410, s.3)

24

25 4. (New section) The retirement allowance of each retiree under
26 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
27 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
28 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
29 of the actual annual compensation for which contributions were being
30 made at the time of the occurrence of the accident. The provisions of
31 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
32 increases in retirement allowances provided by this section.

33

34 5. (New section) The normal contribution for the increased
35 benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-
36 42 as amended by sections 1 and 3 of P.L. , c. (now pending
37 before the Legislature as this bill) shall be paid from the benefit
38 enhancement fund established pursuant to N.J.S.18A:66-16. If there
39 are excess valuation assets after reductions in normal contributions and
40 member contributions, the amount of excess valuation assets credited
41 to the benefit enhancement fund shall include the present value of the
42 expected additional normal contributions attributable to the provisions
43 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
44 and 3 of P.L. , c. (now pending before the Legislature as this bill)
45 payable on behalf of the active members over the expected working
46 lives of the active members in accordance with the tables of actuarial

1 assumptions for the valuation period. No additional excess valuation
2 assets shall be credited to the benefit enhancement fund after the
3 maximum amount is attained. Interest shall be credited to the benefit
4 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
5 benefit enhancement fund are insufficient to pay the normal
6 contribution for the increased benefits for a valuation period, the State
7 shall pay the amount of normal contribution for the increased benefits
8 not covered by assets from the benefit enhancement fund.

9

10 6. N.J.S.18A:66-71 is amended to read as follows:

11 18A:66-71. a. Any public employee veteran member in office,
12 position or employment of this State or of a county, municipality, or
13 school district, board of education or other employer who (1) has or
14 shall have attained the age of 60 years and has or shall have been for
15 20 years continuously or in the aggregate in office, position or
16 employment of this State or of a county, municipality or school
17 district, board of education or other employer, or (2) has or shall have
18 attained the age of 55 years and has or shall have been for 25 years
19 continuously or in the aggregate in that office, position or
20 employment, shall have the privilege of retiring for service and of
21 receiving, instead of the retirement allowance provided under
22 N.J.S.18A:66-44, a retirement allowance of [one-half] 54.5% of the
23 compensation for which contributions are made during the 12-month
24 period of membership providing the largest possible benefit to the
25 member or the member's beneficiary.

26 b. (Deleted by amendment, P.L.1984, c.69.)

27 c. Any public employee veteran member who has been for 20 years
28 in the aggregate in office, position or employment of this State or of
29 a county, municipality or school district, board of education or other
30 employer as of January 1, 1955, shall have the privilege of retiring for
31 ordinary disability and of receiving, instead of the retirement allowance
32 provided under N.J.S.18A:66-41, a retirement allowance of one-half
33 of the compensation received during the last year of employment upon
34 which contributions to the annuity savings fund or contingent reserve
35 fund are made. Such retirement shall be subject to the provisions
36 governing ordinary disability retirement in N.J.S.18A:66-39 and
37 N.J.S.18A:66-40.

38 d. Any public employee veteran member who shall be in office,
39 position or employment of this State or of a county, municipality,
40 school district, board of education or other employer and who shall
41 have attained 55 years of age and who has at least 35 years of
42 aggregate service credit in such office, position or employment, shall
43 have the privilege of retiring for service and receiving a retirement
44 allowance of 1/55 of the compensation he received during the last year
45 of employment upon which contributions to the annuity savings fund
46 or contingent reserve fund are made for each year of creditable
47 service.

1 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
2 the case of any member retiring under the provisions of subsections
3 a. and d. of this section and in the case of any member who has
4 previously retired under the provisions of subsection b. of this section
5 before said subsection was amended by [this act] P.L.1984, c.69. The
6 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
7 any member [retiring] retired under the provisions of subsection c. of
8 this section.

9 f. A member who purchases service credit pursuant to any
10 provision of the "Teachers' Pension and Annuity Fund Law"
11 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
12 of satisfying any of the service requirements of that act.
13 (cf: P.L.2001, c.133, s.7)

14
15 7. (New section) The retirement allowance of each retiree under
16 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
17 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
18 pending before the Legislature as this bill), shall be increased from
19 50% to 54.5% of the compensation for which contributions were made
20 during the 12-month period of membership providing the largest
21 possible benefit to the member or the member's beneficiary. The
22 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
23 applicable to the increases in retirement allowances provided by this
24 section.

25
26 8. (New section) The normal contribution for the increased
27 benefits for active members under subsection a. of N.J.S.18A:66-71 as
28 amended by section 6 of P.L. , c. (now pending before the
29 Legislature as this bill) shall be paid from the benefit enhancement
30 fund established pursuant to N.J.S.18A:66-16. If there are excess
31 valuation assets after reductions in normal contributions and member
32 contributions, the amount of excess valuation assets credited to the
33 benefit enhancement fund shall include the present value of the
34 expected additional normal contributions attributable to the provisions
35 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
36 P.L. , c. (now pending before the Legislature as this bill) payable
37 on behalf of the active members over the expected working lives of the
38 active members in accordance with the tables of actuarial assumptions
39 for the valuation period. No additional excess valuation assets shall
40 be credited to the benefit enhancement fund after the maximum
41 amount is attained. Interest shall be credited to the benefit
42 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
43 benefit enhancement fund are insufficient to pay the normal
44 contribution for the increased benefits for a valuation period, the State
45 shall pay the amount of normal contribution for the increased benefits
46 not covered by assets from the benefit enhancement fund.

1 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
2 as follows:

3 45. A member upon retirement for ordinary disability shall receive
4 a retirement allowance, which shall consist of:

5 a. An annuity which shall be the actuarial equivalent of his
6 accumulated deductions together with regular interest and

7 b. A pension in the amount which, when added to the member's
8 annuity, will provide a total retirement allowance of 1 1/2% of final
9 compensation multiplied by his number of years of creditable service;
10 provided further, that in no event shall the allowance be less than
11 ~~[40%]~~ 43.6% of final compensation[, except that in no case shall the
12 rate of allowance exceed 9/10 of the rate of the regular service
13 retirement allowance which the member would have received had he
14 remained in service from the date of retirement to age 60].

15 c. Upon the receipt of proper proofs of the death of a member
16 who has retired on an ordinary disability retirement allowance, there
17 shall be paid to such member's beneficiary, an amount equal to 1 1/2
18 times the compensation upon which contributions by the member to
19 the annuity savings fund were based in the last year of creditable
20 service; provided, however, that if such death shall occur after the
21 member shall have attained age 60, the amount payable shall equal
22 3/16 of such compensation.

23 (cf: P.L.1971, c.213, s.19)

24

25 10. (New section) The retirement allowance of each retiree under
26 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
27 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
28 on the effective date of P.L. , c. (now pending before the
29 Legislature as this bill) shall be increased from 40% to 43.6% of final
30 compensation. The provisions of section 7 of P.L.1969, c.169
31 (C.43:3B-8) shall not be applicable to the increases in retirement
32 allowances provided by this section.

33

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

36 46. A member under 65 years of age upon retirement for
37 accidental disability shall receive a retirement allowance which shall
38 consist of:

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

41 b. A pension, in the amount which, when added to the member's
42 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
43 his actual annual compensation for which contributions were being
44 made at the time of the occurrence of the accident.

45 c. Upon receipt of proper proofs of the death of a member who
46 has retired on an accidental disability retirement allowance, there shall

1 be paid to such member's beneficiary, an amount equal to 1 1/2 times
2 the compensation upon which contributions by the member to the
3 annuity savings fund were based in the last year of creditable service;
4 provided, however, that if such death shall occur after the member
5 shall have attained age 60, the amount payable shall equal 3/16 of
6 such compensation.

7 (cf: P.L.1971, c.213, s.20)

8

9 12. (New section) The retirement allowance of each retiree under
10 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
11 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
12 on the effective date of P.L. , c. (now pending before the
13 Legislature as this bill) shall be increased from 2/3 to 72.7% of the
14 actual annual compensation for which contributions were being made
15 at the time of the occurrence of the accident. The provisions of section
16 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
17 increases in retirement allowances provided by this section.

18

19 13. (New section) The normal contribution for the increased
20 benefits for active members under sections 45 and 46 of P.L.1954,
21 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
22 of P.L. , c. (now pending before the Legislature as this bill) shall
23 be paid from the benefit enhancement fund established pursuant to
24 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
25 valuation assets after reductions in normal contributions and member
26 contributions, the amount of excess valuation assets credited to the
27 benefit enhancement fund shall include the present value of the
28 expected additional normal contributions attributable to the provisions
29 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
30 as amended by sections 9 and 11 of P.L. , c. (now pending before
31 the Legislature as this bill) payable on behalf of the active members
32 over the expected working lives of the active members in accordance
33 with the tables of actuarial assumptions for the valuation period. No
34 additional excess valuation assets shall be credited to the benefit
35 enhancement fund after the maximum amount is attained. Interest
36 shall be credited to the benefit enhancement fund as provided under
37 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
38 enhancement fund are insufficient to pay the normal contribution for
39 the increased benefits for a valuation period, the State shall pay the
40 amount of normal contribution for the increased benefits not covered
41 by assets from the benefit enhancement fund.

42

43 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
44 read as follows:

45 61. a. (Deleted by amendment, P.L.1995, c.332.)

46 b. Any public employee veteran member in office, position or

1 employment of this State or of a county, municipality, public agency,
2 school district or board of education and who (1) shall have attained
3 [62] 60 years of age and who has 20 years of aggregate service credit
4 in such office, position or employment, or (2) shall have attained
5 55 years of age and who has 25 years of aggregate service credit in
6 such office, position or employment, shall have the privilege of retiring
7 for service and receiving, instead of the retirement allowance provided
8 under section 48 of this act, a retirement allowance of [one-half]
9 54.5% of the compensation for which contributions are made during
10 the 12-month period of membership providing the largest possible
11 benefit to the member or the member's beneficiary.

12 c. Any public employee veteran member who has been for 20 years
13 in the aggregate in office, position or employment of this State or of
14 a county, municipality, public agency, school district or board of
15 education as of January 2, 1955, shall have the privilege of retiring for
16 ordinary disability and of receiving, instead of the retirement allowance
17 provided under section 45 of this act, a retirement allowance of
18 one-half of the compensation received during the last year of
19 employment upon which contributions to the annuity savings fund or
20 contingent reserve fund are made. Such retirement shall be subject to
21 the provisions governing ordinary disability retirement in sections 42
22 and 44 of this act.

23 d. Any public employee veteran member who shall be in office,
24 position or employment of this State or of a county, municipality,
25 public agency, school district or board of education and who shall have
26 attained 55 years of age and who has at least 35 years of aggregate
27 service credit in such office, position or employment, shall have the
28 privilege of retiring for service and receiving a retirement allowance
29 of 1/55 of the compensation he received during the last year of
30 employment upon which contributions to the annuity savings fund or
31 contingent reserve fund are made for each year of creditable service.

32 e. The death benefit provided in section 48 shall apply in the case
33 of any member retiring under the provisions of subsections a., b. and
34 d. of this section. The death benefit provided in section 45 shall apply
35 in the case of any member [retiring] retired under the provisions of
36 subsection c. of this section.

37 f. The State shall be liable for any increased cost to local
38 government employers participating in the retirement system as a
39 result of the amendment of this section by P.L. , c. (now pending
40 before the Legislature as this bill), except as provided in section 16 of
41 P.L. , c. (now pending before the Legislature as this bill).
42 (cf: P.L.2001, c.133, s.14)

43
44 15. (New section) The retirement allowance of each retiree under
45 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
46 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84

1 (C.43:15A-50), on the effective date of P.L. , c. (now pending
2 before the Legislature as this bill) shall be increased from 50% to
3 54.5% of the compensation for which contributions were made during
4 the 12-month period of membership providing the largest possible
5 benefit to the member or the member's beneficiary. The provisions of
6 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
7 increases in retirement allowances provided by this section.

8
9 16. (New section) The normal contribution for the increased
10 benefits resulting from the increase in the percentage of compensation
11 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
12 as amended by section 14 of P.L. , c. (now pending before the
13 Legislature as this bill) shall be paid from the benefit enhancement
14 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
15 22). If there are excess valuation assets after reductions in normal
16 contributions and member contributions, the amount of excess
17 valuation assets credited to the benefit enhancement fund shall include
18 the present value of the expected additional normal contributions
19 attributable to the provisions of section 61 of P.L.1954, c.84
20 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
21 before the Legislature as this bill) payable on behalf of the active
22 members in accordance with the tables of actuarial assumptions for the
23 valuation period. No additional excess valuation assets shall be
24 credited to the benefit enhancement fund after the maximum amount
25 is attained. Interest shall be credited to the benefit enhancement fund
26 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
27 assets in the benefit enhancement fund are insufficient to pay the
28 normal contribution for the increased benefits for a valuation period,
29 the State shall pay the amount of normal contribution for the increased
30 benefits not covered by assets from the benefit enhancement fund.

31
32 17. This act shall take effect on the first day of the fourth month
33 after the date of enactment.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, Nos. 2573, 2528, 2530 and 2645

STATE OF NEW JERSEY

DATED: NOVEMBER 29, 2001

The Senate State Government Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 2573, 2528, 2530 and 2645.

This committee substitute provides for an increase in the special veterans retirement allowance and the ordinary and accidental disability retirement allowances for members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). The percentage increase will be comparable to the increase provided under P.L.2001, c.133 in the service retirement formulas of those retirement systems. P.L.2001, c.133 increased TPAF and PERS service retirement formulas, and the special veterans retirement formula for those veterans with 35 or more years of service, by approximately 9 percent.

The committee substitute provides that the TPAF and PERS special veterans retirement allowance will increase from 50 percent to 54.5 percent of the compensation for the 12-month period providing the largest possible benefit. The ordinary disability retirement allowance will increase from a minimum of 40 percent to 43.6 percent of final average compensation, and the accidental disability retirement allowance will increase from 66.66 percent to 72.7 percent of the actual annual compensation at the time of the accident. Existing retirees, or their beneficiaries, will also receive these percentage increases in their retirement allowances.

The additional annual employer normal contributions to TPAF and PERS for this increase in the retirement allowances will be paid from the benefit enhancement funds established by P.L.2001, c.133. If the assets in these funds are insufficient to pay the normal contribution, the State will pay the normal contribution not covered by the assets. The unfunded liability created in TPAF and PERS will be covered by excess valuation assets.

The committee substitute also:

(1) reduces from 62 to 60 the age at which a PERS veteran member with 20 years of aggregate service credit may retire on the special veterans retirement allowance; and

(2) provides that a PERS veteran member who is 55 years of age with 25 years of aggregate service credit may retire on the special veterans retirement allowance.

These changes establish pension parity between TPAF and PERS veteran members. The State will be liable for any increased cost to local government employers participating in PERS as a result of these change.

Finally, the committee substitute removes an inoperative provision of the law which placed a cap on both ordinary and accidental disability retirement allowances. This provision was preempted by the federal Older Workers Benefit Protection Act.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 2573, 2528, 2530 and 2645**

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill Nos. 2573, 2528, 2530 and 2645 (SCS).

This bill provides for an increase in the special veterans retirement allowance and the ordinary and accidental disability retirement allowances for members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). The percentage increase is comparable to the increase provided in the service retirement formulas of those retirement systems under P.L.2001, c.133. That law increased the TPAF and PERS service retirement formulas and the veterans retirement formula for those veterans with 35 or more years of service, both of which are computed on the basis of the number of years of the retirant's service, by approximately 9 percent.

This bill provides that the TPAF and PERS special veterans retirement allowance will increase from 50 percent to 54.5 percent of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance will increase from 40 percent to 43.6 percent of "final compensation" (average compensation during the three last or highest-paid years of service), and the accidental disability retirement allowance will increase from 66.66 percent to 72.7 percent of the actual annual compensation at the time of the accident. Existing retirees, or their beneficiaries, will also receive these percentage increases in their retirement allowances.

The additional annual employer normal contributions to TPAF and PERS required to fund this increase in the retirement allowances will be paid from the benefit enhancement funds established by P.L.2001, c.133. If the assets in these funds are insufficient to pay the normal contribution, the State will pay the normal contribution not covered by the assets. The unfunded liability created in TPAF and PERS will be covered by excess valuation assets.

The bill also: (1) reduces from 62 to 60 the age at which a PERS veteran member with 20 years of aggregate service credit may retire

on the special veterans retirement allowance; and (2) provides that a PERS veteran member who is 55 years of age with 25 years of aggregate service credit may retire on the special veterans retirement allowance. These changes establish parity between eligibility qualifications for veterans retirement under PERS and those enjoyed by TPAF veterans since 1984. The State will be liable for any increased cost to local government employers participating in PERS as a result of these changes.

Finally, the bill removes an inoperative provision of the law placed a cap on both ordinary and accidental disability retirement allowances. This provision was preempted by the federal Older Workers Benefit Protection Act.

COMMITTEE AMENDMENTS

Committee amendments to this bill make the legislation effective retroactively to October 1, 2001 (the effective date of P.L.2001, c.133), rather than on the first day of the fourth month after enactment, and incorporate certain technical changes.

FISCAL IMPACT

The Division of Pensions and Benefits informally estimates that the enactment of this bill would increase the unfunded accrued liability of the Teachers' Pension and Annuity Fund (TPAF) by about \$125.9 million, and that of the Public Employees' Retirement System (PERS) by about \$268.8 million, for a total overall increase of \$394.7 million.

The division estimates no direct cost to employers in FY2003, as a drawdown of pension fund assets of approximately \$269.7 million would partially offset the accrued liability. In FY2004, a State payment from the General Fund of approximately \$125.0 million would fund the remaining accrued liability if the bill were enacted in early 2002.

The division informally estimates the normal cost to ensure that the future liability for this enhancement is funded at \$5.7 million in FY 2005, increasing to \$6.0 million in FY2006. Partially, this normal cost will be paid from the benefit enhancement fund created under P.L.2001, c.133 to fund the increases in that act.

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
**SENATE, Nos. 2573, 2528, 2530 and
2645**

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED NOVEMBER 29, 2001

Sponsored by:

Senator PETER A. INVERSO

District 14 (Mercer and Middlesex)

Senator ANTHONY R. BUCCO

District 25 (Morris)

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator GARRY J. FURNARI

District 36 (Bergen, Essex and Passaic)

Senator GERALD CARDINALE

District 39 (Bergen)

Co-Sponsored by:

**Senators Matheussen, Allen, Zane, Kosco, Cafiero, Vitale, Ciesla, Bennett,
Assemblymen Asselta, Azzolina, Gibson, Gusciora, Assemblywoman
Watson Coleman, Assemblymen Felice, Bagger, Assemblywoman
Vandervalk, Assemblymen Bateman, Biondi, Kelly, Geist, Thompson,
Assemblywoman Weinberg, Assemblymen Suliga, Guear, R.Smith,
Assemblywomen Greenstein, Heck, Assemblymen Holzapfel, Wolfe,
Wisniewski, Cottrell and Malone**

SYNOPSIS

Increases TPAF and PERS retirement benefits for certain active and retired employees.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 13, 2001, with amendments.

(Sponsorship Updated As Of: 1/4/2002)

1 AN ACT concerning the ¹[disability and veterans]¹ retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.) ¹and amending P.L.1955, c.257 (C.43:15A-
6 97 et seq.)¹.

7

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

10

11 1. N.J.S.18A:66-41 is amended to read as follows:

12 18A:66-41. A member upon retirement for ordinary disability
13 shall receive a retirement allowance which shall consist of:

14 (a) an annuity which shall be the actuarial equivalent of his
15 accumulated deductions at the time of his retirement together with
16 regular interest after January 1, 1956; and

17 (b) a pension in the amount which, when added to the member's
18 annuity, will provide a total retirement allowance of ¹[1 1/2%]
19 1.64%¹ of final compensation multiplied by his number of years of
20 creditable service; and provided further, that in no event shall the
21 allowance be less than [40%] 43.6% of final compensation[, except
22 that in no case shall the rate of allowance exceed 9/10 of the rate of
23 the regular service retirement allowance which the member would have
24 received had he remained in service from the date of retirement to age
25 60].

26 Upon the receipt of proper proofs of the death of a member who
27 has retired on an ordinary disability retirement allowance, there shall
28 be paid to such member's beneficiary, an amount equal to 1 1/2 times
29 the compensation upon which contributions by the member to the
30 annuity savings fund were based in the last year of creditable service
31 or in the year of the member's highest contractual salary, whichever is
32 higher; provided, however, that if such death shall occur after the
33 member shall have attained age 60, the amount payable shall equal
34 3/16 of such compensation. The death benefits provided in this
35 section shall apply to any member who has retired or shall retire on or
36 after January 1, 1956.

37 (cf: P.L.1995, c.410, s.2)

38

39 2. (New section) The retirement allowance of each retiree under
40 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
41 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted December 13, 2001.

1 before the Legislature as this bill) shall be increased ¹ [from 40% to
2 43.6% of final compensation] by a percentage equivalent to the
3 percentage increase in the fraction of final compensation for each year
4 of credited service for the total retirement allowance under these
5 sections made by this act, P.L. , c. (C.)(now pending before
6 the Legislature as this bill)¹ . The provisions of section 7 of P.L.1969,
7 c.169 (C.43:3B-8) shall not be applicable to the increases in retirement
8 allowances provided by this section.

9

10 3. N.J.S.18A:66-42 is amended to read as follows:

11 18A:66-42. A member under 65 years of age upon retirement for
12 accidental disability shall receive a retirement allowance which shall
13 consist of:

14 (a) an annuity which shall be the actuarial equivalent of his
15 accumulated deductions at the time of his retirement together with
16 regular interest after January 1, 1956; and

17 (b) a pension in the amount which, when added to the member's
18 annuity, will provide a total retirement allowance of [2/3] 72.7% of
19 his actual annual compensation for which contributions were being
20 made at the time of the occurrence of the accident.

21 Upon the receipt of proper proofs of the death of a member who
22 has retired on an accidental disability retirement allowance, there shall
23 be paid to such member's beneficiary, an amount equal to 1 1/2 times
24 the compensation upon which contributions by the member to the
25 annuity savings fund were based in the last year of creditable service
26 or in the year of the member's highest contractual salary, whichever is
27 higher; provided, however, that if such death shall occur after the
28 member shall have attained age 60, the amount payable shall equal
29 3/16 of such compensation. The death benefits provided in this
30 section shall apply to any member who has retired or shall retire on or
31 after January 1, 1956.

32 (cf: P.L.1995, c.410, s.3)

33

34 4. (New section) The retirement allowance of each retiree under
35 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
36 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
37 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
38 of the actual annual compensation for which contributions were being
39 made at the time of the occurrence of the accident. The provisions of
40 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
41 increases in retirement allowances provided by this section.

42

43 5. (New section) The normal contribution for the increased
44 benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-
45 42 as amended by sections 1 and 3 of P.L. , c. (now pending
46 before the Legislature as this bill) shall be paid from the benefit

1 enhancement fund established pursuant to N.J.S.18A:66-16. If there
2 are excess valuation assets after reductions in normal contributions and
3 member contributions, the amount of excess valuation assets credited
4 to the benefit enhancement fund shall include the present value of the
5 expected additional normal contributions attributable to the provisions
6 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
7 and 3 of P.L. , c. (now pending before the Legislature as this bill)
8 payable on behalf of the active members over the expected working
9 lives of the active members in accordance with the tables of actuarial
10 assumptions for the valuation period. No additional excess valuation
11 assets shall be credited to the benefit enhancement fund after the
12 maximum amount is attained. Interest shall be credited to the benefit
13 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
14 benefit enhancement fund are insufficient to pay the normal
15 contribution for the increased benefits for a valuation period, the State
16 shall pay the amount of normal contribution for the increased benefits
17 not covered by assets from the benefit enhancement fund.

18

19 6. N.J.S.18A:66-71 is amended to read as follows:

20 18A:66-71. a. Any public employee veteran member in office,
21 position or employment of this State or of a county, municipality, or
22 school district, board of education or other employer who (1) has or
23 shall have attained the age of 60 years and has or shall have been for
24 20 years continuously or in the aggregate in office, position or
25 employment of this State or of a county, municipality or school
26 district, board of education or other employer, or (2) has or shall have
27 attained the age of 55 years and has or shall have been for 25 years
28 continuously or in the aggregate in that office, position or
29 employment, shall have the privilege of retiring for service and of
30 receiving, instead of the retirement allowance provided under
31 N.J.S.18A:66-44, a retirement allowance of ~~one-half~~ 54.5% of the
32 compensation for which contributions are made during the 12-month
33 period of membership providing the largest possible benefit to the
34 member or the member's beneficiary.

35 b. (Deleted by amendment, P.L.1984, c.69.)

36 c. Any public employee veteran member who has been for 20 years
37 in the aggregate in office, position or employment of this State or of
38 a county, municipality or school district, board of education or other
39 employer as of January 1, 1955, shall have the privilege of retiring for
40 ordinary disability and of receiving, instead of the retirement allowance
41 provided under N.J.S.18A:66-41, a retirement allowance of one-half
42 of the compensation received during the last year of employment upon
43 which contributions to the annuity savings fund or contingent reserve
44 fund are made. Such retirement shall be subject to the provisions
45 governing ordinary disability retirement in N.J.S.18A:66-39 and
46 N.J.S.18A:66-40.

47 d. Any public employee veteran member who shall be in office,

1 position or employment of this State or of a county, municipality,
2 school district, board of education or other employer and who shall
3 have attained 55 years of age and who has at least 35 years of
4 aggregate service credit in such office, position or employment, shall
5 have the privilege of retiring for service and receiving a retirement
6 allowance of 1/55 of the compensation he received during the last year
7 of employment upon which contributions to the annuity savings fund
8 or contingent reserve fund are made for each year of creditable
9 service.

10 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
11 the case of any member retiring under the provisions of subsections
12 a. and d. of this section and in the case of any member who has
13 previously retired under the provisions of subsection b. of this section
14 before said subsection was amended by [this act] P.L.1984, c.69. The
15 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
16 any member [retiring] retired under the provisions of subsection c. of
17 this section.

18 f. A member who purchases service credit pursuant to any
19 provision of the "Teachers' Pension and Annuity Fund Law"
20 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
21 of satisfying any of the service requirements of that act.
22 (cf: P.L.2001, c.133, s.7)

23

24 7. (New section) The retirement allowance of each retiree under
25 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
26 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
27 pending before the Legislature as this bill), shall be increased from
28 50% to 54.5% of the compensation for which contributions were made
29 during the 12-month period of membership providing the largest
30 possible benefit to the member or the member's beneficiary. The
31 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
32 applicable to the increases in retirement allowances provided by this
33 section.

34

35 8. (New section) The normal contribution for the increased
36 benefits for active members under subsection a. of N.J.S.18A:66-71 as
37 amended by section 6 of P.L. , c. (now pending before the
38 Legislature as this bill) shall be paid from the benefit enhancement
39 fund established pursuant to N.J.S.18A:66-16. If there are excess
40 valuation assets after reductions in normal contributions and member
41 contributions, the amount of excess valuation assets credited to the
42 benefit enhancement fund shall include the present value of the
43 expected additional normal contributions attributable to the provisions
44 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
45 P.L. , c. (now pending before the Legislature as this bill) payable
46 on behalf of the active members over the expected working lives of the

1 active members in accordance with the tables of actuarial assumptions
2 for the valuation period. No additional excess valuation assets shall
3 be credited to the benefit enhancement fund after the maximum
4 amount is attained. Interest shall be credited to the benefit
5 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
6 benefit enhancement fund are insufficient to pay the normal
7 contribution for the increased benefits for a valuation period, the State
8 shall pay the amount of normal contribution for the increased benefits
9 not covered by assets from the benefit enhancement fund.

10
11 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
12 as follows:

13 45. A member upon retirement for ordinary disability shall receive
14 a retirement allowance, which shall consist of:

15 a. An annuity which shall be the actuarial equivalent of his
16 accumulated deductions together with regular interest and

17 b. A pension in the amount which, when added to the member's
18 annuity, will provide a total retirement allowance of ¹[1 1/2%] 1.64%
19 ¹ of final compensation multiplied by his number of years of creditable
20 service; provided further, that in no event shall the allowance be less
21 than ~~[40%]~~ 43.6% of final compensation[, except that in no case shall
22 the rate of allowance exceed 9/10 of the rate of the regular service
23 retirement allowance which the member would have received had he
24 remained in service from the date of retirement to age 60].

25 c. Upon the receipt of proper proofs of the death of a member
26 who has retired on an ordinary disability retirement allowance, there
27 shall be paid to such member's beneficiary, an amount equal to 1 1/2
28 times the compensation upon which contributions by the member to
29 the annuity savings fund were based in the last year of creditable
30 service; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation.

33 (cf: P.L.1971, c.213, s.19)

34
35 10. (New section) The retirement allowance of each retiree under
36 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
37 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
38 on the effective date of P.L. , c. (now pending before the
39 Legislature as this bill) shall be increased ¹[from 40% to 43.6% of
40 final compensation] by a percentage equivalent to the percentage
41 increase in the fraction of final compensation for each year of credited
42 service for the total retirement allowance under these sections made
43 by this act, P.L. , c. (C.)(now pending before the Legislature
44 as this bill)¹. The provisions of section 7 of P.L.1969, c.169
45 (C.43:3B-8) shall not be applicable to the increases in retirement
46 allowances provided by this section.

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

3 46. A member under 65 years of age upon retirement for
4 accidental disability shall receive a retirement allowance which shall
5 consist of:

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

8 b. A pension, in the amount which, when added to the member's
9 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
10 his actual annual compensation for which contributions were being
11 made at the time of the occurrence of the accident.

12 c. Upon receipt of proper proofs of the death of a member who
13 has retired on an accidental disability retirement allowance, there shall
14 be paid to such member's beneficiary, an amount equal to 1 1/2 times
15 the compensation upon which contributions by the member to the
16 annuity savings fund were based in the last year of creditable service;
17 provided, however, that if such death shall occur after the member
18 shall have attained age 60, the amount payable shall equal 3/16 of
19 such compensation.

20 (cf: P.L.1971, c.213, s.20)

21

22 12. (New section) The retirement allowance of each retiree under
23 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
24 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
25 on the effective date of P.L. , c. (now pending before the
26 Legislature as this bill) shall be increased from 2/3 to 72.7% of the
27 actual annual compensation for which contributions were being made
28 at the time of the occurrence of the accident. The provisions of section
29 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
30 increases in retirement allowances provided by this section.

31

32 13. (New section) The normal contribution for the increased
33 benefits for active members under sections 45 and 46 of P.L.1954,
34 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
35 of P.L. , c. (now pending before the Legislature as this bill) shall
36 be paid from the benefit enhancement fund established pursuant to
37 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
38 valuation assets after reductions in normal contributions and member
39 contributions, the amount of excess valuation assets credited to the
40 benefit enhancement fund shall include the present value of the
41 expected additional normal contributions attributable to the provisions
42 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
43 as amended by sections 9 and 11 of P.L. , c. (now pending before
44 the Legislature as this bill) payable on behalf of the active members
45 over the expected working lives of the active members in accordance
46 with the tables of actuarial assumptions for the valuation period. No

1 additional excess valuation assets shall be credited to the benefit
2 enhancement fund after the maximum amount is attained. Interest
3 shall be credited to the benefit enhancement fund as provided under
4 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
5 enhancement fund are insufficient to pay the normal contribution for
6 the increased benefits for a valuation period, the State shall pay the
7 amount of normal contribution for the increased benefits not covered
8 by assets from the benefit enhancement fund.

9
10 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
11 read as follows:

12 61. a. (Deleted by amendment, P.L.1995, c.332.)

13 b. Any public employee veteran member in office, position or
14 employment of this State or of a county, municipality, public agency,
15 school district or board of education and who (1) shall have attained
16 ~~[62]~~ 60 years of age and who has 20 years of aggregate service credit
17 in such office, position or employment, or (2) shall have attained
18 55 years of age and who has 25 years of aggregate service credit in
19 such office, position or employment, shall have the privilege of retiring
20 for service and receiving, instead of the retirement allowance provided
21 under section 48 of this act, a retirement allowance of ~~[one-half]~~
22 54.5% of the compensation for which contributions are made during
23 the 12-month period of membership providing the largest possible
24 benefit to the member or the member's beneficiary.

25 c. Any public employee veteran member who has been for 20 years
26 in the aggregate in office, position or employment of this State or of
27 a county, municipality, public agency, school district or board of
28 education as of January 2, 1955, shall have the privilege of retiring for
29 ordinary disability and of receiving, instead of the retirement allowance
30 provided under section 45 of this act, a retirement allowance of
31 one-half of the compensation received during the last year of
32 employment upon which contributions to the annuity savings fund or
33 contingent reserve fund are made. Such retirement shall be subject to
34 the provisions governing ordinary disability retirement in sections 42
35 and 44 of this act.

36 d. Any public employee veteran member who shall be in office,
37 position or employment of this State or of a county, municipality,
38 public agency, school district or board of education and who shall have
39 attained 55 years of age and who has at least 35 years of aggregate
40 service credit in such office, position or employment, shall have the
41 privilege of retiring for service and receiving a retirement allowance
42 of 1/55 of the compensation he received during the last year of
43 employment upon which contributions to the annuity savings fund or
44 contingent reserve fund are made for each year of creditable service.

45 e. The death benefit provided in section 48 shall apply in the case
46 of any member retiring under the provisions of subsections a., b. and

1 d. of this section. The death benefit provided in section 45 shall apply
2 in the case of any member [retiring] retired under the provisions of
3 subsection c. of this section.

4 f. The State shall be liable for any increased cost to local
5 government employers participating in the retirement system as a
6 result of the amendment of this section by P.L. , c. (now pending
7 before the Legislature as this bill), except as provided in section 16 of
8 P.L. , c. (now pending before the Legislature as this bill).
9 (cf: P.L.2001, c.133, s.14)

10
11 15. (New section) The retirement allowance of each retiree under
12 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
13 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
14 (C.43:15A-50), on the effective date of P.L. , c. (now pending
15 before the Legislature as this bill) shall be increased from 50% to
16 54.5% of the compensation for which contributions were made during
17 the 12-month period of membership providing the largest possible
18 benefit to the member or the member's beneficiary. The provisions of
19 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
20 increases in retirement allowances provided by this section.

21
22 16. (New section) The normal contribution for the increased
23 benefits resulting from the increase in the percentage of compensation
24 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
25 as amended by section 14 of P.L. , c. (now pending before the
26 Legislature as this bill) shall be paid from the benefit enhancement
27 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
28 22). If there are excess valuation assets after reductions in normal
29 contributions and member contributions, the amount of excess
30 valuation assets credited to the benefit enhancement fund shall include
31 the present value of the expected additional normal contributions
32 attributable to the provisions of section 61 of P.L.1954, c.84
33 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
34 before the Legislature as this bill) payable on behalf of the active
35 members in accordance with the tables of actuarial assumptions for the
36 valuation period. No additional excess valuation assets shall be
37 credited to the benefit enhancement fund after the maximum amount
38 is attained. Interest shall be credited to the benefit enhancement fund
39 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
40 assets in the benefit enhancement fund are insufficient to pay the
41 normal contribution for the increased benefits for a valuation period,
42 the State shall pay the amount of normal contribution for the increased
43 benefits not covered by assets from the benefit enhancement fund.

44
45 ¹17. Section 4 of P.L.1955, c.257 (C.43:15A-100) is amended to
46 read as follows:

1 43:15A-100. Upon service retirement as a law enforcement officer
2 a member shall receive a service 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 equal to 2% of his
7 final compensation multiplied by his number of years of service credit
8 as a law enforcement officer for which he has made contributions up
9 to 25, plus $1\frac{2}{3}$ % of his final compensation multiplied by his
10 number of] the amount determined as provided in section 48 of
11 P.L.1954, c.84 (C.43:15A-48) for years of service credit other than
12 service as a law enforcement officer, for which he has made
13 contributions, plus 1% of his final compensation multiplied by his
14 number of years of service credit as a law enforcement officer for
15 which he has made contributions over 25 or for which he has made no
16 contributions to the retirement system for the period while he was a
17 law enforcement officer or, in the case of a veteran, while he was in
18 office, position or employment of this State, or of any county,
19 municipality, public agency or school district; provided, however, that
20 in the case of any member electing to receive benefits under section
21 38(b) of chapter 84 of the laws of 1954, such benefits shall be payable
22 at age 60.

23 The death benefit provided in section 48(c) of chapter 84 of the
24 laws of 1954 shall apply in the case of any member retiring under the
25 provisions of this section.¹

26 (cf: P.L.1971, c.213, s.40)

27

28 ¹[17.] 18. ¹ This act shall take effect¹ [on the first day of the
29 fourth month after the date of enactment] immediately and shall be
30 retroactive to October 1, 2001¹.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 2573 2528 2530 and 2645

STATE OF NEW JERSEY

DATED: DECEMBER 20, 2001

The Assembly Appropriations Committee reports favorably Senate Bill Nos. 2573/2528/2530/2645 SCS (1R).

Senate Bill Nos. 2573/2528/2530/2645 SCS (1R) provides for an increase in the special veterans retirement allowance and the ordinary and accidental disability retirement allowances for members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). The percentage increase is comparable to the increase provided in the service retirement formulas of those retirement systems under P.L.2001, c.133. That law increased the TPAF and PERS service retirement formulas and the veterans retirement formula for those veterans with 35 or more years of service, both of which are computed on the basis of the number of years of the retirant's service, by approximately 9 percent.

This bill provides that the TPAF and PERS special veterans retirement allowance will increase from 50 percent to 54.5 percent of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance will increase from 40 percent to 43.6 percent of "final compensation" (average compensation during the three last or highest-paid years of service), and the accidental disability retirement allowance will increase from 66.66 percent to 72.7 percent of the actual annual compensation at the time of the accident. Existing retirees, or their beneficiaries, will also receive these percentage increases in their retirement allowances.

The additional annual employer normal contributions to TPAF and PERS required to fund this increase in the retirement allowances will be paid from the benefit enhancement funds established by P.L.2001, c.133. If the assets in these funds are insufficient to pay the normal contribution, the State will pay the normal contribution not covered by the assets. The unfunded liability created in TPAF and PERS will be covered by excess valuation assets.

The bill also: (1) reduces from 62 to 60 the age at which a PERS veteran member with 20 years of aggregate service credit may retire

on the special veterans retirement allowance; and (2) provides that a PERS veteran member who is 55 years of age with 25 years of aggregate service credit may retire on the special veterans retirement allowance. These changes establish parity between eligibility qualifications for veterans retirement under PERS and those enjoyed by TPAF veterans since 1984. The State will be liable for any increased cost to local government employers participating in PERS as a result of these changes.

Finally, the bill removes an inoperative provision of the law which had placed a cap on both ordinary and accidental disability retirement allowances. This provision was preempted by the federal Older Workers Benefit Protection Act.

As reported by the committee, this bill is identical to Assembly Bill No. 3793 (1R) , as amended and reported by the committee.

FISCAL IMPACT:

The Division of Pensions and Benefits informally estimates that the enactment of this bill would increase the unfunded accrued liability of the Teachers' Pension and Annuity Fund (TPAF) by about \$125.9 million, and that of the Public Employees' Retirement System (PERS) by about \$268.8 million, for a total overall increase of \$394.7 million.

The division estimates no direct cost to employers in FY2003, as a drawdown of pension fund assets of approximately \$269.7 million would partially offset the accrued liability. In FY2004, a State payment from the General Fund of approximately \$125.0 million would fund the remaining accrued liability if the bill were enacted in early 2002.

The division informally estimates the normal cost to ensure that the future liability for this enhancement is funded at \$5.7 million in FY 2005, increasing to \$6.0 million in FY2006. Partially, this normal cost will be paid from the benefit enhancement fund created under P.L.2001, c.133 to fund the increases in that act.

ASSEMBLY, No. 3793

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOSEPH AZZOLINA

District 13 (Middlesex and Monmouth)

Co-Sponsored by:

Assemblymen Felice, Gibson, Bagger, Assemblywoman Vandervalk,

Assemblymen Bateman, Biondi, Kelly, Geist, Thompson, Assemblywoman

Weinberg, Assemblymen Suliga, Guear, R.Smith and Assemblywoman

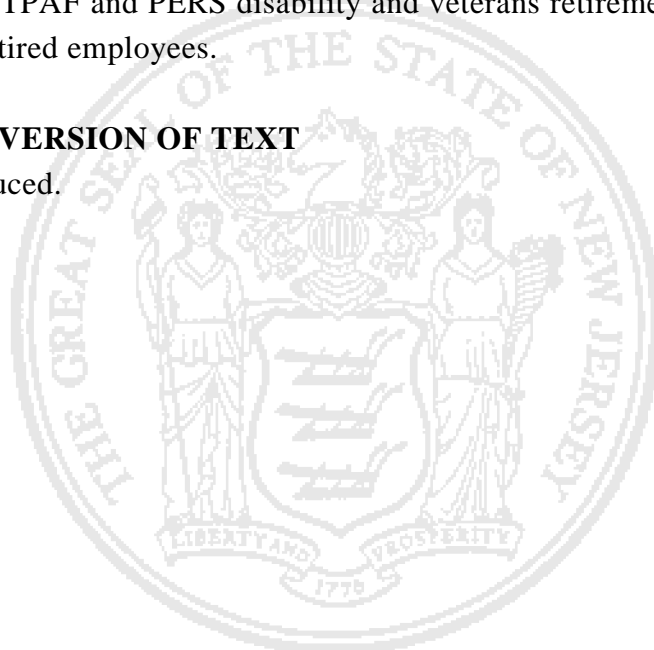
Greenstein

SYNOPSIS

Increases TPAF and PERS disability and veterans retirement benefits for active and retired employees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/7/2001)

1 AN ACT concerning the disability and veterans retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.).

6

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

9

10 1. N.J.S.18A:66-41 is amended to read as follows:

11 18A:66-41. A member upon retirement for ordinary disability shall
12 receive a retirement allowance which shall consist of:

13 (a) an annuity which shall be the actuarial equivalent of his
14 accumulated deductions at the time of his retirement together with
15 regular interest after January 1, 1956; and

16 (b) a pension in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of 1 1/2% of final
18 compensation multiplied by his number of years of creditable service;
19 and provided further, that in no event shall the allowance be less than
20 **[40%]** 43.6% of final compensation[, except that in no case shall the
21 rate of allowance exceed 9/10 of the rate of the regular service
22 retirement allowance which the member would have received had he
23 remained in service from the date of retirement to age 60].

24 Upon the receipt of proper proofs of the death of a member who
25 has retired on an ordinary disability retirement allowance, there shall
26 be paid to such member's beneficiary, an amount equal to 1 1/2 times
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable service
29 or in the year of the member's highest contractual salary, whichever is
30 higher; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation. The death benefits provided in this
33 section shall apply to any member who has retired or shall retire on or
34 after January 1, 1956.

35 (cf: P.L.1995, c.410, s.2)

36

37 2. (New section) The retirement allowance of each retiree under
38 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
39 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
40 before the Legislature as this bill) shall be increased from 40% to
41 43.6% of final compensation. The provisions of section 7 of
42 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
43 in retirement allowances provided by this section.

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 3. N.J.S.18A:66-42 is amended to read as follows:

2 18A:66-42. A member under 65 years of age upon retirement for
3 accidental disability shall receive a retirement allowance which shall
4 consist of:

5 (a) an annuity which shall be the actuarial equivalent of his
6 accumulated deductions at the time of his retirement together with
7 regular interest after January 1, 1956; and

8 (b) a pension in the amount which, when added to the member's
9 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
10 his actual annual compensation for which contributions were being
11 made at the time of the occurrence of the accident.

12 Upon the receipt of proper proofs of the death of a member who
13 has retired on an accidental disability retirement allowance, there shall
14 be paid to such member's beneficiary, an amount equal to 1 1/2 times
15 the compensation upon which contributions by the member to the
16 annuity savings fund were based in the last year of creditable service
17 or in the year of the member's highest contractual salary, whichever is
18 higher; provided, however, that if such death shall occur after the
19 member shall have attained age 60, the amount payable shall equal
20 3/16 of such compensation. The death benefits provided in this
21 section shall apply to any member who has retired or shall retire on or
22 after January 1, 1956.

23 (cf: P.L.1995, c.410, s.3)

24

25 4. (New section) The retirement allowance of each retiree under
26 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
27 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
28 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
29 of the actual annual compensation for which contributions were being
30 made at the time of the occurrence of the accident. The provisions of
31 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
32 increases in retirement allowances provided by this section.

33

34 5. (New section) The normal contribution for the increased benefits
35 for active members under N.J.S.18A:66-41 and N.J.S.18A:66-42 as
36 amended by sections 1 and 3 of P.L. , c. (now pending before the
37 Legislature as this bill) shall be paid from the benefit enhancement
38 fund established pursuant to N.J.S.18A:66-16. If there are excess
39 valuation assets after reductions in normal contributions and member
40 contributions, the amount of excess valuation assets credited to the
41 benefit enhancement fund shall include the present value of the
42 expected additional normal contributions attributable to the provisions
43 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
44 and 3 of P.L. , c. (now pending before the Legislature as this bill)
45 payable on behalf of the active members over the expected working
46 lives of the active members in accordance with the tables of actuarial

1 assumptions for the valuation period. No additional excess valuation
2 assets shall be credited to the benefit enhancement fund after the
3 maximum amount is attained. Interest shall be credited to the benefit
4 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
5 benefit enhancement fund are insufficient to pay the normal
6 contribution for the increased benefits for a valuation period, the State
7 shall pay the amount of normal contribution for the increased benefits
8 not covered by assets from the benefit enhancement fund.

9

10 6. N.J.S.18A:66-71 is amended to read as follows:

11 18A:66-71. a. Any public employee veteran member in office,
12 position or employment of this State or of a county, municipality, or
13 school district, board of education or other employer who (1) has or
14 shall have attained the age of 60 years and has or shall have been for
15 20 years continuously or in the aggregate in office, position or
16 employment of this State or of a county, municipality or school
17 district, board of education or other employer, or (2) has or shall have
18 attained the age of 55 years and has or shall have been for 25 years
19 continuously or in the aggregate in that office, position or
20 employment, shall have the privilege of retiring for service and of
21 receiving, instead of the retirement allowance provided under
22 N.J.S.18A:66-44, a retirement allowance of [one-half] 54% of the
23 compensation for which contributions are made during the 12-month
24 period of membership providing the largest possible benefit to the
25 member or the member's beneficiary.

26 b. (Deleted by amendment, P.L.1984, c.69.)

27 c. Any public employee veteran member who has been for 20
28 years in the aggregate in office, position or employment of this State
29 or of a county, municipality or school district, board of education or
30 other employer as of January 1, 1955, shall have the privilege of
31 retiring for ordinary disability and of receiving, instead of the
32 retirement allowance provided under N.J.S.18A:66-41, a retirement
33 allowance of one-half of the compensation received during the last
34 year of employment upon which contributions to the annuity savings
35 fund or contingent reserve fund are made. Such retirement shall be
36 subject to the provisions governing ordinary disability retirement in
37 N.J.S.18A:66-39 and N.J.S.18A:66-40.

38 d. Any public employee veteran member who shall be in office,
39 position or employment of this State or of a county, municipality,
40 school district, board of education or other employer and who shall
41 have attained 55 years of age and who has at least 35 years of
42 aggregate service credit in such office, position or employment, shall
43 have the privilege of retiring for service and receiving a retirement
44 allowance of 1/55 of the compensation he received during the last year
45 of employment upon which contributions to the annuity savings fund
46 or contingent reserve fund are made for each year of creditable

1 service.

2 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
3 the case of any member retiring under the provisions of subsections
4 a. and d. of this section and in the case of any member who has
5 previously retired under the provisions of subsection b. of this section
6 before said subsection was amended by [this act] P.L.1984, c.69. The
7 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
8 any member [retiring] retired under the provisions of subsection c. of
9 this section.

10 f. A member who purchases service credit pursuant to any
11 provision of the "Teachers' Pension and Annuity Fund Law"
12 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
13 of satisfying any of the service requirements of that act.
14 (cf: P.L.2001, c.133, s.7)

15

16 7. (New section) The retirement allowance of each retiree under
17 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
18 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
19 pending before the Legislature as this bill), shall be increased from
20 50% to 54% of the compensation for which contributions were made
21 during the 12-month period of membership providing the largest
22 possible benefit to the member or the member's beneficiary. The
23 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
24 applicable to the increases in retirement allowances provided by this
25 section.

26

27 8. (New section) The normal contribution for the increased
28 benefits for active members under subsection a. of N.J.S.18A:66-71 as
29 amended by section 6 of P.L. , c. (now pending before the
30 Legislature as this bill) shall be paid from the benefit enhancement
31 fund established pursuant to N.J.S.18A:66-16. If there are excess
32 valuation assets after reductions in normal contributions and member
33 contributions, the amount of excess valuation assets credited to the
34 benefit enhancement fund shall include the present value of the
35 expected additional normal contributions attributable to the provisions
36 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
37 P.L. , c. (now pending before the Legislature as this bill) payable
38 on behalf of the active members over the expected working lives of the
39 active members in accordance with the tables of actuarial assumptions
40 for the valuation period. No additional excess valuation assets shall
41 be credited to the benefit enhancement fund after the maximum
42 amount is attained. Interest shall be credited to the benefit
43 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
44 benefit enhancement fund are insufficient to pay the normal
45 contribution for the increased benefits for a valuation period, the State
46 shall pay the amount of normal contribution for the increased benefits

1 not covered by assets from the benefit enhancement fund.

2

3 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
4 as follows:

5 45. A member upon retirement for ordinary disability shall receive
6 a retirement allowance, which shall consist of:

7 a. An annuity which shall be the actuarial equivalent of his
8 accumulated deductions together with regular interest and

9 b. A pension in the amount which, when added to the member's
10 annuity, will provide a total retirement allowance of 1 1/2 % of final
11 compensation multiplied by his number of years of creditable service;
12 provided further, that in no event shall the allowance be less than
13 [40%] 43.6% of final compensation[, except that in no case shall the
14 rate of allowance exceed 9/10 of the rate of the regular service
15 retirement allowance which the member would have received had he
16 remained in service from the date of retirement to age 60].

17 c. Upon the receipt of proper proofs of the death of a member who
18 has retired on an ordinary disability retirement allowance, there shall
19 be paid to such member's beneficiary, an amount equal to 1 1/2 times
20 the compensation upon which contributions by the member to the
21 annuity savings fund were based in the last year of creditable service;
22 provided, however, that if such death shall occur after the member
23 shall have attained age 60, the amount payable shall equal 3/16 of
24 such compensation.

25 (cf: P.L.1971, c.213, s.19)

26

27 10. (New section) The retirement allowance of each retiree under
28 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
29 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
30 on the effective date of P.L. , c. (now pending before the
31 Legislature as this bill) shall be increased from 40% to 43.6% of final
32 compensation. The provisions of section 7 of P.L.1969, c.169
33 (C.43:3B-8) shall not be applicable to the increases in retirement
34 allowances provided by this section.

35

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

38 46. A member under 65 years of age upon retirement for accidental
39 disability shall receive a retirement allowance which shall consist of:

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

42 b. A pension, in the amount which, when added to the member's
43 annuity, will provide a total retirement allowance of [2/3] 72.7% of
44 his actual annual compensation for which contributions were being
45 made at the time of the occurrence of the accident.

46 c. Upon receipt of proper proofs of the death of a member who has

1 retired on an accidental disability retirement allowance, there shall be
2 paid to such member's beneficiary, an amount equal to $1\frac{1}{2}$ times
3 the compensation upon which contributions by the member to the
4 annuity savings fund were based in the last year of creditable service;
5 provided, however, that if such death shall occur after the member
6 shall have attained age 60, the amount payable shall equal $\frac{3}{16}$ of
7 such compensation.

8 (cf: P.L.1971, c.213, s.20)

9

10 12. (New section) The retirement allowance of each retiree under
11 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
12 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
13 on the effective date of P.L. , c. (now pending before the
14 Legislature as this bill) shall be increased from $\frac{2}{3}$ to 72.7% of the
15 actual annual compensation for which contributions were being made
16 at the time of the occurrence of the accident. The provisions of section
17 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
18 increases in retirement allowances provided by this section.

19

20 13. (New section) The normal contribution for the increased
21 benefits for active members under sections 45 and 46 of P.L.1954,
22 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
23 of P.L. , c. (now pending before the Legislature as this bill) shall
24 be paid from the benefit enhancement fund established pursuant to
25 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
26 valuation assets after reductions in normal contributions and member
27 contributions, the amount of excess valuation assets credited to the
28 benefit enhancement fund shall include the present value of the
29 expected additional normal contributions attributable to the provisions
30 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
31 as amended by sections 9 and 11 of P.L. , c. (now pending before
32 the Legislature as this bill) payable on behalf of the active members
33 over the expected working lives of the active members in accordance
34 with the tables of actuarial assumptions for the valuation period. No
35 additional excess valuation assets shall be credited to the benefit
36 enhancement fund after the maximum amount is attained. Interest
37 shall be credited to the benefit enhancement fund as provided under
38 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
39 enhancement fund are insufficient to pay the normal contribution for
40 the increased benefits for a valuation period, the State shall pay the
41 amount of normal contribution for the increased benefits not covered
42 by assets from the benefit enhancement fund.

43

44 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
45 read as follows:

46 61. a. (Deleted by amendment, P.L.1995, c.332.)

1 b. Any public employee veteran member in office, position or
2 employment of this State or of a county, municipality, public agency,
3 school district or board of education and who (1) shall have attained
4 [62] 60 years of age and who has 20 years of aggregate service credit
5 in such office, position or employment, or (2) shall have attained 55
6 years of age and who has 25 years of aggregate service credit in such
7 office, position or employment, shall have the privilege of retiring for
8 service and receiving, instead of the retirement allowance provided
9 under section 48 of this act, a retirement allowance of [one-half] 54%
10 of the compensation for which contributions are made during the
11 12-month period of membership providing the largest possible benefit
12 to the member or the member's beneficiary.

13 c. Any public employee veteran member who has been for 20
14 years in the aggregate in office, position or employment of this State
15 or of a county, municipality, public agency, school district or board of
16 education as of January 2, 1955, shall have the privilege of retiring for
17 ordinary disability and of receiving, instead of the retirement allowance
18 provided under section 45 of this act, a retirement allowance of
19 one-half of the compensation received during the last year of
20 employment upon which contributions to the annuity savings fund or
21 contingent reserve fund are made. Such retirement shall be subject to
22 the provisions governing ordinary disability retirement in sections 42
23 and 44 of this act.

24 d. Any public employee veteran member who shall be in office,
25 position or employment of this State or of a county, municipality,
26 public agency, school district or board of education and who shall have
27 attained 55 years of age and who has at least 35 years of aggregate
28 service credit in such office, position or employment, shall have the
29 privilege of retiring for service and receiving a retirement allowance
30 of 1/55 of the compensation he received during the last year of
31 employment upon which contributions to the annuity savings fund or
32 contingent reserve fund are made for each year of creditable service.

33 e. The death benefit provided in section 48 shall apply in the case
34 of any member retiring under the provisions of subsections a., b. and
35 d. of this section. The death benefit provided in section 45 shall apply
36 in the case of any member [retiring] retired under the provisions of
37 subsection c. of this section.

38 f. The State shall be liable for any increased cost to local
39 government employers participating in the retirement system as a
40 result of the amendment of this section by P.L. , c. (now pending
41 before the Legislature as this bill), except as provided in section 16 of
42 P.L. , c. (now pending before the Legislature as this bill).

43 (cf: P.L.2001, c.133, s.14)

44

45 15. (New section) The retirement allowance of each retiree under
46 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the

1 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
2 (C.43:15A-50), on the effective date of P.L. , c. (now pending
3 before the Legislature as this bill) shall be increased from 50% to 54%
4 of the compensation for which contributions were made during the 12-
5 month period of membership providing the largest possible benefit to
6 the member or the member's beneficiary. The provisions of section 7
7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
8 in retirement allowances provided by this section.

9
10 16. (New section) The normal contribution for the increased
11 benefits resulting from the increase in the percentage of compensation
12 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
13 as amended by section 14 of P.L. , c. (now pending before the
14 Legislature as this bill) shall be paid from the benefit enhancement
15 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
16 22). If there are excess valuation assets after reductions in normal
17 contributions and member contributions, the amount of excess
18 valuation assets credited to the benefit enhancement fund shall include
19 the present value of the expected additional normal contributions
20 attributable to the provisions of section 61 of P.L.1954, c.84
21 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
22 before the Legislature as this bill) payable on behalf of the active
23 members in accordance with the tables of actuarial assumptions for the
24 valuation period. No additional excess valuation assets shall be
25 credited to the benefit enhancement fund after the maximum amount
26 is attained. Interest shall be credited to the benefit enhancement fund
27 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
28 assets in the benefit enhancement fund are insufficient to pay the
29 normal contribution for the increased benefits for a valuation period,
30 the State shall pay the amount of normal contribution for the increased
31 benefits not covered by assets from the benefit enhancement fund.

32
33 17. This act shall take effect on the first day of the fourth month
34 after the date of enactment.

35 36 37 STATEMENT

38
39 This bill provides for an increase in the ordinary and accidental
40 retirement allowances, and the special veterans retirement allowance,
41 for members of the Teachers' Pension and Annuity Fund (TPAF) and
42 the Public Employees' Retirement System (PERS). The percentage
43 increase will be comparable to the increase provided under P.L.2001,
44 c.133 in the retirement allowance formulas of those retirement
45 systems. P.L.2001, c.133 increased TPAF and PERS service
46 retirement formulas, and veterans special retirement formulas for those

1 veterans with 35 or more years of service, by approximately 9.09
2 percent. Existing retirees, or their beneficiaries, will also receive this
3 percentage increase in their retirement allowances.

4 Specifically, the ordinary disability retirement allowances will
5 increase from a minimum of 40 percent to 43.6 percent of final
6 average compensation, and the accidental disability retirement
7 allowance will increase from 66.66 percent to 72.7 percent of the
8 actual annual compensation at the time of the accident. The TPAF
9 and PERS veterans special retirement allowances will increase from 50
10 percent to 54 percent of the compensation for the 12-month period
11 providing the largest possible benefit.

12 The additional annual employer normal contributions to TPAF and
13 PERS for this increase in the retirement allowances would be paid
14 from the benefit enhancement funds established by P.L.2001, c.133.
15 If the assets in these funds are insufficient to pay the normal
16 contribution, the State will pay the normal contribution not covered by
17 the assets. The unfunded liability created in TPAF and PERS will be
18 covered by excess valuation assets.

19 The bill also removes an inoperative provision of the law which
20 placed a cap on both ordinary and accidental disability retirement
21 allowances. This provision was preempted by the federal Older
22 Workers Benefit Protection Act.

23 Finally, the bill (1) reduces from 62 to 60 the age at which a veteran
24 member of the PERS with 20 years of aggregate service credit may
25 retire on the special veterans' retirement allowance, and (2) provides
26 that such a veteran member of PERS who is 55 years of age with 25
27 years of aggregate service credit may retire on the same special
28 veterans' retirement allowance. This change will create parity for
29 veteran members of the PERS with veteran members of the TPAF.
30 The State will be liable for any increased cost to local government
31 employers participating in the retirement system as a result of this
32 change.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3793

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 6, 2001

The Assembly State Government Committee reports favorably and with committee amendments Assembly Bill No. 3793.

As amended, this bill provides for an increase in the ordinary and accidental retirement allowances, and the special veterans retirement allowance, for members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). The percentage increase will be comparable to the increase provided under P.L.2001, c.133 in the retirement allowance formulas of those retirement systems. P.L.2001, c.133 increased TPAF and PERS service retirement formulas, and veterans special retirement formulas for those veterans with 35 or more years of service, by approximately 9.09 percent. Existing retirees, or their beneficiaries, will also receive this percentage increase in their retirement allowances.

Specifically, the minimum ordinary disability retirement allowances will increase from 40 percent to 43.6 percent of final average compensation, and the accidental disability retirement allowance will increase from 66.66 percent to 72.7 percent of the actual annual compensation at the time of the accident. The TPAF and PERS veterans special retirement allowances will increase from 50 percent to 54.5 percent of the compensation for the 12-month period providing the largest possible benefit.

The additional annual employer normal contributions to TPAF and PERS for this increase in the retirement allowances would be paid from the benefit enhancement funds established by P.L.2001, c.133. If the assets in these funds are insufficient to pay the normal contribution, the State will pay the normal contribution not covered by the assets. The unfunded liability created in TPAF and PERS will be covered by excess valuation assets.

The bill also removes an inoperative provision of the law which placed a cap on both ordinary and accidental disability retirement allowances. This provision was preempted by the federal Older Workers Benefit Protection Act.

Finally, the bill (1) reduces from 62 to 60 the age at which a veteran member of the PERS with 20 years of aggregate service credit may retire on the special veterans retirement allowance, and (2)

provides that such a veteran member of PERS who is 55 years of age with 25 years of aggregate service credit may retire on the same special veterans retirement allowance. This change will create parity for veteran members of the PERS with veteran members of the TPAF. The State will be liable for any increased cost to local government employers participating in the retirement system as a result of this change.

The committee amended the bill to increase the special veterans retirement allowances for TPAF and PERS members from 54 percent to 54.5 percent of the 12-month compensation providing the largest benefit.

As amended, the bill is the same as the Senate Committee Substitute for Senate Bill Nos. 2573, 2528, 2530 and 2645 of 2001.

[First Reprint]

ASSEMBLY, No. 3793

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED OCTOBER 3, 2001

Sponsored by:

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOSEPH AZZOLINA

District 13 (Middlesex and Monmouth)

Co-Sponsored by:

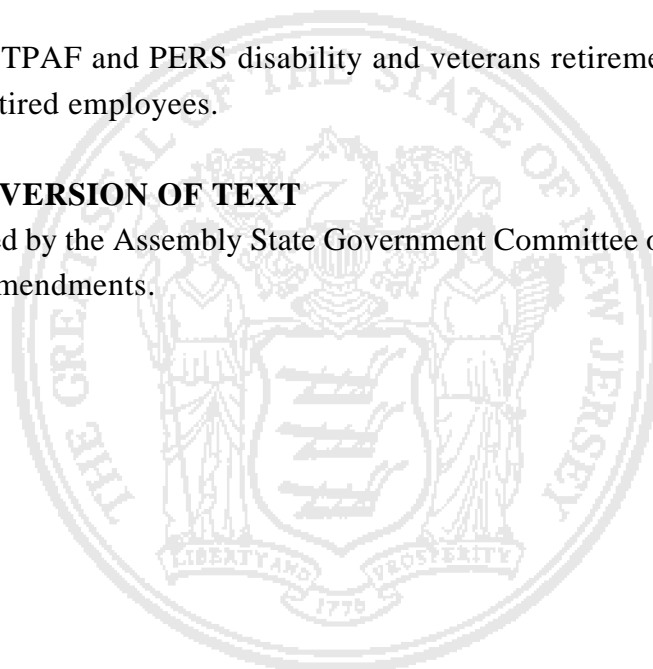
**Assemblymen Felice, Gibson, Bagger, Assemblywoman Vandervalk,
Assemblymen Bateman, Biondi, Kelly, Geist, Thompson, Assemblywoman
Weinberg, Assemblymen Suliga, Guear, R.Smith, Assemblywomen
Greenstein, Heck, Assemblymen Holzapfel, Wolfe and Wisniewski**

SYNOPSIS

Increases TPAF and PERS disability and veterans retirement benefits for active and retired employees.

CURRENT VERSION OF TEXT

As reported by the Assembly State Government Committee on December 6, 2001, with amendments.



(Sponsorship Updated As Of: 12/21/2001)

1 AN ACT concerning the disability and veterans retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.).
6

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

9
10 1. N.J.S.18A:66-41 is amended to read as follows:

11 18A:66-41. A member upon retirement for ordinary disability shall
12 receive a retirement allowance which shall consist of:

13 (a) an annuity which shall be the actuarial equivalent of his
14 accumulated deductions at the time of his retirement together with
15 regular interest after January 1, 1956; and

16 (b) a pension in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of 1 1/2% of final
18 compensation multiplied by his number of years of creditable service;
19 and provided further, that in no event shall the allowance be less than
20 **[40%]** 43.6% of final compensation[, except that in no case shall the
21 rate of allowance exceed 9/10 of the rate of the regular service
22 retirement allowance which the member would have received had he
23 remained in service from the date of retirement to age 60].

24 Upon the receipt of proper proofs of the death of a member who
25 has retired on an ordinary disability retirement allowance, there shall
26 be paid to such member's beneficiary, an amount equal to 1 1/2 times
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable service
29 or in the year of the member's highest contractual salary, whichever is
30 higher; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation. The death benefits provided in this
33 section shall apply to any member who has retired or shall retire on or
34 after January 1, 1956.

35 (cf: P.L.1995, c.410, s.2)
36

37 2. (New section) The retirement allowance of each retiree under
38 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
39 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
40 before the Legislature as this bill) shall be increased from 40% to
41 43.6% of final compensation. The provisions of section 7 of

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ASG committee amendments adopted December 6, 2001.

1 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
2 in retirement allowances provided by this section.

3

4 3. N.J.S.18A:66-42 is amended to read as follows:

5 18A:66-42. A member under 65 years of age upon retirement for
6 accidental disability shall receive a retirement allowance which shall
7 consist of:

8 (a) an annuity which shall be the actuarial equivalent of his
9 accumulated deductions at the time of his retirement together with
10 regular interest after January 1, 1956; and

11 (b) a pension in the amount which, when added to the member's
12 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
13 his actual annual compensation for which contributions were being
14 made at the time of the occurrence of the accident.

15 Upon the receipt of proper proofs of the death of a member who
16 has retired on an accidental disability retirement allowance, there shall
17 be paid to such member's beneficiary, an amount equal to 1 1/2 times
18 the compensation upon which contributions by the member to the
19 annuity savings fund were based in the last year of creditable service
20 or in the year of the member's highest contractual salary, whichever is
21 higher; provided, however, that if such death shall occur after the
22 member shall have attained age 60, the amount payable shall equal
23 3/16 of such compensation. The death benefits provided in this
24 section shall apply to any member who has retired or shall retire on or
25 after January 1, 1956.

26 (cf: P.L.1995, c.410, s.3)

27

28 4. (New section) The retirement allowance of each retiree under
29 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
30 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
31 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
32 of the actual annual compensation for which contributions were being
33 made at the time of the occurrence of the accident. The provisions of
34 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
35 increases in retirement allowances provided by this section.

36

37 5. (New section) The normal contribution for the increased benefits
38 for active members under N.J.S.18A:66-41 and N.J.S.18A:66-42 as
39 amended by sections 1 and 3 of P.L. , c. (now pending before the
40 Legislature as this bill) shall be paid from the benefit enhancement
41 fund established pursuant to N.J.S.18A:66-16. If there are excess
42 valuation assets after reductions in normal contributions and member
43 contributions, the amount of excess valuation assets credited to the
44 benefit enhancement fund shall include the present value of the
45 expected additional normal contributions attributable to the provisions
46 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1

1 and 3 of P.L. , c. (now pending before the Legislature as this bill)
2 payable on behalf of the active members over the expected working
3 lives of the active members in accordance with the tables of actuarial
4 assumptions for the valuation period. No additional excess valuation
5 assets shall be credited to the benefit enhancement fund after the
6 maximum amount is attained. Interest shall be credited to the benefit
7 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
8 benefit enhancement fund are insufficient to pay the normal
9 contribution for the increased benefits for a valuation period, the State
10 shall pay the amount of normal contribution for the increased benefits
11 not covered by assets from the benefit enhancement fund.

12

13 6. N.J.S.18A:66-71 is amended to read as follows:

14 18A:66-71. a. Any public employee veteran member in office,
15 position or employment of this State or of a county, municipality, or
16 school district, board of education or other employer who (1) has or
17 shall have attained the age of 60 years and has or shall have been for
18 20 years continuously or in the aggregate in office, position or
19 employment of this State or of a county, municipality or school
20 district, board of education or other employer, or (2) has or shall have
21 attained the age of 55 years and has or shall have been for 25 years
22 continuously or in the aggregate in that office, position or
23 employment, shall have the privilege of retiring for service and of
24 receiving, instead of the retirement allowance provided under
25 N.J.S.18A:66-44, a retirement allowance of [one-half] ¹[54%]
26 54.5%¹ of the compensation for which contributions are made during
27 the 12-month period of membership providing the largest possible
28 benefit to the member or the member's beneficiary.

29 b. (Deleted by amendment, P.L.1984, c.69.)

30 c. Any public employee veteran member who has been for 20 years
31 in the aggregate in office, position or employment of this State or of
32 a county, municipality or school district, board of education or other
33 employer as of January 1, 1955, shall have the privilege of retiring for
34 ordinary disability and of receiving, instead of the retirement allowance
35 provided under N.J.S.18A:66-41, a retirement allowance of one-half
36 of the compensation received during the last year of employment upon
37 which contributions to the annuity savings fund or contingent reserve
38 fund are made. Such retirement shall be subject to the provisions
39 governing ordinary disability retirement in N.J.S.18A:66-39 and
40 N.J.S.18A:66-40.

41 d. Any public employee veteran member who shall be in office,
42 position or employment of this State or of a county, municipality,
43 school district, board of education or other employer and who shall
44 have attained 55 years of age and who has at least 35 years of
45 aggregate service credit in such office, position or employment, shall
46 have the privilege of retiring for service and receiving a retirement

1 allowance of 1/55 of the compensation he received during the last year
2 of employment upon which contributions to the annuity savings fund
3 or contingent reserve fund are made for each year of creditable
4 service.

5 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
6 case of any member retiring under the provisions of subsections a. and
7 d. of this section and in the case of any member who has previously
8 retired under the provisions of subsection b. of this section before said
9 subsection was amended by [this act] P.L.1984, c.69. The death
10 benefit provided in N.J.S.18A:66-41 shall apply in the case of any
11 member [retiring] retired under the provisions of subsection c. of this
12 section.

13 f. A member who purchases service credit pursuant to any
14 provision of the "Teachers' Pension and Annuity Fund Law"
15 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
16 of satisfying any of the service requirements of that act.
17 (cf: P.L.2001, c.133, s.7)

18

19 7. (New section) The retirement allowance of each retiree under
20 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
21 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
22 pending before the Legislature as this bill), shall be increased from
23 50% to ¹[54%] 54.5%¹ of the compensation for which contributions
24 were made during the 12-month period of membership providing the
25 largest possible benefit to the member or the member's beneficiary.
26 The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not
27 be applicable to the increases in retirement allowances provided by this
28 section.

29

30 8. (New section) The normal contribution for the increased
31 benefits for active members under subsection a. of N.J.S.18A:66-71 as
32 amended by section 6 of P.L. , c. (now pending before the
33 Legislature as this bill) shall be paid from the benefit enhancement
34 fund established pursuant to N.J.S.18A:66-16. If there are excess
35 valuation assets after reductions in normal contributions and member
36 contributions, the amount of excess valuation assets credited to the
37 benefit enhancement fund shall include the present value of the
38 expected additional normal contributions attributable to the provisions
39 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
40 P.L. , c. (now pending before the Legislature as this bill) payable
41 on behalf of the active members over the expected working lives of the
42 active members in accordance with the tables of actuarial assumptions
43 for the valuation period. No additional excess valuation assets shall
44 be credited to the benefit enhancement fund after the maximum
45 amount is attained. Interest shall be credited to the benefit
46 enhancement fund as provided under N.J.S.18A:66-25. If assets in the

1 benefit enhancement fund are insufficient to pay the normal
2 contribution for the increased benefits for a valuation period, the State
3 shall pay the amount of normal contribution for the increased benefits
4 not covered by assets from the benefit enhancement fund.

5
6 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
7 as follows:

8 45. A member upon retirement for ordinary disability shall receive
9 a retirement allowance, which shall consist of:

10 a. An annuity which shall be the actuarial equivalent of his
11 accumulated deductions together with regular interest and

12 b. A pension in the amount which, when added to the member's
13 annuity, will provide a total retirement allowance of 1 1/2 % of final
14 compensation multiplied by his number of years of creditable service;
15 provided further, that in no event shall the allowance be less than
16 ~~[40%]~~ 43.6% of final compensation[, except that in no case shall the
17 rate of allowance exceed 9/10 of the rate of the regular service
18 retirement allowance which the member would have received had he
19 remained in service from the date of retirement to age 60].

20 c. Upon the receipt of proper proofs of the death of a member who
21 has retired on an ordinary disability retirement allowance, there shall
22 be paid to such member's beneficiary, an amount equal to 1 1/2 times
23 the compensation upon which contributions by the member to the
24 annuity savings fund were based in the last year of creditable service;
25 provided, however, that if such death shall occur after the member
26 shall have attained age 60, the amount payable shall equal 3/16 of
27 such compensation.

28 (cf: P.L.1971, c.213, s.19)

29
30 10. (New section) The retirement allowance of each retiree under
31 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
32 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
33 on the effective date of P.L. , c. (now pending before the
34 Legislature as this bill) shall be increased from 40% to 43.6% of final
35 compensation. The provisions of section 7 of P.L.1969, c.169
36 (C.43:3B-8) shall not be applicable to the increases in retirement
37 allowances provided by this section.

38
39 11. Section 46 of P.L.1954, c.84 (C.43:15A-46) is amended to
40 read as follows:

41 46. A member under 65 years of age upon retirement for accidental
42 disability shall receive a retirement allowance which shall consist of:

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

45 b. A pension, in the amount which, when added to the member's
46 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of

1 his actual annual compensation for which contributions were being
2 made at the time of the occurrence of the accident.

3 c. Upon receipt of proper proofs of the death of a member who has
4 retired on an accidental disability retirement allowance, there shall be
5 paid to such member's beneficiary, an amount equal to 1 1/2 times the
6 compensation upon which contributions by the member to the annuity
7 savings fund were based in the last year of creditable service;
8 provided, however, that if such death shall occur after the member
9 shall have attained age 60, the amount payable shall equal 3/16 of
10 such compensation.

11 (cf: P.L.1971, c.213, s.20)

12

13 12. (New section) The retirement allowance of each retiree under
14 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
15 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
16 on the effective date of P.L. , c. (now pending before the
17 Legislature as this bill) shall be increased from 2/3 to 72.7% of the
18 actual annual compensation for which contributions were being made
19 at the time of the occurrence of the accident. The provisions of section
20 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
21 increases in retirement allowances provided by this section.

22

23 13. (New section) The normal contribution for the increased
24 benefits for active members under sections 45 and 46 of P.L.1954,
25 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
26 of P.L. , c. (now pending before the Legislature as this bill) shall
27 be paid from the benefit enhancement fund established pursuant to
28 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
29 valuation assets after reductions in normal contributions and member
30 contributions, the amount of excess valuation assets credited to the
31 benefit enhancement fund shall include the present value of the
32 expected additional normal contributions attributable to the provisions
33 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
34 as amended by sections 9 and 11 of P.L. , c. (now pending before
35 the Legislature as this bill) payable on behalf of the active members
36 over the expected working lives of the active members in accordance
37 with the tables of actuarial assumptions for the valuation period. No
38 additional excess valuation assets shall be credited to the benefit
39 enhancement fund after the maximum amount is attained. Interest
40 shall be credited to the benefit enhancement fund as provided under
41 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
42 enhancement fund are insufficient to pay the normal contribution for
43 the increased benefits for a valuation period, the State shall pay the
44 amount of normal contribution for the increased benefits not covered
45 by assets from the benefit enhancement fund.

1 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
2 read as follows:

3 61. a. (Deleted by amendment, P.L.1995, c.332.)

4 b. Any public employee veteran member in office, position or
5 employment of this State or of a county, municipality, public agency,
6 school district or board of education and who (1) shall have attained
7 ~~[62]~~ 60 years of age and who has 20 years of aggregate service credit
8 in such office, position or employment, or (2) shall have attained 55
9 years of age and who has 25 years of aggregate service credit in such
10 office, position or employment, shall have the privilege of retiring for
11 service and receiving, instead of the retirement allowance provided
12 under section 48 of this act, a retirement allowance of ~~[one-half]~~
13 ~~¹[54%]~~ 54.5%¹ of the compensation for which contributions are made
14 during the 12-month period of membership providing the largest
15 possible benefit to the member or the member's beneficiary.

16 c. Any public employee veteran member who has been for 20 years
17 in the aggregate in office, position or employment of this State or of
18 a county, municipality, public agency, school district or board of
19 education as of January 2, 1955, shall have the privilege of retiring for
20 ordinary disability and of receiving, instead of the retirement allowance
21 provided under section 45 of this act, a retirement allowance of
22 one-half of the compensation received during the last year of
23 employment upon which contributions to the annuity savings fund or
24 contingent reserve fund are made. Such retirement shall be subject to
25 the provisions governing ordinary disability retirement in sections 42
26 and 44 of this act.

27 d. Any public employee veteran member who shall be in office,
28 position or employment of this State or of a county, municipality,
29 public agency, school district or board of education and who shall have
30 attained 55 years of age and who has at least 35 years of aggregate
31 service credit in such office, position or employment, shall have the
32 privilege of retiring for service and receiving a retirement allowance
33 of 1/55 of the compensation he received during the last year of
34 employment upon which contributions to the annuity savings fund or
35 contingent reserve fund are made for each year of creditable service.

36 e. The death benefit provided in section 48 shall apply in the case
37 of any member retiring under the provisions of subsections a., b. and
38 d. of this section. The death benefit provided in section 45 shall apply
39 in the case of any member ~~[retiring]~~ retired under the provisions of
40 subsection c. of this section.

41 f. The State shall be liable for any increased cost to local
42 government employers participating in the retirement system as a
43 result of the amendment of this section by P.L. , c. (now pending
44 before the Legislature as this bill), except as provided in section 16 of
45 P.L. , c. (now pending before the Legislature as this bill).

46 (cf: P.L.2001, c.133, s.14)

1 15. (New section) The retirement allowance of each retiree under
2 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
3 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
4 (C.43:15A-50), on the effective date of P.L. , c. (now pending
5 before the Legislature as this bill) shall be increased from 50% to
6 ¹[54%] 54.5%¹ of the compensation for which contributions were
7 made during the 12-month period of membership providing the largest
8 possible benefit to the member or the member's beneficiary. The
9 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
10 applicable to the increases in retirement allowances provided by this
11 section.

12

13 16. (New section) The normal contribution for the increased
14 benefits resulting from the increase in the percentage of compensation
15 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
16 as amended by section 14 of P.L. , c. (now pending before the
17 Legislature as this bill) shall be paid from the benefit enhancement
18 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
19 22). If there are excess valuation assets after reductions in normal
20 contributions and member contributions, the amount of excess
21 valuation assets credited to the benefit enhancement fund shall include
22 the present value of the expected additional normal contributions
23 attributable to the provisions of section 61 of P.L.1954, c.84
24 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
25 before the Legislature as this bill) payable on behalf of the active
26 members in accordance with the tables of actuarial assumptions for the
27 valuation period. No additional excess valuation assets shall be
28 credited to the benefit enhancement fund after the maximum amount
29 is attained. Interest shall be credited to the benefit enhancement fund
30 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
31 assets in the benefit enhancement fund are insufficient to pay the
32 normal contribution for the increased benefits for a valuation period,
33 the State shall pay the amount of normal contribution for the increased
34 benefits not covered by assets from the benefit enhancement fund.

35

36 17. This act shall take effect on the first day of the fourth month
37 after the date of enactment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 3793**

STATE OF NEW JERSEY

DATED: DECEMBER 20, 2001

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 3793.

The Assembly Committee Substitute for Assembly Bill No. 3793 provides for an increase in the special veterans retirement allowance and the ordinary and accidental disability retirement allowances for members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). The percentage increase is comparable to the increase provided in the service retirement formulas of those retirement systems under P.L.2001, c.133. That law increased the TPAF and PERS service retirement formulas and the veterans retirement formula for those veterans with 35 or more years of service, both of which are computed on the basis of the number of years of the retirant's service, by approximately 9 percent.

This substitute provides that the TPAF and PERS special veterans retirement allowance will increase from 50 percent to 54.5 percent of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance will increase from 40 percent to 43.6 percent of "final compensation" (average compensation during the three last or highest-paid years of service), and the accidental disability retirement allowance will increase from 66.66 percent to 72.7 percent of the actual annual compensation at the time of the accident. Existing retirees, or their beneficiaries, will also receive these percentage increases in their retirement allowances.

The additional annual employer normal contributions to TPAF and PERS required to fund this increase in the retirement allowances will be paid from the benefit enhancement funds established by P.L.2001, c.133. If the assets in these funds are insufficient to pay the normal contribution, the State will pay the normal contribution not covered by the assets. The unfunded liability created in TPAF and PERS will be covered by excess valuation assets.

The substitute also: (1) reduces from 62 to 60 the age at which a PERS veteran member with 20 years of aggregate service credit may retire on the special veterans retirement allowance; and (2) provides that a PERS veteran member who is 55 years of age with 25 years of

aggregate service credit may retire on the special veterans retirement allowance. These changes establish parity between eligibility qualifications for veterans retirement under PERS and those enjoyed by TPAF veterans since 1984. The State will be liable for any increased cost to local government employers participating in PERS as a result of these changes.

Finally, the substitute removes an inoperative provision of the law which had placed a cap on both ordinary and accidental disability retirement allowances. This provision was preempted by the federal Older Workers Benefit Protection Act.

This substitute is identical to Senate Bill Nos. 2573/2528/2530/2645 SCS (1R), as also reported by the committee.

FISCAL IMPACT:

The Division of Pensions and Benefits informally estimates that the enactment of this substitute would increase the unfunded accrued liability of the Teachers' Pension and Annuity Fund (TPAF) by about \$125.9 million, and that of the Public Employees' Retirement System (PERS) by about \$268.8 million, for a total overall increase of \$394.7 million.

The division estimates no direct cost to employers in FY2003, as a drawdown of pension fund assets of approximately \$269.7 million would partially offset the accrued liability. In FY2004, a State payment from the General Fund of approximately \$125.0 million would fund the remaining accrued liability if the substitute were enacted in early 2002.

The division informally estimates the normal cost to ensure that the future liability for this enhancement is funded at \$5.7 million in FY 2005, increasing to \$6.0 million in FY2006. Partially, this normal cost will be paid from the benefit enhancement fund created under P.L.2001, c.133 to fund the increases in that act.

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3793

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED DECEMBER 20, 2001

Sponsored by:

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman JOSEPH AZZOLINA

District 13 (Middlesex and Monmouth)

Assemblyman JOHN C. GIBSON

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Co-Sponsored by:

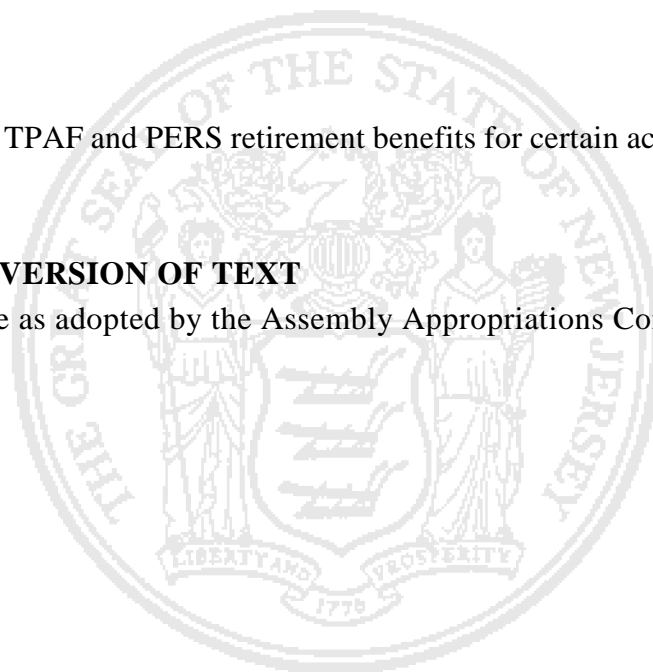
Assemblymen Felice, Bagger, Assemblywoman Vandervalk, Assemblymen Bateman, Biondi, Kelly, Geist, Thompson, Assemblywoman Weinberg, Assemblymen Suliga, Guear, R.Smith, Assemblywomen Greenstein, Heck, Assemblymen Holzapfel, Wolfe, Wisniewski, Cottrell and Malone

SYNOPSIS

Increases TPAF and PERS retirement benefits for certain active and retired employees.

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly Appropriations Committee.



(Sponsorship Updated As Of: 1/4/2002)

1 AN ACT concerning the retirement benefits under the Teachers'
2 Pension and Annuity Fund and the Public Employees' Retirement
3 System of New Jersey, amending and supplementing
4 N.J.S.18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.)
5 and amending P.L.1955, c.257 (C.43:15A-97 et seq.).
6

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

9
10 1. N.J.S.18A:66-41 is amended to read as follows:

11 18A:66-41. A member upon retirement for ordinary disability
12 shall receive a retirement allowance which shall consist of:

13 (a) an annuity which shall be the actuarial equivalent of his
14 accumulated deductions at the time of his retirement together with
15 regular interest after January 1, 1956; and

16 (b) a pension in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of ~~[1 1/2%]~~ 1.64%
18 of final compensation multiplied by his number of years of creditable
19 service; and provided further, that in no event shall the allowance be
20 less than ~~[40%]~~ 43.6% of final compensation[, except that in no case
21 shall the rate of allowance exceed 9/10 of the rate of the regular
22 service retirement allowance which the member would have received
23 had he remained in service from the date of retirement to age 60].

24 Upon the receipt of proper proofs of the death of a member who
25 has retired on an ordinary disability retirement allowance, there shall
26 be paid to such member's beneficiary, an amount equal to 1 1/2 times
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable service
29 or in the year of the member's highest contractual salary, whichever is
30 higher; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation. The death benefits provided in this
33 section shall apply to any member who has retired or shall retire on or
34 after January 1, 1956.

35 (cf: P.L.1995, c.410, s.2)
36

37 2. (New section) The retirement allowance of each retiree under
38 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
39 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
40 before the Legislature as this bill) shall be increased by a percentage
41 equivalent to the percentage increase in the fraction of final
42 compensation for each year of credited service for the total retirement
43 allowance under these sections made by this act, P.L. , c. (C.)

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 (now pending before the Legislature as this bill). The provisions of
2 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
3 increases in retirement allowances provided by this section.

4
5 3. N.J.S.18A:66-42 is amended to read as follows:

6 18A:66-42. A member under 65 years of age upon retirement for
7 accidental disability shall receive a retirement allowance which shall
8 consist of:

9 (a) an annuity which shall be the actuarial equivalent of his
10 accumulated deductions at the time of his retirement together with
11 regular interest after January 1, 1956; and

12 (b) a pension in the amount which, when added to the member's
13 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
14 his actual annual compensation for which contributions were being
15 made at the time of the occurrence of the accident.

16 Upon the receipt of proper proofs of the death of a member who
17 has retired on an accidental disability retirement allowance, there shall
18 be paid to such member's beneficiary, an amount equal to 1 1/2 times
19 the compensation upon which contributions by the member to the
20 annuity savings fund were based in the last year of creditable service
21 or in the year of the member's highest contractual salary, whichever is
22 higher; provided, however, that if such death shall occur after the
23 member shall have attained age 60, the amount payable shall equal
24 3/16 of such compensation. The death benefits provided in this
25 section shall apply to any member who has retired or shall retire on or
26 after January 1, 1956.

27 (cf: P.L.1995, c.410, s.3)

28
29 4. (New section) The retirement allowance of each retiree under
30 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
31 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
32 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
33 of the actual annual compensation for which contributions were being
34 made at the time of the occurrence of the accident. The provisions of
35 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
36 increases in retirement allowances provided by this section.

37
38 5. (New section) The normal contribution for the increased
39 benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-
40 42 as amended by sections 1 and 3 of P.L. , c. (now pending
41 before the Legislature as this bill) shall be paid from the benefit
42 enhancement fund established pursuant to N.J.S.18A:66-16. If there
43 are excess valuation assets after reductions in normal contributions and
44 member contributions, the amount of excess valuation assets credited
45 to the benefit enhancement fund shall include the present value of the
46 expected additional normal contributions attributable to the provisions

1 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
2 and 3 of P.L. , c. (now pending before the Legislature as this bill)
3 payable on behalf of the active members over the expected working
4 lives of the active members in accordance with the tables of actuarial
5 assumptions for the valuation period. No additional excess valuation
6 assets shall be credited to the benefit enhancement fund after the
7 maximum amount is attained. Interest shall be credited to the benefit
8 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
9 benefit enhancement fund are insufficient to pay the normal
10 contribution for the increased benefits for a valuation period, the State
11 shall pay the amount of normal contribution for the increased benefits
12 not covered by assets from the benefit enhancement fund.

13

14 6. N.J.S.18A:66-71 is amended to read as follows:

15 18A:66-71. a. Any public employee veteran member in office,
16 position or employment of this State or of a county, municipality, or
17 school district, board of education or other employer who (1) has or
18 shall have attained the age of 60 years and has or shall have been for
19 20 years continuously or in the aggregate in office, position or
20 employment of this State or of a county, municipality or school
21 district, board of education or other employer, or (2) has or shall have
22 attained the age of 55 years and has or shall have been for 25 years
23 continuously or in the aggregate in that office, position or
24 employment, shall have the privilege of retiring for service and of
25 receiving, instead of the retirement allowance provided under
26 N.J.S.18A:66-44, a retirement allowance of **[one-half]** 54.5% of the
27 compensation for which contributions are made during the 12-month
28 period of membership providing the largest possible benefit to the
29 member or the member's beneficiary.

30 b. (Deleted by amendment, P.L.1984, c.69.)

31 c. Any public employee veteran member who has been for 20 years
32 in the aggregate in office, position or employment of this State or of
33 a county, municipality or school district, board of education or other
34 employer as of January 1, 1955, shall have the privilege of retiring for
35 ordinary disability and of receiving, instead of the retirement allowance
36 provided under N.J.S.18A:66-41, a retirement allowance of one-half
37 of the compensation received during the last year of employment upon
38 which contributions to the annuity savings fund or contingent reserve
39 fund are made. Such retirement shall be subject to the provisions
40 governing ordinary disability retirement in N.J.S.18A:66-39 and
41 N.J.S.18A:66-40.

42 d. Any public employee veteran member who shall be in office,
43 position or employment of this State or of a county, municipality,
44 school district, board of education or other employer and who shall
45 have attained 55 years of age and who has at least 35 years of
46 aggregate service credit in such office, position or employment, shall

1 have the privilege of retiring for service and receiving a retirement
2 allowance of 1/55 of the compensation he received during the last year
3 of employment upon which contributions to the annuity savings fund
4 or contingent reserve fund are made for each year of creditable
5 service.

6 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
7 the case of any member retiring under the provisions of subsections
8 a. and d. of this section and in the case of any member who has
9 previously retired under the provisions of subsection b. of this section
10 before said subsection was amended by [this act] P.L.1984, c.69. The
11 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
12 any member [retiring] retired under the provisions of subsection c. of
13 this section.

14 f. A member who purchases service credit pursuant to any
15 provision of the "Teachers' Pension and Annuity Fund Law"
16 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
17 of satisfying any of the service requirements of that act.
18 (cf: P.L.2001, c.133, s.7)

19
20 7. (New section) The retirement allowance of each retiree under
21 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
22 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
23 pending before the Legislature as this bill), shall be increased from
24 50% to 54.5% of the compensation for which contributions were made
25 during the 12-month period of membership providing the largest
26 possible benefit to the member or the member's beneficiary. The
27 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
28 applicable to the increases in retirement allowances provided by this
29 section.

30
31 8. (New section) The normal contribution for the increased
32 benefits for active members under subsection a. of N.J.S.18A:66-71 as
33 amended by section 6 of P.L. , c. (now pending before the
34 Legislature as this bill) shall be paid from the benefit enhancement
35 fund established pursuant to N.J.S.18A:66-16. If there are excess
36 valuation assets after reductions in normal contributions and member
37 contributions, the amount of excess valuation assets credited to the
38 benefit enhancement fund shall include the present value of the
39 expected additional normal contributions attributable to the provisions
40 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
41 P.L. , c. (now pending before the Legislature as this bill) payable
42 on behalf of the active members over the expected working lives of the
43 active members in accordance with the tables of actuarial assumptions
44 for the valuation period. No additional excess valuation assets shall
45 be credited to the benefit enhancement fund after the maximum
46 amount is attained. Interest shall be credited to the benefit

1 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
2 benefit enhancement fund are insufficient to pay the normal
3 contribution for the increased benefits for a valuation period, the State
4 shall pay the amount of normal contribution for the increased benefits
5 not covered by assets from the benefit enhancement fund.

6
7 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
8 as follows:

9 45. A member upon retirement for ordinary disability shall receive
10 a retirement allowance, which shall consist of:

11 a. An annuity which shall be the actuarial equivalent of his
12 accumulated deductions together with regular interest and

13 b. A pension in the amount which, when added to the member's
14 annuity, will provide a total retirement allowance of ~~[1 1/2%]~~ 1.64%
15 of final compensation multiplied by his number of years of creditable
16 service; provided further, that in no event shall the allowance be less
17 than ~~[40%]~~ 43.6% of final compensation[, except that in no case shall
18 the rate of allowance exceed 9/10 of the rate of the regular service
19 retirement allowance which the member would have received had he
20 remained in service from the date of retirement to age 60].

21 c. Upon the receipt of proper proofs of the death of a member
22 who has retired on an ordinary disability retirement allowance, there
23 shall be paid to such member's beneficiary, an amount equal to 1 1/2
24 times the compensation upon which contributions by the member to
25 the annuity savings fund were based in the last year of creditable
26 service; provided, however, that if such death shall occur after the
27 member shall have attained age 60, the amount payable shall equal
28 3/16 of such compensation.

29 (cf: P.L.1971, c.213, s.19)

30
31 10. (New section) The retirement allowance of each retiree under
32 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
33 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
34 on the effective date of P.L. , c. (now pending before the
35 Legislature as this bill) shall be increased by a percentage equivalent
36 to the percentage increase in the fraction of final compensation for
37 each year of credited service for the total retirement allowance under
38 these sections made by this act, P.L. , c. (C.)(now pending
39 before the Legislature as this bill). The provisions of section 7 of
40 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
41 in retirement allowances provided by this section.

42
43 11. Section 46 of P.L.1954, c.84 (C.43:15A-46) is amended to
44 read as follows:

45 46. A member under 65 years of age upon retirement for
46 accidental disability shall receive a retirement allowance which shall

1 consist of:

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

4 b. A pension, in the amount which, when added to the member's
5 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
6 his actual annual compensation for which contributions were being
7 made at the time of the occurrence of the accident.

8 c. Upon receipt of proper proofs of the death of a member who
9 has retired on an accidental disability retirement allowance, there shall
10 be paid to such member's beneficiary, an amount equal to 1 1/2 times
11 the compensation upon which contributions by the member to the
12 annuity savings fund were based in the last year of creditable service;
13 provided, however, that if such death shall occur after the member
14 shall have attained age 60, the amount payable shall equal 3/16 of
15 such compensation.

16 (cf: P.L.1971, c.213, s.20)

17

18 12. (New section) The retirement allowance of each retiree under
19 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
20 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
21 on the effective date of P.L. , c. (now pending before the
22 Legislature as this bill) shall be increased from 2/3 to 72.7% of the
23 actual annual compensation for which contributions were being made
24 at the time of the occurrence of the accident. The provisions of section
25 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
26 increases in retirement allowances provided by this section.

27

28 13. (New section) The normal contribution for the increased
29 benefits for active members under sections 45 and 46 of P.L.1954,
30 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
31 of P.L. , c. (now pending before the Legislature as this bill) shall
32 be paid from the benefit enhancement fund established pursuant to
33 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
34 valuation assets after reductions in normal contributions and member
35 contributions, the amount of excess valuation assets credited to the
36 benefit enhancement fund shall include the present value of the
37 expected additional normal contributions attributable to the provisions
38 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
39 as amended by sections 9 and 11 of P.L. , c. (now pending before
40 the Legislature as this bill) payable on behalf of the active members
41 over the expected working lives of the active members in accordance
42 with the tables of actuarial assumptions for the valuation period. No
43 additional excess valuation assets shall be credited to the benefit
44 enhancement fund after the maximum amount is attained. Interest
45 shall be credited to the benefit enhancement fund as provided under
46 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit

1 enhancement fund are insufficient to pay the normal contribution for
2 the increased benefits for a valuation period, the State shall pay the
3 amount of normal contribution for the increased benefits not covered
4 by assets from the benefit enhancement fund.

5
6 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
7 read as follows:

8 61. a. (Deleted by amendment, P.L.1995, c.332.)

9 b. Any public employee veteran member in office, position or
10 employment of this State or of a county, municipality, public agency,
11 school district or board of education and who (1) shall have attained
12 ~~[62]~~ 60 years of age and who has 20 years of aggregate service credit
13 in such office, position or employment, or (2) shall have attained
14 55 years of age and who has 25 years of aggregate service credit in
15 such office, position or employment, shall have the privilege of retiring
16 for service and receiving, instead of the retirement allowance provided
17 under section 48 of this act, a retirement allowance of ~~[one-half]~~
18 54.5% of the compensation for which contributions are made during
19 the 12-month period of membership providing the largest possible
20 benefit to the member or the member's beneficiary.

21 c. Any public employee veteran member who has been for 20 years
22 in the aggregate in office, position or employment of this State or of
23 a county, municipality, public agency, school district or board of
24 education as of January 2, 1955, shall have the privilege of retiring for
25 ordinary disability and of receiving, instead of the retirement allowance
26 provided under section 45 of this act, a retirement allowance of
27 one-half of the compensation received during the last year of
28 employment upon which contributions to the annuity savings fund or
29 contingent reserve fund are made. Such retirement shall be subject to
30 the provisions governing ordinary disability retirement in sections 42
31 and 44 of this act.

32 d. Any public employee veteran member who shall be in office,
33 position or employment of this State or of a county, municipality,
34 public agency, school district or board of education and who shall have
35 attained 55 years of age and who has at least 35 years of aggregate
36 service credit in such office, position or employment, shall have the
37 privilege of retiring for service and receiving a retirement allowance
38 of 1/55 of the compensation he received during the last year of
39 employment upon which contributions to the annuity savings fund or
40 contingent reserve fund are made for each year of creditable service.

41 e. The death benefit provided in section 48 shall apply in the case
42 of any member retiring under the provisions of subsections a., b. and
43 d. of this section. The death benefit provided in section 45 shall apply
44 in the case of any member ~~[retiring]~~ retired under the provisions of
45 subsection c. of this section.

46 f. The State shall be liable for any increased cost to local

1 government employers participating in the retirement system as a
2 result of the amendment of this section by P.L. , c. (now pending
3 before the Legislature as this bill), except as provided in section 16 of
4 P.L. , c. (now pending before the Legislature as this bill).

5 (cf: P.L.2001, c.133, s.14)

6
7 15. (New section) The retirement allowance of each retiree under
8 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
9 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
10 (C.43:15A-50), on the effective date of P.L. , c. (now pending
11 before the Legislature as this bill) shall be increased from 50% to
12 54.5% of the compensation for which contributions were made during
13 the 12-month period of membership providing the largest possible
14 benefit to the member or the member's beneficiary. The provisions of
15 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
16 increases in retirement allowances provided by this section.

17
18 16. (New section) The normal contribution for the increased
19 benefits resulting from the increase in the percentage of compensation
20 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
21 as amended by section 14 of P.L. , c. (now pending before the
22 Legislature as this bill) shall be paid from the benefit enhancement
23 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
24 22). If there are excess valuation assets after reductions in normal
25 contributions and member contributions, the amount of excess
26 valuation assets credited to the benefit enhancement fund shall include
27 the present value of the expected additional normal contributions
28 attributable to the provisions of section 61 of P.L.1954, c.84
29 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
30 before the Legislature as this bill) payable on behalf of the active
31 members in accordance with the tables of actuarial assumptions for the
32 valuation period. No additional excess valuation assets shall be
33 credited to the benefit enhancement fund after the maximum amount
34 is attained. Interest shall be credited to the benefit enhancement fund
35 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
36 assets in the benefit enhancement fund are insufficient to pay the
37 normal contribution for the increased benefits for a valuation period,
38 the State shall pay the amount of normal contribution for the increased
39 benefits not covered by assets from the benefit enhancement fund.

40
41 17. Section 4 of P.L.1955, c.257 (C.43:15A-100) is amended to
42 read as follows:

43 4. Upon service retirement as a law enforcement officer a member
44 shall receive a service retirement allowance consisting of:

45 a. An annuity which shall be the actuarial equivalent of his
46 accumulated deductions together with regular interest and

1 b. A pension in the amount which, when added to the member's
2 annuity, will provide a total retirement allowance equal to 2% of his
3 final compensation multiplied by his number of years of service credit
4 as a law enforcement officer for which he has made contributions up
5 to 25, plus $[1 \frac{2}{3} \%$ of his final compensation multiplied by his
6 number of] the amount determined as provided in section 48 of
7 P.L.1954, c.84 (C.43:15A-48) for years of service credit other than
8 service as a law enforcement officer, for which he has made
9 contributions, plus 1% of his final compensation multiplied by his
10 number of years of service credit as a law enforcement officer for
11 which he has made contributions over 25 or for which he has made no
12 contributions to the retirement system for the period while he was a
13 law enforcement officer or, in the case of a veteran, while he was in
14 office, position or employment of this State, or of any county,
15 municipality, public agency or school district; provided, however, that
16 in the case of any member electing to receive benefits under section
17 38(b) of chapter 84 of the laws of 1954, such benefits shall be payable
18 at age 60.

19 The death benefit provided in section 48(c) of chapter 84 of the
20 laws of 1954 shall apply in the case of any member retiring under the
21 provisions of this section.

22 (cf: P.L.1971, c.213, s.40)

23

24 18. This act shall take effect immediately and shall be retroactive
25 to October 1, 2001.

ASSEMBLY, No. 3921

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED NOVEMBER 19, 2001

Sponsored by:

Assemblyman JOHN C. GIBSON

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman FRANCIS J. BLEE

District 2 (Atlantic)

Co-Sponsored by:

Assemblymen Pennacchio, Wolfe and Gear

SYNOPSIS

Increases TPAF and PERS disability and veterans retirement benefits for active and retired employees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/18/2001)

1 AN ACT concerning the disability and veterans retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.).

6

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

9

10 1. N.J.S.18A:66-41 is amended to read as follows:

11 18A:66-41. A member upon retirement for ordinary disability shall
12 receive a retirement allowance which shall consist of:

13 (a) an annuity which shall be the actuarial equivalent of his
14 accumulated deductions at the time of his retirement together with
15 regular interest after January 1, 1956; and

16 (b) a pension in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of 1 1/2% of final
18 compensation multiplied by his number of years of creditable service;
19 and provided further, that in no event shall the allowance be less than
20 **[40%]** 43.6% of final compensation[, except that in no case shall the
21 rate of allowance exceed 9/10 of the rate of the regular service
22 retirement allowance which the member would have received had he
23 remained in service from the date of retirement to age 60].

24 Upon the receipt of proper proofs of the death of a member who
25 has retired on an ordinary disability retirement allowance, there shall
26 be paid to such member's beneficiary, an amount equal to 1 1/2 times
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable service
29 or in the year of the member's highest contractual salary, whichever is
30 higher; provided, however, that if such death shall occur after the
31 member shall have attained age 60, the amount payable shall equal
32 3/16 of such compensation. The death benefits provided in this
33 section shall apply to any member who has retired or shall retire on or
34 after January 1, 1956.

35 (cf: P.L.1995, c.410, s.2)

36

37 2. (New section) The retirement allowance of each retiree under
38 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
39 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
40 before the Legislature as this bill) shall be increased from 40% to
41 43.6% of final compensation. The provisions of section 7 of
42 P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases
43 in retirement allowances provided by this section.

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 3. N.J.S.18A:66-42 is amended to read as follows:

2 18A:66-42. A member under 65 years of age upon retirement for
3 accidental disability shall receive a retirement allowance which shall
4 consist of:

5 (a) an annuity which shall be the actuarial equivalent of his
6 accumulated deductions at the time of his retirement together with
7 regular interest after January 1, 1956; and

8 (b) a pension in the amount which, when added to the member's
9 annuity, will provide a total retirement allowance of ~~[2/3]~~ 72.7% of
10 his actual annual compensation for which contributions were being
11 made at the time of the occurrence of the accident.

12 Upon the receipt of proper proofs of the death of a member who
13 has retired on an accidental disability retirement allowance, there shall
14 be paid to such member's beneficiary, an amount equal to 1 1/2 times
15 the compensation upon which contributions by the member to the
16 annuity savings fund were based in the last year of creditable service
17 or in the year of the member's highest contractual salary, whichever is
18 higher; provided, however, that if such death shall occur after the
19 member shall have attained age 60, the amount payable shall equal
20 3/16 of such compensation. The death benefits provided in this
21 section shall apply to any member who has retired or shall retire on or
22 after January 1, 1956.

23 (cf: P.L.1995, c.410, s.3)

24

25 4. (New section) The retirement allowance of each retiree under
26 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
27 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
28 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
29 of the actual annual compensation for which contributions were being
30 made at the time of the occurrence of the accident. The provisions of
31 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
32 increases in retirement allowances provided by this section.

33

34 5. (New section) The normal contribution for the increased
35 benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-
36 42 as amended by sections 1 and 3 of P.L. , c. (now pending
37 before the Legislature as this bill) shall be paid from the benefit
38 enhancement fund established pursuant to N.J.S.18A:66-16. If there
39 are excess valuation assets after reductions in normal contributions and
40 member contributions, the amount of excess valuation assets credited
41 to the benefit enhancement fund shall include the present value of the
42 expected additional normal contributions attributable to the provisions
43 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
44 and 3 of P.L. , c. (now pending before the Legislature as this bill)
45 payable on behalf of the active members over the expected working
46 lives of the active members in accordance with the tables of actuarial

1 assumptions for the valuation period. No additional excess valuation
2 assets shall be credited to the benefit enhancement fund after the
3 maximum amount is attained. Interest shall be credited to the benefit
4 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
5 benefit enhancement fund are insufficient to pay the normal
6 contribution for the increased benefits for a valuation period, the State
7 shall pay the amount of normal contribution for the increased benefits
8 not covered by assets from the benefit enhancement fund.

9

10 6. N.J.S.18A:66-71 is amended to read as follows:

11 18A:66-71. a. Any public employee veteran member in office,
12 position or employment of this State or of a county, municipality, or
13 school district, board of education or other employer who (1) has or
14 shall have attained the age of 60 years and has or shall have been for
15 20 years continuously or in the aggregate in office, position or
16 employment of this State or of a county, municipality or school
17 district, board of education or other employer, or (2) has or shall have
18 attained the age of 55 years and has or shall have been for 25 years
19 continuously or in the aggregate in that office, position or
20 employment, shall have the privilege of retiring for service and of
21 receiving, instead of the retirement allowance provided under
22 N.J.S.18A:66-44, a retirement allowance of ~~one-half~~ 54.5% of the
23 compensation for which contributions are made during the 12-month
24 period of membership providing the largest possible benefit to the
25 member or the member's beneficiary.

26 b. (Deleted by amendment, P.L.1984, c.69.)

27 c. Any public employee veteran member who has been for 20 years
28 in the aggregate in office, position or employment of this State or of
29 a county, municipality or school district, board of education or other
30 employer as of January 1, 1955, shall have the privilege of retiring for
31 ordinary disability and of receiving, instead of the retirement allowance
32 provided under N.J.S.18A:66-41, a retirement allowance of one-half
33 of the compensation received during the last year of employment upon
34 which contributions to the annuity savings fund or contingent reserve
35 fund are made. Such retirement shall be subject to the provisions
36 governing ordinary disability retirement in N.J.S.18A:66-39 and
37 N.J.S.18A:66-40.

38 d. Any public employee veteran member who shall be in office,
39 position or employment of this State or of a county, municipality,
40 school district, board of education or other employer and who shall
41 have attained 55 years of age and who has at least 35 years of
42 aggregate service credit in such office, position or employment, shall
43 have the privilege of retiring for service and receiving a retirement
44 allowance of 1/55 of the compensation he received during the last year
45 of employment upon which contributions to the annuity savings fund
46 or contingent reserve fund are made for each year of creditable

1 service.

2 e. The death benefit provided in N.J.S.18A:66-44 shall apply in the
3 case of any member retiring under the provisions of subsections a. and
4 d. of this section and in the case of any member who has previously
5 retired under the provisions of subsection b. of this section before said
6 subsection was amended by [this act] P.L.1984, c.69. The death
7 benefit provided in N.J.S.18A:66-41 shall apply in the case of any
8 member [retiring] retired under the provisions of subsection c. of this
9 section.

10 f. A member who purchases service credit pursuant to any
11 provision of the "Teachers' Pension and Annuity Fund Law"
12 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
13 of satisfying any of the service requirements of that act.
14 (cf: P.L.2001, c.133, s.7)

15
16 7. (New section) The retirement allowance of each retiree under
17 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
18 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
19 pending before the Legislature as this bill), shall be increased from
20 50% to 54.5% of the compensation for which contributions were made
21 during the 12-month period of membership providing the largest
22 possible benefit to the member or the member's beneficiary. The
23 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
24 applicable to the increases in retirement allowances provided by this
25 section.

26
27 8. (New section) The normal contribution for the increased
28 benefits for active members under subsection a. of N.J.S.18A:66-71 as
29 amended by section 6 of P.L. , c. (now pending before the
30 Legislature as this bill) shall be paid from the benefit enhancement
31 fund established pursuant to N.J.S.18A:66-16. If there are excess
32 valuation assets after reductions in normal contributions and member
33 contributions, the amount of excess valuation assets credited to the
34 benefit enhancement fund shall include the present value of the
35 expected additional normal contributions attributable to the provisions
36 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
37 P.L. , c. (now pending before the Legislature as this bill) payable
38 on behalf of the active members over the expected working lives of the
39 active members in accordance with the tables of actuarial assumptions
40 for the valuation period. No additional excess valuation assets shall
41 be credited to the benefit enhancement fund after the maximum
42 amount is attained. Interest shall be credited to the benefit
43 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
44 benefit enhancement fund are insufficient to pay the normal
45 contribution for the increased benefits for a valuation period, the State
46 shall pay the amount of normal contribution for the increased benefits
47 not covered by assets from the benefit enhancement fund.

1 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
2 as follows:

3 45. A member upon retirement for ordinary disability shall receive
4 a retirement allowance, which shall consist of:

5 a. An annuity which shall be the actuarial equivalent of his
6 accumulated deductions together with regular interest and

7 b. A pension in the amount which, when added to the member's
8 annuity, will provide a total retirement allowance of 1 1/2 % of final
9 compensation multiplied by his number of years of creditable service;
10 provided further, that in no event shall the allowance be less than
11 [40%] 43.6% of final compensation[, except that in no case shall the
12 rate of allowance exceed 9/10 of the rate of the regular service
13 retirement allowance which the member would have received had he
14 remained in service from the date of retirement to age 60].

15 c. Upon the receipt of proper proofs of the death of a member who
16 has retired on an ordinary disability retirement allowance, there shall
17 be paid to such member's beneficiary, an amount equal to 1 1/2 times
18 the compensation upon which contributions by the member to the
19 annuity savings fund were based in the last year of creditable service;
20 provided, however, that if such death shall occur after the member
21 shall have attained age 60, the amount payable shall equal 3/16 of such
22 compensation.

23 (cf: P.L.1971, c.213, s.19)

24

25 10. (New section) The retirement allowance of each retiree under
26 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
27 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
28 on the effective date of P.L. , c. (now pending before the
29 Legislature as this bill) shall be increased from 40% to 43.6% of final
30 compensation. The provisions of section 7 of P.L.1969, c.169
31 (C.43:3B-8) shall not be applicable to the increases in retirement
32 allowances provided by this section.

33

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

36 46. A member under 65 years of age upon retirement for accidental
37 disability shall receive a retirement allowance which shall consist of:

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

40 b. A pension, in the amount which, when added to the member's
41 annuity, will provide a total retirement allowance of [2/3] 72.7% of
42 his actual annual compensation for which contributions were being
43 made at the time of the occurrence of the accident.

44 c. Upon receipt of proper proofs of the death of a member who has
45 retired on an accidental disability retirement allowance, there shall be
46 paid to such member's beneficiary, an amount equal to 1 1/2 times the

1 compensation upon which contributions by the member to the annuity
2 savings fund were based in the last year of creditable service;
3 provided, however, that if such death shall occur after the member
4 shall have attained age 60, the amount payable shall equal 3/16 of
5 such compensation.

6 (cf: P.L.1971, c.213, s.20)

7

8 12. (New section) The retirement allowance of each retiree under
9 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
10 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
11 on the effective date of P.L. , c. (now pending before the
12 Legislature as this bill) shall be increased from 2/3 to 72.7% of the
13 actual annual compensation for which contributions were being made
14 at the time of the occurrence of the accident. The provisions of section
15 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
16 increases in retirement allowances provided by this section.

17

18 13. (New section) The normal contribution for the increased
19 benefits for active members under sections 45 and 46 of P.L.1954,
20 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
21 of P.L. , c. (now pending before the Legislature as this bill) shall
22 be paid from the benefit enhancement fund established pursuant to
23 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
24 valuation assets after reductions in normal contributions and member
25 contributions, the amount of excess valuation assets credited to the
26 benefit enhancement fund shall include the present value of the
27 expected additional normal contributions attributable to the provisions
28 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
29 as amended by sections 9 and 11 of P.L. , c. (now pending before
30 the Legislature as this bill) payable on behalf of the active members
31 over the expected working lives of the active members in accordance
32 with the tables of actuarial assumptions for the valuation period. No
33 additional excess valuation assets shall be credited to the benefit
34 enhancement fund after the maximum amount is attained. Interest
35 shall be credited to the benefit enhancement fund as provided under
36 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
37 enhancement fund are insufficient to pay the normal contribution for
38 the increased benefits for a valuation period, the State shall pay the
39 amount of normal contribution for the increased benefits not covered
40 by assets from the benefit enhancement fund.

41

42 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
43 read as follows:

44 61. a. (Deleted by amendment, P.L.1995, c.332.)

45 b. Any public employee veteran member in office, position or
46 employment of this State or of a county, municipality, public agency,

1 school district or board of education and who (1) shall have attained
2 [62] 60 years of age and who has 20 years of aggregate service credit
3 in such office, position or employment, or (2) shall have attained 55
4 years of age and who has 25 years of aggregate service credit in such
5 office, position or employment, shall have the privilege of retiring for
6 service and receiving, instead of the retirement allowance provided
7 under section 48 of this act, a retirement allowance of [one-half]
8 54.5% of the compensation for which contributions are made during
9 the 12-month period of membership providing the largest possible
10 benefit to the member or the member's beneficiary.

11 c. Any public employee veteran member who has been for 20 years
12 in the aggregate in office, position or employment of this State or of
13 a county, municipality, public agency, school district or board of
14 education as of January 2, 1955, shall have the privilege of retiring for
15 ordinary disability and of receiving, instead of the retirement allowance
16 provided under section 45 of this act, a retirement allowance of
17 one-half of the compensation received during the last year of
18 employment upon which contributions to the annuity savings fund or
19 contingent reserve fund are made. Such retirement shall be subject to
20 the provisions governing ordinary disability retirement in sections 42
21 and 44 of this act.

22 d. Any public employee veteran member who shall be in office,
23 position or employment of this State or of a county, municipality,
24 public agency, school district or board of education and who shall have
25 attained 55 years of age and who has at least 35 years of aggregate
26 service credit in such office, position or employment, shall have the
27 privilege of retiring for service and receiving a retirement allowance
28 of 1/55 of the compensation he received during the last year of
29 employment upon which contributions to the annuity savings fund or
30 contingent reserve fund are made for each year of creditable service.

31 e. The death benefit provided in section 48 shall apply in the case
32 of any member retiring under the provisions of subsections a., b. and
33 d. of this section. The death benefit provided in section 45 shall apply
34 in the case of any member [retiring] retired under the provisions of
35 subsection c. of this section.

36 f. The State shall be liable for any increased cost to local
37 government employers participating in the retirement system as a
38 result of the amendment of this section by P.L. , c. (now pending
39 before the Legislature as this bill), except as provided in section 16 of
40 P.L. , c. (now pending before the Legislature as this bill).
41 (cf: P.L.2001, c.133, s.14)

42
43 15. (New section) The retirement allowance of each retiree under
44 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
45 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
46 (C.43:15A-50), on the effective date of P.L. , c. (now pending

1 before the Legislature as this bill) shall be increased from 50% to
2 54.5% of the compensation for which contributions were made during
3 the 12-month period of membership providing the largest possible
4 benefit to the member or the member's beneficiary. The provisions of
5 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
6 increases in retirement allowances provided by this section.

7
8 16. (New section) The normal contribution for the increased
9 benefits resulting from the increase in the percentage of compensation
10 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
11 as amended by section 14 of P.L. , c. (now pending before the
12 Legislature as this bill) shall be paid from the benefit enhancement
13 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
14 22). If there are excess valuation assets after reductions in normal
15 contributions and member contributions, the amount of excess
16 valuation assets credited to the benefit enhancement fund shall include
17 the present value of the expected additional normal contributions
18 attributable to the provisions of section 61 of P.L.1954, c.84
19 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending
20 before the Legislature as this bill) payable on behalf of the active
21 members in accordance with the tables of actuarial assumptions for the
22 valuation period. No additional excess valuation assets shall be
23 credited to the benefit enhancement fund after the maximum amount
24 is attained. Interest shall be credited to the benefit enhancement fund
25 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
26 assets in the benefit enhancement fund are insufficient to pay the
27 normal contribution for the increased benefits for a valuation period,
28 the State shall pay the amount of normal contribution for the increased
29 benefits not covered by assets from the benefit enhancement fund.

30
31 17. This act shall take effect on the first day of the fourth month
32 after the date of enactment.

33 STATEMENT

34
35
36
37 This bill provides for an increase in the ordinary and accidental
38 retirement allowances, and the special veterans retirement allowance,
39 for members of the Teachers' Pension and Annuity Fund (TPAF) and
40 the Public Employees' Retirement System (PERS). The percentage
41 increase will be comparable to the increase provided under P.L.2001,
42 c.133 in the retirement allowance formulas of those retirement
43 systems. P.L.2001, c.133 increased TPAF and PERS service
44 retirement formulas, and veterans special retirement formulas for those
45 veterans with 35 or more years of service, by approximately 9.09
46 percent. Existing retirees, or their beneficiaries, will also receive this

1 percentage increase in their retirement allowances.

2 Specifically, the ordinary disability retirement allowances will
3 increase from a minimum of 40 percent to 43.6 percent of final
4 average compensation, and the accidental disability retirement
5 allowance will increase from 66.66 percent to 72.7 percent of the
6 actual annual compensation at the time of the accident. The TPAF and
7 PERS veterans special retirement allowances will increase from 50
8 percent to 54.5 percent of the compensation for the 12-month period
9 providing the largest possible benefit.

10 The additional annual employer normal contributions to TPAF and
11 PERS for this increase in the retirement allowances would be paid
12 from the benefit enhancement funds established by P.L.2001, c.133.
13 If the assets in these funds are insufficient to pay the normal
14 contribution, the State will pay the normal contribution not covered by
15 the assets. The unfunded liability created in TPAF and PERS will be
16 covered by excess valuation assets.

17 The bill also removes an inoperative provision of the law which
18 placed a cap on both ordinary and accidental disability retirement
19 allowances. This provision was preempted by the federal Older
20 Workers Benefit Protection Act.

21 Finally, the bill (1) reduces from 62 to 60 the age at which a veteran
22 member of the PERS with 20 years of aggregate service credit may
23 retire on the special veterans' retirement allowance, and (2) provides
24 that such a veteran member of PERS who is 55 years of age with 25
25 years of aggregate service credit may retire on the same special
26 veterans' retirement allowance. This change will create parity for
27 veteran members of the PERS with veteran members of the TPAF.
28 The State will be liable for any increased cost to local government
29 employers participating in the retirement system as a result of this
30 change.

§2 - C.18A:66-41.1
§§4,5 -
C.18A:66-42.1 &
18A:66-42.2
§§7,8 -
C.18A:66-71.2
& 18A:66-71.3
§10 - C.43:15A-45.1
§§12,13 -
C.43:15A-46.1
& 43:15A-46.2
§§15,16 -
C.43:15A-61.2
& 43:15A-61.3
§18 - Note to §§1-17

P.L. 2001, CHAPTER 353, *approved January 6, 2002*
Senate Committee Substitute (*First Reprint*) for
Senate, Nos. 2573, 2528, 2530 and 2645

1 AN ACT concerning the ¹[disability and veterans]¹ retirement benefits
2 under the Teachers' Pension and Annuity Fund and the Public
3 Employees' Retirement System of New Jersey, amending and
4 supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84
5 (C.43:15A-1 et seq.) ¹and amending P.L.1955, c.257 (C.43:15A-
6 97 et seq.)¹.

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

10
11 1. N.J.S.18A:66-41 is amended to read as follows:

12 18A:66-41. A member upon retirement for ordinary disability
13 shall receive a retirement allowance which shall consist of:

14 (a) an annuity which shall be the actuarial equivalent of his
15 accumulated deductions at the time of his retirement together with
16 regular interest after January 1, 1956; and

17 (b) a pension in the amount which, when added to the member's
18 annuity, will provide a total retirement allowance of ¹[1 1/2%]
19 1.64%¹ of final compensation multiplied by his number of years of
20 creditable service; and provided further, that in no event shall the
21 allowance be less than [40%] 43.6% of final compensation[, except
22 that in no case shall the rate of allowance exceed 9/10 of the rate of
23 the regular service retirement allowance which the member would have
24 received had he remained in service from the date of retirement to age
25 60].

26 Upon the receipt of proper proofs of the death of a member who
27 has retired on an ordinary disability retirement allowance, there shall

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted December 13, 2001.

1 be paid to such member's beneficiary, an amount equal to 1 1/2 times
2 the compensation upon which contributions by the member to the
3 annuity savings fund were based in the last year of creditable service
4 or in the year of the member's highest contractual salary, whichever is
5 higher; provided, however, that if such death shall occur after the
6 member shall have attained age 60, the amount payable shall equal
7 3/16 of such compensation. The death benefits provided in this
8 section shall apply to any member who has retired or shall retire on or
9 after January 1, 1956.

10 (cf: P.L.1995, c.410, s.2)

11

12 2. (New section) The retirement allowance of each retiree under
13 N.J.S.18A:66-41, or the retiree's beneficiary pursuant to
14 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
15 before the Legislature as this bill) shall be increased ¹ [from 40% to
16 43.6% of final compensation] by a percentage equivalent to the
17 percentage increase in the fraction of final compensation for each year
18 of credited service for the total retirement allowance under these
19 sections made by this act, P.L. , c. (C.)(now pending before
20 the Legislature as this bill)¹ . The provisions of section 7 of P.L.1969,
21 c.169 (C.43:3B-8) shall not be applicable to the increases in retirement
22 allowances provided by this section.

23

24 3. N.J.S.18A:66-42 is amended to read as follows:

25 18A:66-42. A member under 65 years of age upon retirement for
26 accidental disability shall receive a retirement allowance which shall
27 consist of:

28 (a) an annuity which shall be the actuarial equivalent of his
29 accumulated deductions at the time of his retirement together with
30 regular interest after January 1, 1956; and

31 (b) a pension in the amount which, when added to the member's
32 annuity, will provide a total retirement allowance of [2/3] 72.7% of
33 his actual annual compensation for which contributions were being
34 made at the time of the occurrence of the accident.

35 Upon the receipt of proper proofs of the death of a member who
36 has retired on an accidental disability retirement allowance, there shall
37 be paid to such member's beneficiary, an amount equal to 1 1/2 times
38 the compensation upon which contributions by the member to the
39 annuity savings fund were based in the last year of creditable service
40 or in the year of the member's highest contractual salary, whichever is
41 higher; provided, however, that if such death shall occur after the
42 member shall have attained age 60, the amount payable shall equal
43 3/16 of such compensation. The death benefits provided in this
44 section shall apply to any member who has retired or shall retire on or
45 after January 1, 1956.

46 (cf: P.L.1995, c.410, s.3)

1 4. (New section) The retirement allowance of each retiree under
2 N.J.S.18A:66-42, or the retiree's beneficiary pursuant to
3 N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending
4 before the Legislature as this bill) shall be increased from 2/3 to 72.7%
5 of the actual annual compensation for which contributions were being
6 made at the time of the occurrence of the accident. The provisions of
7 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
8 increases in retirement allowances provided by this section.

9
10 5. (New section) The normal contribution for the increased
11 benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-
12 42 as amended by sections 1 and 3 of P.L. , c. (now pending
13 before the Legislature as this bill) shall be paid from the benefit
14 enhancement fund established pursuant to N.J.S.18A:66-16. If there
15 are excess valuation assets after reductions in normal contributions and
16 member contributions, the amount of excess valuation assets credited
17 to the benefit enhancement fund shall include the present value of the
18 expected additional normal contributions attributable to the provisions
19 of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
20 and 3 of P.L. , c. (now pending before the Legislature as this bill)
21 payable on behalf of the active members over the expected working
22 lives of the active members in accordance with the tables of actuarial
23 assumptions for the valuation period. No additional excess valuation
24 assets shall be credited to the benefit enhancement fund after the
25 maximum amount is attained. Interest shall be credited to the benefit
26 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
27 benefit enhancement fund are insufficient to pay the normal
28 contribution for the increased benefits for a valuation period, the State
29 shall pay the amount of normal contribution for the increased benefits
30 not covered by assets from the benefit enhancement fund.

31
32 6. N.J.S.18A:66-71 is amended to read as follows:

33 18A:66-71. a. Any public employee veteran member in office,
34 position or employment of this State or of a county, municipality, or
35 school district, board of education or other employer who (1) has or
36 shall have attained the age of 60 years and has or shall have been for
37 20 years continuously or in the aggregate in office, position or
38 employment of this State or of a county, municipality or school
39 district, board of education or other employer, or (2) has or shall have
40 attained the age of 55 years and has or shall have been for 25 years
41 continuously or in the aggregate in that office, position or
42 employment, shall have the privilege of retiring for service and of
43 receiving, instead of the retirement allowance provided under
44 N.J.S.18A:66-44, a retirement allowance of [one-half] 54.5% of the
45 compensation for which contributions are made during the 12-month
46 period of membership providing the largest possible benefit to the
47 member or the member's beneficiary.

1 b. (Deleted by amendment, P.L.1984, c.69.)

2 c. Any public employee veteran member who has been for 20 years
3 in the aggregate in office, position or employment of this State or of
4 a county, municipality or school district, board of education or other
5 employer as of January 1, 1955, shall have the privilege of retiring for
6 ordinary disability and of receiving, instead of the retirement allowance
7 provided under N.J.S.18A:66-41, a retirement allowance of one-half
8 of the compensation received during the last year of employment upon
9 which contributions to the annuity savings fund or contingent reserve
10 fund are made. Such retirement shall be subject to the provisions
11 governing ordinary disability retirement in N.J.S.18A:66-39 and
12 N.J.S.18A:66-40.

13 d. Any public employee veteran member who shall be in office,
14 position or employment of this State or of a county, municipality,
15 school district, board of education or other employer and who shall
16 have attained 55 years of age and who has at least 35 years of
17 aggregate service credit in such office, position or employment, shall
18 have the privilege of retiring for service and receiving a retirement
19 allowance of 1/55 of the compensation he received during the last year
20 of employment upon which contributions to the annuity savings fund
21 or contingent reserve fund are made for each year of creditable
22 service.

23 e. The death benefit provided in N.J.S.18A:66-44 shall apply in
24 the case of any member retiring under the provisions of subsections
25 a. and d. of this section and in the case of any member who has
26 previously retired under the provisions of subsection b. of this section
27 before said subsection was amended by [this act] P.L.1984, c.69. The
28 death benefit provided in N.J.S.18A:66-41 shall apply in the case of
29 any member [retiring] retired under the provisions of subsection c. of
30 this section.

31 f. A member who purchases service credit pursuant to any
32 provision of the "Teachers' Pension and Annuity Fund Law"
33 (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose
34 of satisfying any of the service requirements of that act.
35 (cf: P.L.2001, c.133, s.7)

36
37 7. (New section) The retirement allowance of each retiree under
38 subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant
39 to N.J.S.18A:66-47, on the effective date of P.L. , c. (now
40 pending before the Legislature as this bill), shall be increased from
41 50% to 54.5% of the compensation for which contributions were made
42 during the 12-month period of membership providing the largest
43 possible benefit to the member or the member's beneficiary. The
44 provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be
45 applicable to the increases in retirement allowances provided by this
46 section.

1 8. (New section) The normal contribution for the increased
2 benefits for active members under subsection a. of N.J.S.18A:66-71 as
3 amended by section 6 of P.L. , c. (now pending before the
4 Legislature as this bill) shall be paid from the benefit enhancement
5 fund established pursuant to N.J.S.18A:66-16. If there are excess
6 valuation assets after reductions in normal contributions and member
7 contributions, the amount of excess valuation assets credited to the
8 benefit enhancement fund shall include the present value of the
9 expected additional normal contributions attributable to the provisions
10 of subsection a. of N.J.S.18A:66-71 as amended by section 6 of
11 P.L. , c. (now pending before the Legislature as this bill) payable
12 on behalf of the active members over the expected working lives of the
13 active members in accordance with the tables of actuarial assumptions
14 for the valuation period. No additional excess valuation assets shall
15 be credited to the benefit enhancement fund after the maximum
16 amount is attained. Interest shall be credited to the benefit
17 enhancement fund as provided under N.J.S.18A:66-25. If assets in the
18 benefit enhancement fund are insufficient to pay the normal
19 contribution for the increased benefits for a valuation period, the State
20 shall pay the amount of normal contribution for the increased benefits
21 not covered by assets from the benefit enhancement fund.

22

23 9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read
24 as follows:

25 45. A member upon retirement for ordinary disability shall receive
26 a retirement allowance, which shall consist of:

27 a. An annuity which shall be the actuarial equivalent of his
28 accumulated deductions together with regular interest and

29 b. A pension in the amount which, when added to the member's
30 annuity, will provide a total retirement allowance of ¹[1 1/2%]
31 1.64% ¹ of final compensation multiplied by his number of years of
32 creditable service; provided further, that in no event shall the
33 allowance be less than [40%] 43.6% of final compensation[, except
34 that in no case shall the rate of allowance exceed 9/10 of the rate of
35 the regular service retirement allowance which the member would have
36 received had he remained in service from the date of retirement to age
37 60].

38 c. Upon the receipt of proper proofs of the death of a member
39 who has retired on an ordinary disability retirement allowance, there
40 shall be paid to such member's beneficiary, an amount equal to 1 1/2
41 times the compensation upon which contributions by the member to
42 the annuity savings fund were based in the last year of creditable
43 service; provided, however, that if such death shall occur after the
44 member shall have attained age 60, the amount payable shall equal
45 3/16 of such compensation.

46 (cf: P.L.1971, c.213, s.19)

1 10. (New section) The retirement allowance of each retiree under
2 section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's
3 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
4 on the effective date of P.L. , c. (now pending before the
5 Legislature as this bill) shall be increased ¹[from 40% to 43.6% of
6 final compensation] by a percentage equivalent to the percentage
7 increase in the fraction of final compensation for each year of credited
8 service for the total retirement allowance under these sections made
9 by this act, P.L. , c. (C.)(now pending before the Legislature
10 as this bill)¹. The provisions of section 7 of P.L.1969, c.169
11 (C.43:3B-8) shall not be applicable to the increases in retirement
12 allowances provided by this section.

13

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

16 46. A member under 65 years of age upon retirement for
17 accidental disability shall receive a retirement allowance which shall
18 consist of:

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

21 b. A pension, in the amount which, when added to the member's
22 annuity, will provide a total retirement allowance of $[\frac{2}{3}]$ 72.7% of
23 his actual annual compensation for which contributions were being
24 made at the time of the occurrence of the accident.

25 c. Upon receipt of proper proofs of the death of a member who
26 has retired on an accidental disability retirement allowance, there shall
27 be paid to such member's beneficiary, an amount equal to 1 1/2 times
28 the compensation upon which contributions by the member to the
29 annuity savings fund were based in the last year of creditable service;
30 provided, however, that if such death shall occur after the member
31 shall have attained age 60, the amount payable shall equal $\frac{3}{16}$ of
32 such compensation.

33 (cf: P.L.1971, c.213, s.20)

34

35 12. (New section) The retirement allowance of each retiree under
36 section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
37 beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
38 on the effective date of P.L. , c. (now pending before the
39 Legislature as this bill) shall be increased from $\frac{2}{3}$ to 72.7% of the
40 actual annual compensation for which contributions were being made
41 at the time of the occurrence of the accident. The provisions of section
42 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
43 increases in retirement allowances provided by this section.

44

45 13. (New section) The normal contribution for the increased
46 benefits for active members under sections 45 and 46 of P.L.1954,

1 c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
2 of P.L. , c. (now pending before the Legislature as this bill) shall
3 be paid from the benefit enhancement fund established pursuant to
4 section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
5 valuation assets after reductions in normal contributions and member
6 contributions, the amount of excess valuation assets credited to the
7 benefit enhancement fund shall include the present value of the
8 expected additional normal contributions attributable to the provisions
9 of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
10 as amended by sections 9 and 11 of P.L. , c. (now pending before
11 the Legislature as this bill) payable on behalf of the active members
12 over the expected working lives of the active members in accordance
13 with the tables of actuarial assumptions for the valuation period. No
14 additional excess valuation assets shall be credited to the benefit
15 enhancement fund after the maximum amount is attained. Interest
16 shall be credited to the benefit enhancement fund as provided under
17 section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
18 enhancement fund are insufficient to pay the normal contribution for
19 the increased benefits for a valuation period, the State shall pay the
20 amount of normal contribution for the increased benefits not covered
21 by assets from the benefit enhancement fund.

22

23 14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to
24 read as follows:

25 61. a. (Deleted by amendment, P.L.1995, c.332.)

26 b. Any public employee veteran member in office, position or
27 employment of this State or of a county, municipality, public agency,
28 school district or board of education and who (1) shall have attained
29 **[62]** 60 years of age and who has 20 years of aggregate service credit
30 in such office, position or employment, or (2) shall have attained
31 55 years of age and who has 25 years of aggregate service credit in
32 such office, position or employment, shall have the privilege of retiring
33 for service and receiving, instead of the retirement allowance provided
34 under section 48 of this act, a retirement allowance of **[one-half]**
35 54.5% of the compensation for which contributions are made during
36 the 12-month period of membership providing the largest possible
37 benefit to the member or the member's beneficiary.

38 c. Any public employee veteran member who has been for 20 years
39 in the aggregate in office, position or employment of this State or of
40 a county, municipality, public agency, school district or board of
41 education as of January 2, 1955, shall have the privilege of retiring for
42 ordinary disability and of receiving, instead of the retirement allowance
43 provided under section 45 of this act, a retirement allowance of
44 one-half of the compensation received during the last year of
45 employment upon which contributions to the annuity savings fund or
46 contingent reserve fund are made. Such retirement shall be subject to

1 the provisions governing ordinary disability retirement in sections 42
2 and 44 of this act.

3 d. Any public employee veteran member who shall be in office,
4 position or employment of this State or of a county, municipality,
5 public agency, school district or board of education and who shall have
6 attained 55 years of age and who has at least 35 years of aggregate
7 service credit in such office, position or employment, shall have the
8 privilege of retiring for service and receiving a retirement allowance
9 of 1/55 of the compensation he received during the last year of
10 employment upon which contributions to the annuity savings fund or
11 contingent reserve fund are made for each year of creditable service.

12 e. The death benefit provided in section 48 shall apply in the case
13 of any member retiring under the provisions of subsections a., b. and
14 d. of this section. The death benefit provided in section 45 shall apply
15 in the case of any member [~~retiring~~] retired under the provisions of
16 subsection c. of this section.

17 f. The State shall be liable for any increased cost to local
18 government employers participating in the retirement system as a
19 result of the amendment of this section by P.L. , c. (now pending
20 before the Legislature as this bill), except as provided in section 16 of
21 P.L. , c. (now pending before the Legislature as this bill).

22 (cf: P.L.2001, c.133, s.14)

23

24 15. (New section) The retirement allowance of each retiree under
25 subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the
26 retiree's beneficiary pursuant to section 50 of P.L.1954, c.84
27 (C.43:15A-50), on the effective date of P.L. , c. (now pending
28 before the Legislature as this bill) shall be increased from 50% to
29 54.5% of the compensation for which contributions were made during
30 the 12-month period of membership providing the largest possible
31 benefit to the member or the member's beneficiary. The provisions of
32 section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
33 increases in retirement allowances provided by this section.

34

35 16. (New section) The normal contribution for the increased
36 benefits resulting from the increase in the percentage of compensation
37 for active members under section 61 of P.L.1954, c.84 (C.43:15A-61)
38 as amended by section 14 of P.L. , c. (now pending before the
39 Legislature as this bill) shall be paid from the benefit enhancement
40 fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-
41 22). If there are excess valuation assets after reductions in normal
42 contributions and member contributions, the amount of excess
43 valuation assets credited to the benefit enhancement fund shall include
44 the present value of the expected additional normal contributions
45 attributable to the provisions of section 61 of P.L.1954, c.84
46 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending

1 before the Legislature as this bill) payable on behalf of the active
2 members in accordance with the tables of actuarial assumptions for the
3 valuation period. No additional excess valuation assets shall be
4 credited to the benefit enhancement fund after the maximum amount
5 is attained. Interest shall be credited to the benefit enhancement fund
6 as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If
7 assets in the benefit enhancement fund are insufficient to pay the
8 normal contribution for the increased benefits for a valuation period,
9 the State shall pay the amount of normal contribution for the increased
10 benefits not covered by assets from the benefit enhancement fund.

11

12 ¹17. Section 4 of P.L.1955, c.257 (C.43:15A-100) is amended to
13 read as follows:

14 43:15A-100. Upon service retirement as a law enforcement officer
15 a member shall receive a service retirement allowance consisting of:

16 a. An annuity which shall be the actuarial equivalent of his
17 accumulated deductions together with regular interest and

18 b. A pension in the amount which, when added to the member's
19 annuity, will provide a total retirement allowance equal to 2% of his
20 final compensation multiplied by his number of years of service credit
21 as a law enforcement officer for which he has made contributions up
22 to 25, plus $1\frac{2}{3}$ % of his final compensation multiplied by his
23 number of] the amount determined as provided in section 48 of
24 P.L.1954, c.84 (C.43:15A-48) for years of service credit other than
25 service as a law enforcement officer, for which he has made
26 contributions, plus 1% of his final compensation multiplied by his
27 number of years of service credit as a law enforcement officer for
28 which he has made contributions over 25 or for which he has made no
29 contributions to the retirement system for the period while he was a
30 law enforcement officer or, in the case of a veteran, while he was in
31 office, position or employment of this State, or of any county,
32 municipality, public agency or school district; provided, however, that
33 in the case of any member electing to receive benefits under section
34 38(b) of chapter 84 of the laws of 1954, such benefits shall be payable
35 at age 60.

36 The death benefit provided in section 48(c) of chapter 84 of the
37 laws of 1954 shall apply in the case of any member retiring under the
38 provisions of this section.¹

39 (cf: P.L.1971, c.213, s.40)

40

41 ¹[17.] 18. ¹ This act shall take effect¹ [on the first day of the
42 fourth month after the date of enactment] immediately and shall be
43 retroactive to October 1, 2001¹.

1

2

3 Increases TPAF and PERS retirement benefits for certain active and
4 retired employees.

CHAPTER 353

AN ACT concerning the retirement benefits under the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System of New Jersey, amending and supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.) and amending P.L.1955, c.257 (C.43:15A-97 et seq.).

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

1. N.J.S.18A:66-41 is amended to read as follows:

Ordinary disability allowances.

18A:66-41. A member upon retirement for ordinary disability shall receive a retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement together with regular interest after January 1, 1956; and

(b) a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1.64% of final compensation multiplied by his number of years of creditable service; and provided further, that in no event shall the allowance be less than 43.6% of final compensation.

Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service or in the year of the member's highest contractual salary, whichever is higher; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation. The death benefits provided in this section shall apply to any member who has retired or shall retire on or after January 1, 1956.

C.18A:66-41.1 Increase in retirement allowance for retiree, beneficiary under N.J.S.18A:66-41 or N.J.S.18A:66-47.

2. The retirement allowance of each retiree under N.J.S.18A:66-41, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L.2001, c.353 shall be increased by a percentage equivalent to the percentage increase in the fraction of final compensation for each year of credited service for the total retirement allowance under these sections made by this act, P.L.2001, c.353 (C.18A:66-41.1 et al.). The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

3. N.J.S.18A:66-42 is amended to read as follows:

Accidental disability allowances.

18A:66-42. A member under 65 years of age upon retirement for accidental disability shall receive a retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement together with regular interest after January 1, 1956; and

(b) a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 72.7% of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

Upon the receipt of proper proofs of the death of a member who has retired on an accidental disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service or in the year of the member's highest contractual salary, whichever is higher; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation. The death benefits provided in this section shall apply to any member who has retired or shall retire on or after January 1, 1956.

C.18A:66-42.1 Increase in retirement allowance under N.J.S.18A:66-42 or N.J.S.18A:66-47.

4. The retirement allowance of each retiree under N.J.S.18A:66-42, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L.2001, c.253 shall be increased from 2/3 to 72.7% of the actual annual compensation for which contributions were being made at the time of the occurrence of the accident. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.18A:66-42.2 Payment of normal contribution for increased benefits under N.J.S.18A:66-41 and N.J.S.18A:66-42 for active members.

5. The normal contribution for the increased benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1 and 3 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to N.J.S.18A:66-16. If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1 and 3 of P.L.2001, c.353 payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under N.J.S.18A:66-25. If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

6. N.J.S.18A:66-71 is amended to read as follows:

Retirement allowance for veterans.

18A:66-71. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district, board of education or other employer who (1) has or shall have attained the age of 60 years and has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district, board of education or other employer, or (2) has or shall have attained the age of 55 years and has or shall have been for 25 years continuously or in the aggregate in that office, position or employment, shall have the privilege of retiring for service and of receiving, instead of the retirement allowance provided under N.J.S.18A:66-44, a retirement allowance of 54.5% of the compensation for which contributions are made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary.

b. (Deleted by amendment, P.L.1984, c.69.)

c. Any public employee veteran member who has been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality or school district, board of education or other employer as of January 1, 1955, shall have the privilege of retiring for ordinary disability and of receiving, instead of the retirement allowance provided under N.J.S.18A:66-41, a retirement allowance of one-half of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made. Such retirement shall be subject to the provisions governing ordinary disability retirement in N.J.S.18A:66-39 and N.J.S.18A:66-40.

d. Any public employee veteran member who shall be in office, position or employment of this State or of a county, municipality, school district, board of education or other employer and who shall have attained 55 years of age and who has at least 35 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving a retirement allowance of 1/55 of the compensation he received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made for each year of creditable service.

e. The death benefit provided in N.J.S.18A:66-44 shall apply in the case of any member retiring under the provisions of subsections a. and d. of this section and in the case of any member who has previously retired under the provisions of subsection b. of this section before said subsection was amended by P.L.1984, c.69. The death benefit provided in N.J.S.18A:66-41 shall apply in the case of any member retired under the provisions of subsection c. of this section.

f. A member who purchases service credit pursuant to any provision of the "Teachers' Pension and Annuity Fund Law" (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose of satisfying any of the service requirements of that act.

C.18A:66-71.2 Increase in retirement allowance under subsection a. of N.J.S.18A:66-71 and N.J.S.18A:66-47.

7. The retirement allowance of each retiree under subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L.2001, c.353, shall be increased from 50% to 54.5% of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.18A:66-71.3 Payment of normal contribution for increased benefits under subsection a. of N.J.S.18A:66-71.

8. The normal contribution for the increased benefits for active members under subsection a. of N.J.S.18A:66-71 as amended by section 6 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to N.J.S.18A:66-16. If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of subsection a. of N.J.S.18A:66-71 as amended by section 6 of P.L.2001, c.353 payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under N.J.S.18A:66-25. If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

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

C.43:15A-45 Allowance for ordinary disability retirement.

45. A member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

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

b. A pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1.64% of final compensation multiplied by his number of years of creditable service; provided further, that in no event shall the allowance be less than 43.6% of final compensation.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation.

C.43:15A-45.1 Increase in retirement allowance under C.43:15A-45 and C.43:15A-50.

10. The retirement allowance of each retiree under section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the

effective date of P.L.2001, c.353 shall be increased by a percentage equivalent to the percentage increase in the fraction of final compensation for each year of credited service for the total retirement allowance under these sections made by this act, P.L.2001, c.353 (C.18A:66-41.1 et al.). The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

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

C.43:15A-46 Allowance for retirement for accidental disability.

46. A member under 65 years of age upon retirement for accidental disability shall receive a retirement allowance which shall consist of:

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

b. A pension, in the amount which, when added to the member's annuity, will provide a total retirement allowance of 72.7% of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon receipt of proper proofs of the death of a member who has retired on an accidental disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation.

C.43:15A-46.1 Increase in retirement allowance under C.43:15A-46 and C.43:15A-50.

12. The retirement allowance of each retiree under section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the effective date of P.L.2001, c.353 shall be increased from 2/3 to 72.7% of the actual annual compensation for which contributions were being made at the time of the occurrence of the accident. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.43:15A-46.2 Payment of normal contribution for increased benefits for active members under C.43:15A-45 and C.43:15A-46.

13. The normal contribution for the increased benefits for active members under sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11 of P.L.2001, c.353 payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read as follows:

C.43:15A-61 Public employee veterans' pensions.

61. a. (Deleted by amendment, P.L.1995, c.332.)

b. Any public employee veteran member in office, position or employment of this State

or of a county, municipality, public agency, school district or board of education and who (1) shall have attained 60 years of age and who has 20 years of aggregate service credit in such office, position or employment, or (2) shall have attained 55 years of age and who has 25 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving, instead of the retirement allowance provided under section 48 of this act, a retirement allowance of 54.5% of the compensation for which contributions are made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary.

c. Any public employee veteran member who has been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality, public agency, school district or board of education as of January 2, 1955, shall have the privilege of retiring for ordinary disability and of receiving, instead of the retirement allowance provided under section 45 of this act, a retirement allowance of one-half of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

d. Any public employee veteran member who shall be in office, position or employment of this State or of a county, municipality, public agency, school district or board of education and who shall have attained 55 years of age and who has at least 35 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving a retirement allowance of 1/55 of the compensation he received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made for each year of creditable service.

e. The death benefit provided in section 48 shall apply in the case of any member retiring under the provisions of subsections a., b. and d. of this section. The death benefit provided in section 45 shall apply in the case of any member retired under the provisions of subsection c. of this section.

f. The State shall be liable for any increased cost to local government employers participating in the retirement system as a result of the amendment of this section by P.L.2001, c.353, except as provided in section 16 of P.L.2001, c.353.

C.43:15A-61.2 Increase of retirement allowance under subsection b. of C.43:15A-61 and C.43:15A-50.

15. The retirement allowance of each retiree under subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the effective date of P.L.2001, c.353 shall be increased from 50% to 54.5% of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.43:15A-61.3 Payment of normal contribution for increased benefits for active members under C.43:15A-61.

16. The normal contribution for the increased benefits resulting from the increase in the percentage of compensation for active members under section 61 of P.L.1954, c.84 (C.43:15A-61) as amended by section 14 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of section 61 of P.L.1954, c.84 (C.43:15A-61) as amended by section 14 of P.L.2001, c.353 payable on behalf of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in

the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

17. Section 4 of P.L.1955, c.257 (C.43:15A-100) is amended to read as follows:

C.43:15A-100 Amount of retirement allowance for law enforcement officer.

4. Upon service retirement as a law enforcement officer a member shall receive a service retirement allowance consisting of:

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

b. A pension in the amount which, when added to the member's annuity, will provide a total retirement allowance equal to 2% of his final compensation multiplied by his number of years of service credit as a law enforcement officer for which he has made contributions up to 25, plus the amount determined as provided in section 48 of P.L.1954, c.84 (C.43:15A-48) for years of service credit other than service as a law enforcement officer, for which he has made contributions, plus 1% of his final compensation multiplied by his number of years of service credit as a law enforcement officer for which he has made contributions over 25 or for which he has made no contributions to the retirement system for the period while he was a law enforcement officer or, in the case of a veteran, while he was in office, position or employment of this State, or of any county, municipality, public agency or school district; provided, however, that in the case of any member electing to receive benefits under section 38(b) of chapter 84 of the laws of 1954, such benefits shall be payable at age 60.

The death benefit provided in section 48(c) of chapter 84 of the laws of 1954 shall apply in the case of any member retiring under the provisions of this section.

18. This act shall take effect immediately and shall be retroactive to October 1, 2001

Approved January 6, 2002.