

43:16-1 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:16-1 et al

(Consolidated Police and  
Fireman's Pension Fund-  
final compensation)

LAWS OF: 1984

CHAPTER: 127

Bill No: A1339

Sponsor(s): Charles and others

Date Introduced: February 23, 1984

Committee: Assembly: State Government, Civil Service, Elections, Pensions &  
Veterans Affairs

Senate: State Government, Federal & Interstate Relations &  
Veterans Affairs

Amended during passage: Yes Amendments during passage denoted  
by asterisks

Date of Passage: Assembly: May 7, 1984

Senate: June 25, 1984

Date of Approval: August 8, 1984

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

8-8-84

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**ASSEMBLY, No. 1339**

**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 23, 1984

By Assemblymen CHARLES, DORIA, VAINIERI, CUPROWSKI,  
 RANIERI, GIRGENTI and PELLECCIA

AN ACT concerning the retirement pensions of certain members of  
 the Consolidated Police and Firemen's Pension Fund and  
 amending R. S. 43:16-1, R. S. 43:16-5, and P. L. 1944, c. 253.

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

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

2 43:16-1. In all municipalities any active member of a police  
 3 department or of a paid or part-paid fire department or of a county  
 4 police department including active members of the paid or part-  
 5 paid fire department of any fire district located in any township  
 6 which has adopted the provisions of an act entitled "An act  
 7 providing for the retirement of policemen and firemen of the police  
 8 and fire departments in municipalities of this State, including all  
 9 police officers having supervision or regulation of traffic upon  
 10 county roads, and providing a pension for such retired policemen  
 11 and firemen and members of the police and fire departments, and  
 12 the widows, children and sole dependent parents of deceased mem-  
 13 bers of said department," approved April 15, 1920 (P. L. 1920,  
 14 c. 160) or of chapter 16 of Title 43 of the Revised Statutes, who  
 15 shall have served honorably in the police or fire department for a  
 16 period of 25 years, or any employee member of any such depart-  
 17 ment who shall have served honorably in such department for a  
 18 period of 25 years and who has reached the age of 60 years shall,  
 19 on his own application, be retired on a service retirement pension  
 20 equal to 60% of his **[average salary]** *final compensation*. Any  
 21 active member of the police or paid or part-paid fire department

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

Matter printed in italics *thus* is new matter.

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

\*—Assembly amendment adopted April 30, 1984.

22 including active members of the paid or part-paid fire department  
23 of any fire district as aforesaid who shall have served honorably  
24 for a period of 25 years and reached the age of 65 years and any  
25 employee member of any such department who shall have served  
26 honorably in such department for a period of 25 years and  
27 reached the age of 70 years shall be retired on a service retirement  
28 pension equal to 60% of his [average salary] *final compensation*.

29 The amount of the service retirement pension of any member  
30 of such police or paid or part-paid fire department, who has served  
31 for more than 25 years and who retires after the effective date of  
32 this [1981] 1984 amendatory act, shall be increased by an amount  
33 equal to 1% of his [average salary] *final compensation* for each  
34 year of service in excess of 25 years but not more than 30 years  
35 and 1% of his [average salary] *final compensation* for each year of  
36 service in excess of 30 years rendered prior to his reaching age 65.

1 2. R. S. 43:16-5 is amended to read as follows:

2 43:16-5. For the purpose of paying the pensions provided by this  
3 chapter, all pension funds heretofore created and in existence pur-  
4 suant to the provisions of an act entitled "An act providing for the  
5 retirement of policemen and firemen of the police and fire depart-  
6 ments in municipalities of this State, including all police officers  
7 having supervision of regulation of traffic upon county roads, and  
8 providing a pension for such retired policemen and firemen and  
9 members of the police and fire departments, and the widows, chil-  
10 dren and sole dependent parents of deceased members of said  
11 departments," approved April 15, 1920 (P. L. 1920, c. 160), and  
12 chapter 16 of Title 43 of the Revised Statutes, shall, from and after  
13 July 1, 1953, be consolidated, and, as so consolidated, shall be  
14 transferred to and placed under the Consolidated Police and  
15 Firemen's Pension Fund created by the provisions of this chapter.  
16 All rights and privileges created and extended to members of a  
17 municipal police department or of a paid or part-paid fire depart-  
18 ment or of a county police department, including members of the  
19 paid or part-paid fire department of any fire, district located in any  
20 township which has adopted said act or said chapter of the Revised  
21 Statutes are hereby expressly preserved, continued and trans-  
22 ferred from said pension funds to said consolidated fund. Nothing  
23 herein contained shall be deemed to affect or impair the right of  
24 any beneficiary of any of the funds so created, but all rights of such  
25 beneficiaries which have accrued or may accrue in or against any  
26 such pension fund shall be deemed to have accrued or to accrue  
27 against the funds so consolidated. Said consolidated fund shall be  
28 maintained as follows:

29 (a) There shall be deducted from every payment of salary to  
30 each member, as defined in the supplement to this chapter enacted  
31 by laws of 1944, c. 253, s. 12, as amended and supplemented, and  
32 paid into said consolidated fund 7% of the amount thereof.

33 (b) All employers, as defined in the supplement to this chapter  
34 enacted by laws of 1944, c. 253, s. 21,, as amended and supplemented,  
35 shall contribute to the said consolidated fund in the following  
36 manner and amounts:

37 (1) An amount equal to 6% of the total of salaries annually  
38 paid to the members of the consolidated fund under said em-  
39 ployer's jurisdiction, which shall be known as the employer's  
40 normal contribution, and which shall be paid into said fund on  
41 July 1 of each year, commencing July 1, 1953.

42 (2) An additional amount annually for a period of 30 years,  
43 commencing July 1, 1953, equal to  $66\frac{2}{3}\%$  of the share of the  
44 particular employer of the annual amortization payment de-  
45 termined by the actuary to be required to bring the fund to a  
46 state of actuarial solvency at the end of the said 30-year period.  
47 In determining an employer's share of said annual amortiza-  
48 tion payment, the actuary shall determine separately, and give  
49 due credit to the value of the assets transferred by such em-  
50 ployer to said consolidated fund. The amount of each of such  
51 annual payments shall be certified by the fund to the treasurer  
52 of each employer prior to the first day of the year in which  
53 such payment is required to be made, and said amount shall be  
54 appropriated in said employer's budget for that year. Said  
55 annual payment, which shall be known as the employer's  
56 accrued liability contribution, shall be made in two equal por-  
57 tions; the first on the first day of each year, and the second on  
58 July 1 of each year.

59 (3) An additional amount to be paid each year following the  
60 termination of the 30-year period provided for in subsection  
61 (b)(2) of this section, sufficient to meet the requirements of the  
62 fund.

63 (4) A fee, payable on July 1 of each year and consisting of  
64 such proportion of the administrative expense of the consoli-  
65 dated fund as the number of active and retired members under  
66 the jurisdiction of such employer, or their beneficiaries, then  
67 bears to the total number of active and retired members under  
67A the jurisdiction of such employer, or their beneficiaries, then  
67B bears to the total number of active and retired members and  
68 beneficiaries in the consolidated fund.

69 (c) The State of New Jersey shall contribute annually, through-  
 70 out a period of 20 years, commencing July 1, 1972, such amount as  
 71 may be necessary to make up the balance of the accrued liability of  
 72 the consolidated fund. The amount of such annual contributions by  
 73 the State shall be certified to the State Treasurer by the actuary  
 74 at the time required for other State departmental budgetary  
 75 certifications. All funds necessary to meet the State's share of said  
 76 annual payments shall be included in the annual State budget and  
 77 appropriated by the Legislature.

78 (d) If payment of the full amount of the employer's obligation  
 79 is not made within 30 days of the due date established by the act,  
 80 interest at the rate of 6% per annum shall commence to run against  
 81 unpaid balance thereof on the first day after such thirtieth day.

82 If payment in full, representing the monthly transmittal and  
 83 report of salary deductions, is not made within 15 days of the due  
 84 date established by the pension fund, interest at the rate of 6% per  
 85 annum shall commence to run against the total transmittal of  
 86 salary deductions for the period on the first day after such fifteenth  
 87 day.

88 (e) The accrued liability contribution of any employer shall be  
 89 payable by the employer for the entire period of the financing of  
 90 such liability and shall continue to be due and owing to the fund  
 91 even when there are no longer any beneficiaries entitled to benefits.

92 (f) Notwithstanding any provision of chapter 16 of Title 43 of  
 93 the Revised Statutes to the contrary, the Legislature shall annu-  
 94 ally appropriate and the State Treasurer shall pay into the con-  
 95 solidated fund an amount calculated by the actuary to provide for  
 96 the additional liability required to fund the benefits provided by  
 97 **[this amendatory act]** P. L. 1981, c. 241. Any saving realized by  
 98 the pension fund as a result of any future increase in "regular  
 99 interest" as determined annually by the State Treasurer shall be  
 100 applied by the actuary towards meeting the cost of this additional  
 101 liability.

102 (g) *If in any year the State's or any county's or municipality's*  
 103 *liability to fund the benefits provided in this 1984 amendatory act*  
 104 *exceeds the value of the employee contribution increase established*  
 105 *pursuant to P. L. 1981, c. 241 and the application of interest*  
 106 *earnings, the actuary of the retirement system shall specify, the*  
 107 *State Treasurer shall certify, and the commission shall set the*  
 108 *increase in employee contributions to be effective in the following*  
 109 *fiscal year in order to provide for this liability.*

1 3. Section 12 of P. L. 1944, c. 253 (C. 43:16-17) is amended to  
 2 read as follows:

3 12. The following words and phrases as used in this act, unless  
4 a different meaning is plainly required by the context, shall have  
5 the following meaning:

6 (1) "Member" shall mean a person who on July 1, 1944, was  
7 a member of a municipal police department or paid or part-paid  
8 fire department or county police department or a paid or part-paid  
9 fire department of a fire district located in a township and who  
10 has contributed to the pension fund established under chapter 16  
11 of Title 43 of the Revised Statutes and shall hereafter contribute  
12 to said fund.

13 (2) "Active member" shall mean any "member" who is a police-  
14 man, fireman, detective, lineman, driver of police van, fire alarm  
15 operator or inspector of combustibles and who is subject to call for  
16 active service or duty as such.

17 (3) "Employee member" shall mean any "member" who is not  
18 subject to call for active service or duty as a policeman, fireman,  
19 detective, lineman, driver of police van, fire alarm operator or  
20 inspector of combustibles.

21 (4) "Commission" shall mean the board having the general  
22 responsibility for the proper operation of the pension fund created  
23 by this act, subject to the provisions of chapter 70 of the laws of  
24 1955.

25 (5) "Physicians or surgeon" shall mean the medical board com-  
26 posed of physicians who shall be called upon to determine the  
27 disability of members as provided by this act.

28 (6) "Employer" shall mean the county, municipality or agency  
29 thereof by which a member is employed.

30 (7) "Service" shall mean service rendered while a member is  
31 employed by a municipal police department, paid or part-paid fire  
32 department, county police department or paid or part-paid fire de-  
33 partment of a fire district located in a township prior to the effec-  
34 tive date of this act for such service to such departments thereafter.

35 (8) "Pension" shall mean the amount payable to a member or  
36 his beneficiary under the provisions of this act.

37 (9) "Average salary" shall mean the average salary paid dur-  
38 ing the last three years of a member's service.

39 (10) "Beneficiary" shall mean any person or persons, other  
40 than a member, receiving or entitled to receive a pension or benefit  
41 as provided by this act.

42 (11) "Parent" shall mean the parent of a member who was  
43 receiving at least one-half of his support from the member in the  
44 12-month period immediately preceding the member's death or the  
45 accident which was the direct cause of the member's death. The

46 dependency of such a parent will be considered terminated by  
47 marriage of the parent subsequent to the death of the member.

48 12) "County police" shall mean all police officers having super-  
49 vision or regulation of traffic upon county roads.

50 (13) "Widower" shall mean the man to whom a member was  
51 married before the date of her retirement or at least five years  
52 before the date of her death and to whom she continued to be  
53 married until the date of her death and who was receiving at least  
54 one-half of his support from the member in the 12-month period  
55 immediately preceding the member's death or the accident which  
56 was the direct cause of the member's death. The dependency of  
57 such a widower will be considered terminated by marriage of the  
58 widower subsequent to the death of the member.

59 (14) "Widow" shall mean the woman to whom a member was  
60 married before the date of his retirement or at least five years  
61 before the date of his death and to whom he continued to be  
62 married until the date of his death and who has not remarried.

63 (15) "Child" shall mean a deceased member's unmarried child  
64 either (a) under the age of 18 or (b) of any age who, at the time  
65 of the member's death, is disabled because of mental retardation  
66 or physical incapacity, is unable to do any substantial, gainful  
67 work because of the impairment and his impairment has lasted  
68 or can be expected to last for a continuous period of not less than  
69 12 months, as affirmed by the examining physicians of the fund.

70 (16) "Regular interest" shall mean interest as determined  
71 annually by the State Treasurer after consultation with the Direc-  
72 tors of the Divisions of Investment and Pensions and the actuary  
73 of the fund, as such will be considered by the actuary in deter-  
74 mining the liabilities of the fund. It shall bear a reasonable rela-  
75 tionship to the percentage rate of earnings on investments but shall  
76 not exceed 105% of such percentage rate.

77 (17) "*Final compensation*" shall mean the compensation re-  
78 ceived by the member in the last 12 months of service preceding  
79 his retirement.

80 \*(18) "*Compensation*" shall mean the base salary, for services  
81 as a member as defined in this act, which is in accordance with  
82 established salary policies of the member's employer for all em-  
83 ployees in the same position but shall not include individual salary  
84 adjustments which are granted primarily in anticipation of the  
85 member's retirement or additional remuneration for performing  
86 temporary duties beyond the regular work day.\*

1 4. This act shall take effect immediately.

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46 dependency of such a parent will be considered terminated by  
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79 his retirement.

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#### STATEMENT

This bill allows a member of the Consolidated Police and Firemen's Pension Fund, retiring after 25 years of service, to have his pension based upon his final compensation rather than average salary (the average salary paid during the last three years of service). The bill defines "final compensation" as compensation

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received in the last year of service before retirement. Provision is made for increasing employee contributions should the governmental liability to fund the benefits resulting from this act exceed the value of the employee contribution increase enacted in 1981, and the application of interest earnings.

A similar benefit was recently provided for members of the Police and Firemen's Retirement System (P. L. 1982, c. 198).

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ASSEMBLY STATE GOVERNMENT, CIVIL SERVICE,  
ELECTIONS, PENSIONS AND VETERANS AFFAIRS  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1339**

with Assembly committee amendments

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**STATE OF NEW JERSEY**

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DATED: APRIL 30, 1984

This bill provides that the pension payable to a member of the Consolidated Police and Firemen's Pension Fund who retires after 25 years of service shall be based upon the compensation he received in the last 12 months of service preceding his retirement. Under current law, such a member's pension is based upon the average salary received during the last three years of service.

The bill provides that, if the liability of the State or local employer to fund this benefit increase exceeds the value of the increase in employee contributions (from 6% to 7% of salary) imposed by law in 1981, then employee contributions shall be increased further to provide for the increase in liability.

A benefit change similar to that proposed in this bill was made in the law governing the PFRS in 1982.

COMMITTEE AMENDMENT:

The committee adopted an amendment to ensure that "compensation," for the purpose of the statute governing the Consolidated Fund, will not include "individual salary adjustments which are granted primarily in anticipation of the member's retirement. . . ."

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

STATEMENT TO  
**ASSEMBLY, No. 1339**

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**STATE OF NEW JERSEY**

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DATED: JUNE 11, 1984

The Assembly State Government, Civil Service, Pensions and Veterans Affairs Committee statement adequately explains the provisions and purposes of this bill.