

18A:66-97 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:66-97 et al. (Pensions - school employees - first class counties - various amendments)

LAWS OF: 1983

CHAPTER: 216

Bill No: S1842

Sponsor(s): Codey

Date Introduced: Oct. 25, 1982

Committee: Assembly: Education

Senate: Education

Amended during passage: /// No

Date of Passage: Assembly: May 5, 1983

Senate: Jan. 24, 1983

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Following statements are attached if available:

Sponsor statement:		Yes	//
Committee statement:	Assembly	Yes	//
	Senate	Yes	// (not attached since identical to Assembly committee statement)
Fiscal Note:		///	No
Veto Message:		///	No
Message on Signing:		<u>yes</u>	No
Following were printed:			
Reports:		///	No
Hearings:		///	No

SENATE, No. 1842

STATE OF NEW JERSEY

INTRODUCED OCTOBER 25, 1982

By Senator CODEY

Referred to Committee on Education

AN ACT concerning pension funds of school district employees in first-class counties and amending various parts of the statutory law, and supplementing chapter 66 of Title 18A of the New Jersey Statutes.

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

1 1. N. J. S. 18A:66-97 is amended to read as follows:

2 18A:66-97. Any pension fund created or to be created as pro-
3 vided in this article shall be under the control and management of
4 the board of five trustees, *no more than three of whom shall be*
5 *employees of the same board of education.* The first board selected
6 as provided in section 18A:66-96 shall serve until the month of
7 January following the incorporation of such association. At such
8 time four members of the association shall be elected as trustees,
9 in place of the four first selected, by a majority vote of the mem-
10 bers of the association as follows: one for the term of one year,
11 one for the term of two years, one for the term of three years,
12 and one for the term of four years, who shall serve for the respec-
13 tive terms for which they are each chosen. Thereafter in the
14 month of January of each year a member shall be chosen for a full-
15 term of four years to serve in place of the trustee whose term
16 shall have expired.

17 Any vacancy occurring among the board of trustees or in the
18 office of chairman, secretary, treasurer, or other officers of such
19 corporation, shall be filled in the manner provided in bylaws, and
20 in the absence of such provision shall be filled by the board of
21 trustees.

**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.**

1 2. N. J. S. 18A :66-100 is amended to read as follows:

2 18A :66-100. The board of trustees shall make an annual report
3 of the condition of the fund and the manner in which it is invested,
4 to the boards of education of school districts of the county wherein
5 it is organized, in the month of ~~March~~ *October* of each year, for
6 the prior fiscal year ending ~~December 31~~ *June 30* and at such
7 other times as such boards of education may request.

1 3. N. J. S. 18A :66-107 is amended to read as follows:

2 18A :66-107. The contributions to the pension fund shall be as
3 follows:

4 a. There shall be deducted from every payment of salary of all
5 employees who are members of the fund 6% of the amount of such
6 salary.

7 b. Each board of education shall ~~pay into~~ *be obligated for*
8 *contributions to the fund* ~~in each fiscal year~~ *of a proportionate*
9 amount of the total contributions required from all employing
10 boards of education, as determined by the actuary, which shall be
11 sufficient to: (1) provide for the pension credits being accrued by
12 the members, after taking into account contributions being made
13 by the members, and (2) provide for the payment of the unfunded
14 accrued liability in annual payments over a period of 30 years,
15 commencing July 1, 1963. ~~Such payments~~ *obligations* shall be
16 provided for by each board in its annual appropriation for the
17 support and maintenance of the public schools.

18 c. The amount to be appropriated by each board under sub-
19 section b. of this section shall be determined by applying the
20 percentage certified by the actuary as determined under said
21 subsection.

22-32 d. *The treasurer or other chief fiscal officer of each board of*
33 *education shall pay to the fund on the first day of each month*
34 *(1) the total of the amounts of contributions which, during the*
35 *preceding month, were deducted from the salaries of the employees*
36 *of that board under subsection a. of this section, and (2) the pro-*
37 *rata portion of the amount of employer contributions of the board,*
38 *as that amount is determined under subsection b. of this section,*
39 *which is applicable to that board with respect to the preceding*
40 *month. If the full payment required under this subsection is not*
41 *made within 30 days after it becomes due, interest at the rate of*
42 *1% for each whole or fractional month of lateness shall begin to*
43 *run against the unpaid balance of that payment on the first day*
44 *after that thirtieth day.*

1 4. N. J. S. 18A :66-108 is amended to read as follows:

2 18A :66-108. a. The board of trustees may, in the manner pre-

3 scribed by the bylaws of the corporation, assess and collect monthly
4 or semimonthly from each member of the pension fund, the amount
5 required to be paid by said member in to the fund. All moneys so
6 collected shall be paid to the treasurer of the corporation.

7 The board of trustees may make it a condition of membership
8 that each member sign an order on the custodian of school
9 moneys, or other disbursing officer, directing the retention from
10 his or her salary or wage of the amount of his or her assessments
11 and the payment of the amount so retained directly to the trea-
12 surer of the corporation, and the custodian of school moneys, or
13 other disbursing officer, shall make such retention and payment,
14 but such right of retention and payment shall become operative
15 only in the event of the same being authorized by the bylaws of
16 the corporation.

17 b. Whenever any member shall die in service or his or her
18 employment be terminated, for reasons other than retirement, all
19 payments made by such employee to the fund shall be returned to
20 the employee, if alive; or to such person if living, as he shall have
21 nominated by written designation, duly executed and filed with the
22 board of trustees; otherwise to the executor or administrator of
23 the member's estate, together with simple interest at the rate of
24 2% per annum.

25 c. Upon the receipt of proper proof of the death of a member in
26 service, on account of which no accidental death benefit is payable
27 under subsection e. of this section or the death of a member who
28 has been retired for disability but who has not yet attained 60
29 years of age, there shall be paid to such person, if living, as he
30 shall have nominated by written designation, duly executed and
31 filed with the board of trustees otherwise to the executor or
32 administrator of the member's estate an amount equal to one
33 and one half times the compensation upon which his contri-
34 butions are based or received by the member in the last year
35 of creditable service; provided, however, that if such a member
36 shall have attained 70 years of age or the member who has been
37 retired for disability has attained 60 years of age, the amount
38 payable shall equal three-sixteenths of the compensation received
39 by the member in the last year of creditable service instead of
40 one and one half times such compensation. Such member may
41 also file, and alter from time to time during his lifetime, as
42 desired, a request with the board of trustees directing payment
43 of said benefit in one sum or in equal installments over a period
44 of years or as a life annuity. Upon the death of such member,
45 a beneficiary to whom a benefit is payable in one sum may elect

3 scribed by the bylaws of the corporation, assess and collect monthly
4 or semimonthly from each member of the pension fund, the amount
5 required to be paid by said member in to the fund. All moneys so
6 collected shall be paid to the treasurer of the corporation.

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8 that each member sign an order on the custodian of school
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10 his or her salary or wage of the amount of his or her assessments
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12 surer of the corporation, and the custodian of school moneys, or
13 other disbursing officer, shall make such retention and payment,
14 but such right of retention and payment shall become operative
15 only in the event of the same being authorized by the bylaws of
16 the corporation.

17 b. Whenever any member shall die in service or his or her
18 employment be terminated, for reasons other than retirement, all
19 payments made by such employee to the fund shall be returned to
20 the employee, if alive; or to such person if living, as he shall have
21 nominated by written designation, duly executed and filed with the
22 board of trustees; otherwise to the executor or administrator of
23 the member's estate, together with simple interest at the rate of
24 2% per annum.

25 c. Upon the receipt of proper proof of the death of a member in
26 service, on account of which no accidental death benefit is payable
27 under subsection e. of this section or the death of a member who
28 has been retired for disability but who has not yet attained 60
29 years of age, there shall be paid to such person, if living, as he
30 shall have nominated by written designation, duly executed and
31 filed with the board of trustees otherwise to the executor or
32 administrator of the member's estate an amount equal to one
33 and one half times the compensation upon which his contri-
34 butions are based or received by the member in the last year
35 of creditable service; provided, however, that if such a member
36 shall have attained 70 years of age or the member who has been
37 retired for disability has attained 60 years of age, the amount
38 payable shall equal three-sixteenths of the compensation received
39 by the member in the last year of creditable service instead of
40 one and one half times such compensation. Such member may
41 also file, and alter from time to time during his lifetime, as
42 desired, a request with the board of trustees directing payment
43 of said benefit in one sum or in equal installments over a period
44 of years or as a life annuity. Upon the death of such member,
45 a beneficiary to whom a benefit is payable in one sum may elect

46. to receive the amount payable in equal annual installments over
46A a period of years or as a life annuity.

47 d. Whenever any member who was a member on June 26, 1962,
48 shall die after retirement on pension, not having received in pen-
49 sion payments an amount equal to the total amount of his or her
50 contributions to the fund, including simple interest at 2% per
51 annum, the difference between the amount so received and the
52 amount of contributions, plus interest, shall be paid to the surviv-
53 ing named beneficiary on file with the board of trustees, and if
54 none, then to his or her legal representative; unless said employee
55 has made provisions with the board of trustees for optional bene-
56 fits under the provisions of section 18A:66-110.

57 e. Upon the death of a member in active service as a result of an
58 accident in the performance of his or her duties as such employee
59 and not as the result of his willful negligence, an accidental death
60 benefit shall be payable, if a report, in a form acceptable to the
61 board of trustees, of the accident is filed with the pension fund
62 within 60 days next following the accident and an application for
63 such benefit is filed with the said board of trustees within two years
64 of the date of the accident, but the board of trustees may waive
65 such time limits for a reasonable period, if in the judgment of the
66 board the circumstances warrant such action. Evidence must be
67 submitted to the board of trustees proving that the natural and
68 proximate cause of death was an accident arising out of and in the
69 course of employment in some definite time and place. Upon appli-
70 cation by or on behalf of the dependents of such deceased member,
71 the board of trustees in addition to the payment of his contribu-
72 tions, as provided in this section, shall grant a pension of one half
73 of the average annual salary received by him or her during the
74 **[five]** *three* years immediately preceding his or her death, if the
75 member was a male employee, as a pension to his widow, to
76 continue during her widowhood; or if no widow, or in case the
77 widow dies or remarries before the youngest child of such de-
78 ceased member attains age 18, or if the member was a married
79 female employee, then to the child or children of such member
80 under age 18, divided in such manner as the board in its discretion
81 shall determine to continue until the youngest surviving child dies
82 or attains age 18.

1 5. N. J. S. 18A:66-109 is amended to read as follows:

2 18A:66-109. No money shall be paid out of the pension fund
3 except by the treasurer of the corporation upon warrants signed
4 by the chairman of the board of trustees and countersigned by the
5 secretary thereof. No warrant shall be drawn except by the order

16 of the board upon a yeâ and nay vote recorded in the minutes of
 17 the board.
 18 The board of trustees may deposit the moneys of the fund in any
 19 8A [of the banks or trust companies in the county wherein it is estab-
 20 lished] *bank or trust company which is a member of the Federal*
 21 *Reserve System*, and may invest [the same] *those moneys* in
 22 bonds secured by [first] mortgages [on improved property worth
 23 at least twice the amount loaned], or in mortgages guaranteed or
 24 insured by agencies or instrumentalities of the United States of
 25 America, [and shall have authority to] *provided that those mort-*
 26 *gages are legal investments for savings banks in this State. The*
 27 *board of trustees may invest and reinvest the moneys in other*
 28 *evidences of indebtedness, or capital stock or other securities*
 29 *issued by any company incorporated within the United States or*
 30 *within the Dominion of Canada, [which shall be authorized or*
 31 *approved and to the proportion in which life insurance companies*
 32 *organized under the laws of this State may legally invest] and in*
 33 *the bonds and other evidences of indebtedness of the United*
 34 *States of America, any state, city, county, school district or of the*
 35 *instrumentality of any state or of the United States of America.*
 36 All income, interest or dividends paid or agreed to be paid on
 account of any loan or deposit shall constitute a part of the fund.

1 6. N. J. S. 18A:66-110 is amended to read as follows:

2 18A:66-110. Pensions shall be paid from the fund in the manner
 3 following:

4 a. A member of the pension fund who was a member on or before
 5 June 26, 1962 and who has or shall hereafter have credit in the
 6 pension fund for 30 years or more as an employee of a board of
 7 education in a county wherein the fund has been established and
 8 maintained shall, upon application to the board of trustees of the
 9 pension fund be retired by such board of trustees and shall there-
 10 upon receive annually from the fund, for and during the remainder
 11 of his or her life, by way of pension, an amount equal to one-
 12 11A sixtieth of the average annual compensation received in the
 13 last three years of creditable service, immediately preceding his
 14 or her retirement multiplied by the number of years he or she has
 15 credit in the pension fund, the amount to be determined by reso-
 lution of the board.

16 b. Upon the retirement of a member who has reached the age of
 17 60 years, the person so retired shall be entitled to receive during
 18 his or her life, by way of pension, one sixtieth of the average
 19 annual compensation received in the three years of creditable
 20 service immediately preceding his or her retirement multiplied by
 21 the number of years for which he or she has credit in the pension

22 fund, the amount to be determined by resolution of the board.
23 Upon the receipt of proper proofs of death of a member who has
24 retired on a service retirement allowance, there shall be paid to
25 such person, if living, as he shall have nominated by written desig-
26 nation duly executed and filed with the board of trustees, otherwise
27 to the executor or administrator of the member's estate an amount
28 equal to one-half of the compensation received by the member in
29 the last year of creditable service.

30 c. A member of the fund who has credit therein for 10 years, who
31 shall become incapacitated, either mentally or physically, and who
32 cannot perform the regular duties of employment, or who is found
33 unfit for the performance of his or her duties, upon the application
34 of his employer or upon his own application or the application of
35 someone acting in his behalf shall be retired by the board of
36 trustees of the pension fund and thereupon shall receive annually
37 from the fund a retirement allowance as described in subsection b.
38 of this section if he has reached or passed age 60 and if he is
39 under age 60 an amount equal to nine-tenths of one-sixtieth of
40 the average annual compensation received in the last three years
41 of creditable service immediately preceding the retirement multi-
42 plied by the number of years of creditable service; provided,
43 however, that in no event shall the pension be based upon less
44 than 17 years nor more than 30 years of service unless the member
45 would have had less than 17 years of service at age 60, in which
46 event he shall be given credit for the years to age 60; however, a
47 member who has not attained age 70 who shall become incapaci-
48 tated, either mentally or physically, as a result of personal injuries
49 sustained in an accident occurring in the performance of his or her
50 duties of such employee, shall, upon the application of his employer
51 or upon his own application or the application of someone acting in
52 his behalf, be retired by the board of trustees of the pension fund,
53 and, thereupon, if a report of the accident, in a form acceptable
54 to the board of trustees of the pension fund is filed with the said
55 board of trustees within 60 days next following the accident and
56 the application for retirement is filed with the said board of trus-
57 tees within two years of the date of the accident, shall receive
58 annually from the fund an amount equal to **[one-half]** *two-thirds*
59 of the annual salary being received by such employee on the
60 date of the accident. The board of trustees may waive strict com-
61 pliance with the time limits within which a report of the accident
62 and an application for retirement must be filed with the board if
63 it is satisfied: (1) that a report of the accident from which the
64 disability is claimed to have resulted was filed with the employing

65 board of education with reasonable promptitude and in no event
66 later than 60 days after the accident, and (2) the applicant shall
67 show that his failure to file a report with the board of trustees or
68 to file his application for retirement within the time limited by law
69 was due to mistake, inadvertence, ignorance of fact or law, inability,
70 ity, or to the fraud, misrepresentation or deceit of any person, or
71 to a delay in the manifestation of the incapacity, or to any other
72 reasonable cause or excuse, and (3) that the application for retirement
73 was filed in good faith and the circumstances justify its
74 favorable consideration.

75 The trustees of the pension fund shall have the power to determine
76 whether or not any employee is permanently and totally disabled,
77 and whether or not a disability of an employee is the result
78 of an accident at some definite time and place in the performance
79 of his or her duties as such employee. The claimant shall have the
80 right to present physicians, witnesses or other testimony in his or
81 her behalf before the board of trustees. The chairman, or any other
82 member of the board of trustees, may administer oaths to any
83 physician or other persons called before the trustees regarding the
84 employee's disability. The board of trustees shall decide, by resolution,
85 whether the applicant is entitled to the benefit of this article.

86 Once in each year, the board of trustees may, and upon the
87 member's application shall, require any member retired for a disability
88 who is under the age of 60, to undergo medical examination
89 by a physician or physicians designated by the board of trustees.
90 The examination shall be made at the residence of the pensioner or
91 any other place mutually agreed upon. If the physician or physicians
92 thereupon report and certify to the board of trustees that the
93 disabled pensioner is not permanently and totally incapacitated,
94 either mentally or physically, for the performance of duty, and the
95 board finds that said member is engaged in a gainful occupation, or
96 could be engaged in a gainful occupation, and if the board concurs
97 in the report, then the amount of the pension shall be reduced to an
98 amount which, when added to the amount then being earned by him
99 or her or an amount which he or she could earn if gainfully employed,
100 shall not exceed the amount of compensation received by
101 him or her at the time of his or her retirement. If subsequent
102 examination of such pensioner shows that his or her earnings have
103 changed since the date of his or her last examination, then the
104 amount of the pension shall be further altered, but the new pension
105 shall not exceed the amount of the pension originally granted, nor
106 shall the new pension, when added to the amount then being earned
107 by the pensioner, exceed the salary or compensation received by
108 him or her at the time of his or her retirement.

109 d. At the time of retirement, any member may elect to receive his
 110 or her benefits in a retirement allowance payable throughout life,
 111 or he or she may, on retirement, elect to convert the benefits, other-
 112 wise payable to him or her, into a retirement allowance of the
 113 equivalent actuarial value computed on the basis of such mortality
 114 tables as shall be adopted by the board of trustees, in accordance
 115 with one of the optional forms following:

116 Option 1. A reduced retirement allowance, payable during life,
 117 with a provision that in the case of death, before the total pension
 118 payments have equaled the actuarial value computed as aforesaid,
 119 the balance shall be paid to his or her surviving designated bene-
 120 ficiary, duly acknowledged and filed with board of trustees; and
 121 if none, then to the executor or administrator of his or her estate.

122 Option 2. A reduced retirement allowance, payable during the
 123 retired member's life, with the provision that after his or her death
 124 it will continue during the life of and be paid to his or her
 125 designated beneficiary, if such person survives him or her.

126 Option 3. A reduced retirement allowance, payable during the
 127 retired member's life, with the provision that after his or her
 128 death, an allowance at one half of the rate of his or her reduced
 129 allowance will be continued during the life of and be paid to his or
 130 her designated beneficiary, if such person survives him or her.

131 Option 4. A reduced retirement allowance, payable during the
 132 retired member's life, with some other benefit payable after his or
 133 her death, provided, the benefit is approved by the board of
 134 trustees.

135 No optional selection shall be effective in case a member dies
 136 within 30 days after retirement and such a member shall be con-
 137 sidered an active member at the time of death until the first pay-
 138 ment on account of any benefit becomes normally due.

139 The board of trustees shall, from time to time and as often as
 140 they deem it necessary, employ an actuary who shall recommend,
 141 and the board shall keep in convenient form, such data as shall be
 142 necessary for actuarial valuations of the various funds created by
 143 this article. At least once in every five-year period, or more fre-
 144 quently as determined by the board of trustees the actuary shall
 145 make an actuarial investigation into the mortality, service and
 146 salary experience of the members and beneficiaries of the retire-
 147 ment system, and shall make a valuation of the assets and liabili-
 148 ties of the various funds thereof, and upon the basis of such
 149 investigation the boards of trustees shall:

150 (a) Adopt for the retirement system such mortality, service and
 151 other tables as shall be deemed necessary.

152 (b) Certify the rate of contribution which shall be made by each
153 board of education to the pension fund to read as follows:

1 7. N. J. S. 18A:66-113 is amended to read as follows:

2 18A:66-113. A member of the pension fund who has ~~15~~ 10
3 years of service credit in the pension fund and who separates
4 voluntarily or involuntarily before attaining the age of 60 years,
5 and not by removal for cause on charges of misconduct or delin-
6 quency, may elect to receive a deferred retirement allowance
7 beginning at the age of 60 years, equal to one-sixtieth of the
8 average annual compensation received by him during the three
9 years immediately preceding his separation from service multi-
10 plied by the number of years of credited service, with optional
11 privileges as provided for in subsection d. of section 18A:66-110.

12 Such member shall advise the board of trustees of his election of
13 such a deferred retirement allowance in writing, and shall complete
14 such forms as shall be specified by the board of trustees in its
15 administration of this section.

16 Subsequent to making such an election, but prior to attaining age
17 60 a member may later elect to withdraw all payments which he has
18 made to the pension fund together with simple interest at the rate
19 of 2% per annum figured on such employee contributions. Upon
20 such withdrawal of contributions, no further benefits shall be pay-
21 able on behalf of said employee by the pension fund. If such a
22 member should die before attaining the age of 60 years, all pay-
23 ments which he has made, together with simple interest at the rate
24 of 2% per annum figured on such employee's contributions to the
25 fund from the date of membership, shall be paid to such person, if
26 living, as he shall have nominated by written designation duly
27 executed and filed with the board of trustees, otherwise to the ex-
28 ecutor or administrator of the member's estate.

29 Any member who, having elected to receive a deferred retire-
30 ment allowance, again becomes an employee covered by the retire-
31 ment system while under the age of 60, shall thereupon be reen-
32 rolled. He shall be credited with all service as a member standing
33 to his credit at the time of his election to receive a deferred
34 retirement allowance.

1 8. Section 4 of P. L. 1971, c. 382 (C.18A:66-113.1) is amended to
2 read as follows:

3 4. Should a member resign after having established 25 years of
4 creditable service before reaching age 60, he may elect "early
5 retirement," provided that such election is communicated by such
6 member to the retirement system by filing a written application,
7 duly attested, stating at what time subsequent to the execution and

8 filing thereof he desires to be retired. He shall receive in lieu of
 9 any other payment provided for in section 18A:66-113 retirement
 10 allowance of one-sixtieth of his average annual compensation re-
 11 ceived in the last three years of creditable service preceding his
 12 retirement for each year of service credited reduced by **[one-half]**
 13 *one-quarter* of 1% for each month that the member lacks of being
 14 age **[60** except that in the case of a member who has not attained
 15 age 53, the reduction is equal to 42% plus plus one-sixth of 1% for
 16 each month the member lacks of being age **53]** 55.

1 9. Section 6 of P. L. 1971, c. 278 (C. 18A:66-126.6) is amended
 2 to read as follows:

3 6. On or before October 1, 1969 and by the same date in each
 4 subsequent year, the Director of the Division of Pensions of the
 5 State Department of the Treasury shall review the index and
 6 determine the percentum of change in the index from the retire-
 7 ment year index pursuant to the provisions of the Pension Increase
 8 Act (P. L. 1969, c. 169). The percentage of adjustment in the
 9 retirement allowances shall be one-half of the percentum of change.

10 The director shall include amounts sufficient to adjust the retire-
 11 ment allowances or pensions payable to all eligible retirants by
 12 one-half of the percentum of change in the index as such retire-
 13 ment allowances or pensions may have been originally granted, or
 14 increased for certain retirants in accordance with the provisions
 15 of the Pension Increase Act (P. L. 1969, c. 169). The director shall
 16 notify the secretary of the retirement system of the percentage
 17 of adjustment for the applicable year.

18 In no instance shall the amount of the retirement allowance
 19 originally granted and payable to any retirant be reduced as a
 20 result of this adjustment.

21 For purposes of this section a "retirant" shall include all
 22 retirants except those whose retirement allowance commenced
 23 within the **[3]** 2 calendar years prior to the first of the month in
 24 which the adjustment is to become effective in any year.

1 10. (New section) Any member who has at least three years of
 2 service to his credit for which he has contributed as a member
 3 may borrow from the retirement system an amount equal to not
 4 more than 50% of the amount of his accumulated deductions, but
 5 not less than \$50.00; provided, that the amount so borrowed,
 6 together with interest thereon, can be repaid by additional deduc-
 7 tions from compensation, not in excess of 25% of the member's
 8 compensation, made at the same time compensation is paid to
 9 the member. The amount so borrowed, together with the interest
 10 at the rate of 7½% per annum on any unpaid balance thereof,

11 shall be repaid to the retirement system in equal installments by
 12 deduction from the compensation of the member at the time the
 13 compensation is paid or in such lump sum amount sufficient to
 14 repay the balance of the loan, but the rate at which any installment
 14A is deducted shall be at least equal to the member's rate of con-
 14B tribution to the retirement system and at least sufficient to repay
 14C the amount borrowed with interest thereon. Not more than two
 14D loans may be granted to any member in any calendar year. Not-
 14E withstanding any other law affecting the salary or compensation
 14F of any person or persons to whom this act applies or shall apply,
 14G the additional deductions required to repay the loan shall be made.
 14H Loans shall be made to a member from his accumulated deduc-
 14I tions. The interest earned on those loans shall be treated in the
 14J same manner as interest earned from investments of the retire-
 15 ment system. In the case of any member who retires without repay-
 16 ing the full amount so borrowed, the Division of Pensions shall
 17 retain the retirement benefit payments excluding authorized deduc-
 18 tions of the member, as repayment of the loan until the aggregate
 19 amount of those retirement benefit payments is equal to the out-
 20 standing balance of the loan, together with the interest at the rate
 21 of $7\frac{1}{2}\%$ per annum on the amount so borrowed, at which time the
 22 retired member shall receive his retirement benefit payments. In
 23 the case of a pensioner who dies before the outstanding balance of
 24 the loan and interest thereon has been recovered, the remaining
 25 balance shall be repaid from the proceeds of any other benefits
 26 payable on the account of the pensioner either in the form of
 27 monthly payments due to his beneficiaries or in the form of lump
 28 sum payments payable for pension or group life insurance.

1 11. This act shall take effect immediately.

STATEMENT

This bill would make several changes in the statute governing pension funds established for school district employees in first-class counties. (The only such fund now existing, the Board of Education Employees' Pension Fund of Essex county, was closed as of July 1, 1981, as the result of a referendum among the members.)

The changes proposed by the bill are as follows: (1) a restriction is imposed that no more than three of the pension fund's five trustees can be employees of the same board of education; (2) the fiscal year is changed from a calendar-year to a July 1-June 30 basis, and annual financial reports are required to be made in

11 shall be repaid to the retirement system in equal installments by
 12 deduction from the compensation of the member at the time the
 13 compensation is paid or in such lump sum amount sufficient to
 14 repay the balance of the loan, but the rate at which any installment
 14A is deducted shall be at least equal to the member's rate of con-
 14B tribution to the retirement system and at least sufficient to repay
 14C the amount borrowed with interest thereon. Not more than two
 14D loans may be granted to any member in any calendar year. Not-
 14E withstanding any other law affecting the salary or compensation
 14F of any person or persons to whom this act applies or shall apply,
 14G the additional deductions required to repay the loan shall be made.
 14H Loans shall be made to a member from his accumulated deduc-
 14I tions. The interest earned on those loans shall be treated in the
 14J same manner as interest earned from investments of the retire-
 15 ment system. In the case of any member who retires without repay-
 16 ing the full amount so borrowed, the Division of Pensions shall
 17 retain the retirement benefit payments excluding authorized deduc-
 18 tions of the member, as repayment of the loan until the aggregate
 19 amount of those retirement benefit payments is equal to the out-
 20 standing balance of the loan, together with the interest at the rate
 21 of $7\frac{1}{2}\%$ per annum on the amount so borrowed, at which time the
 22 retired member shall receive his retirement benefit payments. In
 23 the case of a pensioner who dies before the outstanding balance of
 24 the loan and interest thereon has been recovered, the remaining
 25 balance shall be repaid from the proceeds of any other benefits
 26 payable on the account of the pensioner either in the form of
 27 monthly payments due to his beneficiaries or in the form of lump
 28 sum payments payable for pension or group life insurance.

1 11. This act shall take effect immediately.

STATEMENT

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The changes proposed by the bill are as follows: (1) a restriction is imposed that no more than three of the pension fund's five trustees can be employees of the same board of education; (2) the fiscal year is changed from a calendar-year to a July 1-June 30 basis, and annual financial reports are required to be made in

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October rather than March; (3) a monthly schedule is established for payment of employee and employer contributions into the fund; (4) the amount of the pension payable to his survivors in the event of a member's accidental death is changed from the member's average annual salary during his final five years of service to that during his final three years; (5) the board of trustees' power to invest the pension fund's assets is broadened, most significantly, to allow deposits of funds in out-of-county, as well as in-county, banks or trust companies, provided any such depository institution belongs to the Federal Reserve System; (6) and the amount of the pension payable to an accidental disability retiree is raised from one-half to two-thirds of his annual salary at the time of his accident; (7) the service requirement for eligibility to take deferred retirement is reduced from 15 to ten years; (8) the penalty applicable to a member taking early retirement is changed from $\frac{1}{2}\%$ of the benefit base (final average salary) for each month the retiree lacks of being age 60, or 42% plus one-sixth of 1% for each month he lacks of being age 53, to $\frac{1}{4}\%$ for each month he lacks of being age 55; (9) the post-retirement waiting period which must pass before a retiree becomes eligible for cost-of-living adjustment is shortened from three to two years; and (10) a loan program is established, permitting a member to borrow up to one-half of his accumulated deductions, repayable in a lump sum or in installments through salary deductions, at an annual interest rate of $7\frac{1}{2}\%$.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1842

STATE OF NEW JERSEY

DATED: MARCH 14, 1983

The Assembly committee endorses the Senate committee statement which reads as follows:

PROVISIONS:

This bill makes a number of changes in the law governing the Boards of Education Employees Retirement System of Essex County.

The changes proposed by the bill are as follows:

(1) A restriction is imposed that no more than three of the pension fund's five trustees can be employees of the same board of education;

(2) The fiscal year is changed from a calendar year to a July 1-June 30 basis, and annual financial reports are required to be made in October rather than March;

(3) A monthly schedule is established for payment of employee and employer contributions into the fund;

(4) The amount of the pension payable to his survivors in the event of a member's accidental death is changed from the member's average annual salary during his final five years of service to that during his final three years;

(5) The board of trustees' power to invest the pension fund's assets is broadened, most significantly, to allow deposits of funds in out-of-county, as well as in-county, banks or trust companies, provided any such depository institution belongs to the Federal Reserve System;

(6) And the amount of the pension payable to an accidental disability retirant is raised from one-half to two-thirds of his annual salary at the time of his accident;

(7) The service requirement for eligibility to take deferred retirement is reduced from 15 to 10 years;

(8) The penalty applicable to a member taking early retirement is changed from $\frac{1}{2}\%$ of the benefit base (final average salary) for each month the retirant lacks of being age 60, or 42% plus one-sixth of 1% for each month he lacks of being age 53, to $\frac{1}{4}\%$ for each month he lacks of being age 55;

(9) The post-retirement waiting period which must pass before a retirant becomes eligible for cost-of-living adjustment is shortened from three to two years; and

(10) A loan program is established, permitting a member to borrow up to one-half of his accumulated deductions, repayable in a lump sum or in installments through salary deductions, at an annual interest rate of $7\frac{1}{2}\%$.

BACKGROUND:

This system is only for board of education employees in first class counties who are not members of any other retirement system. The only fund, in Essex county was closed to new members in July 1, 1981 as the result of a referendum. Members were given the option of enrolling in PERS, however, some elected to remain in the county system.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1842

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1982

PROVISIONS:

This bill makes a number of changes in the law governing the Boards of Education Employees Retirement System of Essex County.

The changes proposed by the bill are as follows:

(1) A restriction is imposed that no more than three of the pension fund's five trustees can be employees of the same board of education;

(2) The fiscal year is changed from a calendar-year to a July 1-June 30 basis, and annual financial reports are required to be made in October rather than March;

(3) A monthly schedule is established for payment of employee and employer contributions into the fund;

(4) The amount of the pension payable to his survivors in the event of a member's accidental death is changed from the member's average annual salary during his final five years of service to that during his final three years;

(5) The board of trustees' power to invest the pension fund's assets is broadened, most significantly, to allow deposits of funds in out-of-county, as well as in-county, banks or trust companies, provided any such depository institution belongs to the Federal Reserve System;

(6) and the amount of the pension payable to an accidental disability retirant is raised from one-half to two-thirds of his annual salary at the time of his accident;

(7) The service requirement for eligibility to take deferred retirement is reduced from 15 to ten years;

(8) The penalty applicable to a member taking early retirement is changed from $\frac{1}{2}\%$ of the benefit base (final average salary) for each month the retirant lacks of being age 60, or 42% plus one-sixth of 1% for each month he lacks of being age 53, to $\frac{1}{4}\%$ for each month he lacks of being age 55;

(9) The post-retirement waiting period which must pass before a retirant becomes eligible for cost-of-living adjustment is shortened from three to two years; and

OFFICE OF THE GOVERNOR

RELEASE: IMMEDIATE

CONTACT: CARL GOLDEN

TUESDAY, JUNE 21, 1983

Governor Thomas H. Kean yesterday conditionally vetoed legislation to provide for investigations into backgrounds of persons desiring to become foster parents.

The Governor recommended that the legislation, S-3031, be amended to make it contingent on the passage of an Assembly bill which would permit the State Police to charge a fee for providing the investigatory service.

"It is essential to the well being of the foster and adopted children of the State that we thoroughly examine the background of any potential foster parent," Kean said in his message. "The bill, however, does not provide for any appropriation to fund the program. I fear that without an adequate source of funding the program would prove worthless."

The bill was sponsored by Senate President Carmen Orechio, D-Essex.

Kean also signed S-1842, sponsored by Senator Richard Codey, D-Essex, which makes numerous technical changes in the Board of Education Employees Pension Fund of Essex County.

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Matter printed in italics *thus* is new matter.

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