

43:16A-1, 43:16A-11.1

LEGISLATIVE HISTORY CHECKLIST

NJSA 43:16A-1, 43:16A-11.1 (P&FRS - "Special Retirement Benefits" -
change salary base)
LAWS 1982 CHAPTER 198
Bill No. A860
Sponsor(s) Karcher and others
Date Introduced Feb. 22,
Committee: Assembly State Govt., Civil Service, Elections, Pensions & Veterans Affairs
Senate Revenue, Finance & Appropriations

Amended during passage Yes ~~No~~ Amendments during passage
denoted by asterisks
Date of Passage: Assembly June 3, 1982
Senate Nov. 8, 1982
Date of approval Dec. 10, 1982

Following statements are attached if available:

Sponsor statement	<u>Yes</u>	No Also attached: Senate amendments (adopted 10-25-82) with statement
Committee Statement: <u>Assembly</u>	<u>Yes</u>	No
<u>Senate</u>	<u>Yes</u>	No
Fiscal Note	Yes	No
Veto Message	Yes	No
Message on signing	Yes	No

Following were printed:

Reports	Yes	No
Hearings	Yes	No

6/22/81

198 82
12-10-82

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 860

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 22, 1982

By Assemblymen KARCHER, SCHWARTZ, OTLOWSKI, ZANGARI,
Assemblywoman GARVIN, Assemblymen HERMAN, PANKOK,
Assemblywoman COSTA, Assemblymen McENROE, FORTU-
NATO, JACKMAN, BOCCHINI, JANISZEWSKI, RILEY,
MARSELLA, BRYANT, MAZUR, NAPLES, WATSON, MAT-
THEWS, FLYNN, DORIA, CHARLES, COWAN, PELLY,
Assemblywoman PERUN, Assemblymen PATERNITI, DEV-
ERIN, PATERO, ADUBATO, PELLECCIA, GIRGENTI and
MEYER

Referred to Committee on State Government, Civil Service,
Elections, Pensions and Veterans Affairs

AN ACT concerning the retirement of certain members of the Police
and Firemen's Retirement System ****[and]**** ****,**** amending
P. L. 1944, c. 255 and *****amending and supplementing***** P. L.
1964, c. 241.

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

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

3 1. As used in this act:

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

6 (2) "Policeman or fireman" shall mean any permanent and full-
7 time active uniformed employee, and any active permanent and
8 full-time employee who is a detective, lineman, fire alarm operator,
9 or inspector of combustibles of any police or fire department or
10 any employee of a police or fire department who was a member
11 of the retirement system for a period of 15 years prior to his trans-
12 fer to a position within the department not otherwise covered by
13 the retirement system. It shall also mean any permanent, active,

**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 committee amendments adopted May 24, 1982.**

****—Senate committee amendments adopted June 10, 1982.**

*****—Senate amendment adopted October 25, 1982.**

14 and full-time firefighter or officer employee of the State of New
15 Jersey, or any political subdivision thereof, with police powers and
16 holding one of the following titles: motor vehicles officer, motor
17 vehicles sergeant, motor vehicles lieutenant, motor vehicles captain,
18 assistant chief, bureau of enforcement, and chief, bureau of enforce-
19 ment in the Division of Motor Vehicles, alcoholic beverage control
20 investigators, alcoholic beverage control inspectors, assistant
21 deputy director, bureau of enforcement and deputy director, bureau
22 of enforcement in the Division of Alcoholic Beverage Control, con-
23 servation officer, assistant district conservation officer, district con-
24 servation officer, and chief conservation officer, in the Division of
25 Fish, Game, and [Shell Fisheries] *Wildlife* rangers, and chief
26 ranger in the Bureau of Parks, State fire warden and chief, assist-
27 ant chief, division fire warden, assistant division fire warden, staff
28 section fire warden, and field section fire warden, in the Forest
29 Fire Service, Department of Environmental Protection, chief,
30 Bureau of Forest Fire Management— State forest fire warden,
31 supervising forester (fire), principal forester (fire), senior
32 forester (fire), assistant forester (fire), in the Bureau of Forest
33 Fire Management, Department of Environmental Protection,
34 marine patrolman, senior marine patrolman, principal marine
35 patrolman, and chief, bureau of marine law enforcement, State
36 fire marshal, deputy State fire marshal, and inspector fire safety,
37 Department of Law and Public Safety, institution fire chief, and
38 assistant institution fire chief, Department of Human Services,
39 correction officer, senior correction officer, correction officer ser-
40 geant, correction officer lieutenant, correction officer captain, and
41 deputy keepers in the Department of Corrections, medical security
42 officer, assistant supervising medical security officer, and supervis-
43 ing medical security officer in the Department of Human Services,
44 county detective, lieutenant of county detectives, captain of county
45 detectives, deputy chief of county detectives, chief of county detec-
46 tives, supervising auditor- investigator, auditor/investigator, elec-
47 tronics specialist, traffic safety coordinator/investigator, supervisor
48 of electronics and investigations, and county investigator in the
49 office of the county prosecutors, sheriff's officer, sergeant sheriff's
50 officer, lieutenant sheriff's officer, captain sheriff's officer, chief
51 sheriff's officer, and sheriff's investigator in the office of the county
52 sheriffs, county correction officer, county correction sergeant,
53 county correction lieutenant, county correction captain, and county
54 deputy warden in the several county jails, industrial trade in-
55 structor and identification officer in a county of the first class having
56 a population of more than 850,000 inhabitants, cottage officer, head

57 cottage officer, interstate escort officer, juvenile officer, head juvenile
58 officer, assistant supervising juvenile officer, supervising juvenile
59 officer, patrolman capitol police, patrolman institutions, sergeant
60 patrolman institutions and supervising patrolman institutions and
61 patrolman or other police officer of the Board of Commissioners of
62 the Palisades Interstate Park appointed pursuant to R. S. 32:14-21.

63 (3) "Member" shall mean any policeman or fireman included
64 in the membership of the retirement system as provided in section
65 3 of this act.

66 (4) "Board of trustees" or "board" shall mean the board pro-
67 vided for in section 13 of this act.

68 (5) "Medical board" shall mean the board of physicians pro-
69 vided for in section 13 of this act.

70 (6) "Employer" shall mean the State of New Jersey, the county,
71 municipality or political subdivision thereof which pays the par-
72 ticular policeman or fireman.

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

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

77 (9) "Regular interest" shall mean interest as determined annu-
78 ally by the State Treasurer after consultation with the Directors
79 of the Divisions of Investment and Pensions and the actuary of the
80 system. It shall bear a reasonable relationship to the percentage
81 rate of earnings on investments but shall not exceed 105% of such
82 percentage rate.

83 (10) "Aggregate contributions" shall mean the sum of all the
84 amounts, deducted from the compensation of a member or con-
85 tributed by him or on his behalf, standing to the credit of his indi-
86 vidual account in the annuity savings fund.

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

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

91 (13) "Retirement allowance" shall mean the pension plus the
92 annuity.

93 (14) "Earnings compensation" shall mean the full rate of the
94 salary that would be payable to an employee if he worked the full
95 normal working time for his position. In cases where salary in-
96 cludes maintenance, the retirement system shall fix the value of that
97 part of the salary not paid in money which shall be considered
98 under this act.

99 (15) "Average final compensation" shall mean the average

100 annual salary upon which contributions are made for the 3 years
101 of creditable service immediately preceding his retirement or death,
102 or it shall mean the average annual salary for which contributions
103 are made during any 3 fiscal years of his or her membership pro-
104 viding the largest possible benefit to the member or his beneficiary.

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

108 (17) "Annuity reserve" shall mean the present value of all pay-
109 ments to be made on account of any annuity or benefit in lieu of
110 any annuity computed upon the basis of such mortality tables
111 recommended by the actuary as shall be adopted by the board of
112 trustees, and regular interest.

113 (18) "Pension reserve" shall mean the present value of all pay-
114 ments to be made on account of any pension or benefit in lieu of
115 any pension computed upon the basis of such mortality tables
116 recommended by the actuary as shall be adopted by the board of
117 trustees, and regular interest.

118 (19) "Actuarial equivalent" shall mean a benefit of equal value
119 when computed upon the basis of such mortality tables recom-
120 mended by the actuary as shall be adopted by the board of trustees,
121 and regular interest.

122 (20) "Beneficiary" shall mean any person receiving a retire-
123 ment allowance or other benefit as provided by this act.

124 (21) "Child" shall mean a deceased member's or retirant's un-
125 married child either (a) under the age of 18 or (b) of any age
126 who, at the time of the member's or retirant's death, is disabled
127 because of mental retardation or physical incapacity, is unable to
128 do any substantial, gainful work because of the impairment and his
129 impairment has lasted or can be expected to last for a continuous
130 period of not less than 12 months, as affirmed by the medical board.

131 (22) "Parent" shall mean the parent of a member who was
132 receiving at least one-half of his support from the member in the
133 12-month period immediately preceding the member's death or the
134 accident which was the direct cause of the member's death. The
135 dependency of such a parent will be considered terminated by
136 marriage of the parent subsequent to the death of the member.

137 (23) "Widower" shall mean the man to whom a member or
138 retirant was married at least 2 years before the date of her
139 death and to whom she continued to be married until the date of her
140 death and who was receiving at least one-half of his support from
141 the member or retirant in the 12-month period immediately preced-
142 ing the member's or retirant's death or the accident which was the

143 direct cause of the member's death. The dependency of such a
 144 widower will be considered terminated by marriage of the widower
 145 subsequent to the death of the member or retirant. In the event of
 146 the payment of an accidental death benefit, the 2-year qualification
 147 shall be waived.

148 (24) "Widow" shall mean the woman to whom a member or
 149 retirant was married at least 2 years before the date of his death
 150 and to whom he continued to be married until the date of his death
 151 and who has not remarried. In the event of the payment of an
 152 ~~accidental~~ *accidental* death benefit, the 2-year qualification shall
 153 be waived.

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

156 (26) "Compensation" shall mean the base salary, for services
 157 as a member as defined in this act, which is in accordance with
 158 established salary policies of the member's employer for all em-
 159 ployees in the same position but shall not include individual salary
 160 adjustments which are granted primarily in anticipation of the
 161 member's retirement or additional remuneration for performing
 162 temporary duties beyond the regular work day.

163 (27) "Department" shall mean any police or fire department of
 164 a municipality or a fire department of a fire district located in a
 165 township or a county police or park police department or the
 166 appropriate department of the State or instrumentality thereof.

167 (28) "*Final compensation*" means the compensation received by
 168 the member in the last 12 months of creditable service preceding
 169 his retirement. *~~This term includes the value, as fixed by the re-~~
 170 *tirement system, of the member's maintenance allowance for this*
 171 *same period.*]*

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

3 16. Should a member resign after having established 25 years
 4 of creditable service, he may elect "special retirement," provided,
 5 that such election is communicated by such member to the retire-
 6 ment system by filing a written application, duly attested, stating
 7 at what time subsequent to the execution and filing thereof he
 8 desires to be retired. He shall receive, in lieu of the payment pro-
 9 vided in section 11, a retirement allowance which shall consist of:

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

12 (2) A pension in the amount which, when added to the member's
 13 annuity will provide a total retirement allowance of 60% of his
 14 ~~average~~ final compensation, plus 1% of his ~~average~~ final com-

15 pension multiplied by the number of years of creditable service
 16 over 25 but not over 30; provided, however, that any member who
 17 has earned, prior to **the effective date of this 1979 amendatory act**
 18 *July 1, 1979*, more than 30 years of creditable service, shall receive
 19 an additional 1% of his **average** final compensation for each year
 20 of his creditable service over 30.

21 The board of trustees shall retire him at the time specified or at
 22 such other time within 1 month after the date so specified as the
 23 board finds advisable.

24 Upon the receipt of proper proofs of the death of such a retired
 25 member, there shall be paid to his beneficiary an amount equal to
 26 one-half of the *final* compensation **upon which contributions by the**
 27 **member to the annuity savings fund were based in the last year of**
 28 **creditable service** *received by the member*.

1 ***3. (New section) If in any year the State's or any county's or*
 2 *municipality's liability to fund the benefits provided in this amend-*
 3 *atory and supplementary act exceeds the value of the employee*
 4 *contribution increase pursuant to paragraph (d) of subsection (3)*
 5 *of section 15 of P. L. 1944, c. 255 (C. 43:16A-15) and the application*
 6 *of interest earnings, the ***[State Treasurer shall recommend an*
 7 *appropriate increase in the employee contribution or such other*
 8 *action as he considers appropriate to offset any State, county or*
 9 *municipal liability]*** ***actuary of the retirement system shall*
 10 *specify, the State Treasurer shall certify, and the board of trustees*
 11 *of the retirement system shall set the increase in employee con-*
 12 *tributions to be effective in the following fiscal year in order to*
 13 *provide for this liability***.***

1 ****[3.]** **4.**** This act shall take effect immediately.

15 pension multiplied by the number of years of creditable service
 16 over 25 but not over 30; provided, however, that any member who
 17 has earned, prior to [the effective date of this 1979 amendatory act]
 18 *July 1, 1979*, more than 30 years of creditable service, shall receive
 19 an additional 1% of his [average] final compensation for each year
 20 of his creditable service over 30.

21 The board of trustees shall retire him at the time specified or at
 22 such other time within 1 month after the date so specified as the
 23 board finds advisable.

24 Upon the receipt of proper proofs of the death of such a retired
 25 member, there shall be paid to his beneficiary an amount equal to
 26 one-half of the *final* compensation [upon which contributions by the
 27 member to the annuity savings fund were based in the last year of
 28 creditable service] *received by the member*.

1 3. This act shall take effect immediately.

STATEMENT

The purpose of this bill to to change the salary base on which is calculated the "special" retirement benefit (60% after 25 years' service) payable to a retiring member of the Police and Firemen's Retirement System from the member's average annual salary for his 3 highest-paid years of service to his compensation, including the value of any maintenance allowance, during his final year of service. This is the same salary base as that applicable to members of the State Police Retirement System electing to take "special" retirement under that system.

A 860 (1982)

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 860

[OFFICIAL COPY REPRINT]

[SENATE REPRINT]

STATE OF NEW JERSEY

DATED: SEPTEMBER 23, 1982

Senate Reprint of Assembly Bill No. 860 (OCR) changes the salary base on which is calculated the retirement allowance paid to a member of the Police and Firemen's Retirement System. The current salary base is calculated as the average of the three highest paid years of service. This bill changes that base to the compensation received by the member in the last 12 months of service preceding retirement.

Lastly, the bill provides that if in any year, any governmental liability to fund the benefits accruing as a result of this act exceeds the value of the employee contribution increase enacted in 1979, and the application of interest earnings, the State Treasurer is to recommend an appropriate increase in the employee contribution or such other action as he considers appropriate to offset any State, county or municipal liability.

The act takes effect immediately.

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112
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XII-5

10/25/82

Senate Amendments

W/C

ADOPTED
OCT 25 1982

to

Assembly Bill No. 860 (O.C.R.) (S.R.)

(Proposed by Senator Weiss 10/25/82)

Amend:

Page	Sec.	Line	
6	3	6-9	After "the" omit remainder of line 6, all of lines 7 and 8 and "municipal liability" on line 9; insert "actuary of the retirement system shall specify, the State Treasurer shall certify, and the board of trustees of the retirement system shall set the increase in employee contributions to be effective in the following fiscal year in order to provide for this liability"

STATEMENT

These amendments provide that in the event the public employer's liability in the funding of the benefits provided in the bill exceeds the employee contributions, an increase in employee contributions must offset that liability.