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"Christie signs 10 bills into law," NorthJersey.com, August 18, 2016

"New law to aid sons of trooper," South Jersey Times, August 20, 2016

"Christie signs legislation boosting benefits for children of fallen troopers," Burlington County Times, August 19, 2016

"Signed into law on Thursday," Herald News, August 19, 2016

"Weeks after birth of fallen trooper's son, Christie signs legislation to boost benefits," Burlington County Times, August 18, 2016

RWH/JA

P.L.2016, CHAPTER 26, *approved August 18, 2016*
Senate, No. 2061 (*First Reprint*)

1 **AN ACT** concerning the accidental death benefit in the State Police
2 Retirement System ¹and the Police and Firemen's Retirement
3 System¹ and amending and supplementing P.L.1965, c.89
4 (C.53:5A-1 et seq.) ¹and P.L.1944, c.255 (C.43:16A-1 et seq.)¹.
5

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

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

11 3. As used in this act:

12 a. "Aggregate contributions" means the sum of all the amounts,
13 deducted from the salary of a member or contributed by him or on
14 his behalf, standing to the credit of his individual account in the
15 Annuity Savings Fund. Interest credited on contributions to the
16 former "State Police Retirement and Benevolent Fund" shall be
17 included in a member's aggregate contributions.

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

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

25 d. "Beneficiary" means any person entitled to receive any
26 benefit pursuant to the provisions of this act by reason of the death
27 of a member or retiree.

28 e. "Board of trustees" or "board" means the board provided for
29 in section 30 of this act.

30 f. "Child" means a deceased member's or retiree's unmarried
31 child either (a) under the age of 18, or (b) 18 years of age or older
32 and enrolled in a secondary school, or (c) under the age of 24 and
33 enrolled in a degree program in an institution of higher education
34 for at least 12 credit hours in each semester, provided that the
35 member died in active service as a result of an accident met in the
36 actual performance of duty at some definite time and place, and the
37 death was not the result of the member's willful misconduct, or (d)

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:

¹Senate SSG committee amendments adopted May 5, 2016.

1 of any age who, at the time of the member's or retirant's death, is
2 disabled because of an intellectual disability or physical incapacity,
3 is unable to do any substantial, gainful work because of the
4 impairment and his impairment has lasted or can be expected to last
5 for a continuous period of not less than 12 months, as affirmed by
6 the medical board.

7 g. "Creditable service" means service rendered for which credit
8 is allowed on the basis of contributions made by the member or the
9 State.

10 h. "Parent" means the parent of a member who was receiving at
11 least one-half of his support from the member in the 12-month
12 period immediately preceding the member's death or the accident
13 which was the direct cause of the member's death. The dependency
14 of such a parent will be considered terminated by marriage of the
15 parent subsequent to the death of the member.

16 i. (1) "Final compensation" means the average compensation
17 received by the member in the last 12 months of creditable service
18 preceding his retirement or death. Such term includes the value of
19 the member's maintenance allowance for this same period.

20 (2) In the case of a person who becomes a member of the
21 retirement system on or after the effective date of P.L.2010,
22 c.1, "final compensation" means the average annual compensation
23 for service for which contributions are made during any three fiscal
24 years of membership providing the largest possible benefit to the
25 member or the member's beneficiary. Such term includes the value
26 of the member's maintenance allowance for this same period.

27 j. (1) "Final salary" means the average salary received by the
28 member in the last 12 months of creditable service preceding his
29 retirement or death. Such term shall not include the value of the
30 member's maintenance allowance.

31 (2) In the case of a person who becomes a member of the
32 retirement system on or after the effective date of P.L.2010, c.1,
33 "final salary" means the average annual salary for service for which
34 contributions are made during any three fiscal years of membership
35 providing the largest possible benefit to the member or the
36 member's beneficiary. Such term shall not include the value of the
37 member's maintenance allowance.

38 k. "Fiscal year" means any year commencing with July 1 and
39 ending with June 30 next following.

40 l. "Medical board" means the board of physicians provided for
41 in section 30 of this act.

42 m. "Member" means any full-time, commissioned officer, non-
43 commissioned officer or trooper of the Division of State Police of
44 the Department of Law and Public Safety of the State of New Jersey
45 enrolled in the retirement system established by this act.

46 n. "Pension" means payment for life derived from contributions
47 by the State.

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

1 (2) In the case of a person who becomes a member of the
2 retirement system on or after the effective date of P.L.2010, c.1,
3 "compensation" means the amount of base salary equivalent to the
4 annual maximum wage contribution base for Social Security,
5 pursuant to the Federal Insurance Contributions Act, for services as
6 a member as defined in this act, which is in accordance with
7 established salary policies of the State for all employees in the same
8 position but shall not include individual salary adjustments which
9 are granted primarily in anticipation of the member's retirement or
10 additional remuneration for performing temporary duties beyond
11 the regular workday or shift.

12 v. "Veteran" means any person who has served in the United
13 States Armed Forces and has or shall be discharged or released
14 therefrom under conditions other than dishonorable, in any of the
15 following wars or emergencies, and who has presented to the
16 retirement system evidence of such record of service in form and
17 content satisfactory to the retirement system:

18 (1) Vietnam conflict on or after December 31, 1960, and on or
19 prior to May 7, 1975, who shall have served at least 90 days in such
20 active service, exclusive of any period of assignment (1) for a
21 course of education or training under the Army Specialized
22 Training Program or the Navy College Training Program which
23 course was a continuation of a civilian course and was pursued to
24 completion, or (2) as a cadet or midshipman at one of the service
25 academies, any part of which 90 days was served between said
26 dates; and exclusive of any service performed pursuant to the
27 provisions of section 511 (d) of Title 10, United States Code,
28 pursuant to an enlistment in the Army National Guard or as a
29 reserve for service in the Army Reserve, Naval Reserve, Air Force
30 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
31 that any person receiving an actual service-incurred injury or
32 disability shall be classed as a veteran whether or not that person
33 has completed the 90 days' service as herein provided;

34 (2) Lebanon peacekeeping mission, on or after September 26,
35 1982, who has served in Lebanon or on board any ship actively
36 engaged in patrolling the territorial waters of that nation for a
37 period, continuous or in the aggregate, of at least 14 days
38 commencing on or before December 1, 1987 or the date of
39 termination of that mission, as proclaimed by the President of the
40 United States or Congress, whichever date of termination is the
41 latest, in such active service; provided, that any person receiving an
42 actual service-incurred injury or disability shall be classed as a
43 veteran whether or not that person has completed the 14 days'
44 service as herein provided;

45 (3) Grenada peacekeeping mission, on or after October 23,
46 1983, who has served in Grenada or on board any ship actively
47 engaged in patrolling the territorial waters of that nation for a
48 period, continuous or in the aggregate, of at least 14 days

1 commencing on or before November 21, 1983 or the date of
2 termination of that mission, as proclaimed by the President of the
3 United States or Congress, whichever date of termination is the
4 latest, in such active service; provided, that any person receiving an
5 actual service-incurred injury or disability shall be classed as a
6 veteran whether or not that person has completed the 14 days'
7 service as herein provided;

8 (4) Panama peacekeeping mission, on or after December 20,
9 1989 or the date of inception of that mission, as proclaimed by the
10 President of the United States or Congress, whichever date of
11 inception is earliest, who has served in Panama or on board any ship
12 actively engaged in patrolling the territorial waters of that nation for
13 a period, continuous or in the aggregate, of at least 14 days
14 commencing on or before January 31, 1990 or the date of
15 termination of that mission, as proclaimed by the President of the
16 United States or Congress, whichever date of termination is the
17 latest, in such active service; provided, that any person receiving an
18 actual service-incurred injury or disability shall be classed as a
19 veteran whether or not that person has completed the 14 days'
20 service as herein provided;

21 (5) Operation "Desert Shield/Desert Storm" mission in the
22 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
23 or the date of inception of that operation, as proclaimed by the
24 President of the United States or Congress, whichever date of
25 inception is earliest, who has served in the Arabian peninsula or on
26 board any ship actively engaged in patrolling the Persian Gulf for a
27 period, continuous or in the aggregate, of at least 14 days
28 commencing on or before the date of termination of that mission, as
29 proclaimed by the President of the United States or Congress,
30 whichever date of termination is the latest, in such active service;
31 provided, that any person receiving an actual service-incurred injury
32 or disability shall be classed as a veteran whether or not that person
33 has completed the 14 days' service as herein provided;

34 (6) Operation Northern Watch and Operation Southern Watch,
35 on or after August 27, 1992, or the date of inception of that
36 operation, as proclaimed by the President of the United States,
37 Congress or United States Secretary of Defense, whichever date of
38 inception is earliest, who served in the theater of operation,
39 including in the Arabian peninsula and the Persian Gulf, and in
40 direct support of that operation for a period, continuously or in the
41 aggregate, of at least 14 days in such active service, commencing on
42 or before the date of termination of that operation, as proclaimed by
43 the President of the United States, Congress or United States
44 Secretary of Defense, whichever date of termination is the latest;
45 provided, that any person receiving an actual service-incurred injury
46 or disability while engaged in such service shall be classed as a
47 veteran whether or not that person has completed the 14 days'
48 service as herein provided;

1 (7) Operation "Restore Hope" in Somalia, on or after December
2 5, 1992, or the date of inception of that operation as proclaimed by
3 the President of the United States or Congress, whichever date is
4 earliest, who has served in Somalia or on board any ship actively
5 engaged in patrolling the territorial waters of that nation for a
6 period, continuously or in the aggregate, of at least 14 days in such
7 active service commencing on or before March 31, 1994; provided
8 that any person receiving an actual service-incurred injury or
9 disability shall be classed as a veteran whether or not that person
10 has completed the 14-day service as herein provided;

11 (8) Operations "Joint Endeavor" and "Joint Guard" in the
12 Republic of Bosnia and Herzegovina, on or after November 20,
13 1995, who served in such active service in direct support of one or
14 both of the operations for at least 14 days, continuously or in the
15 aggregate, commencing on or before June 20, 1998, and (1) was
16 deployed in that nation or in another area in the region, or (2) was
17 on board a United States naval vessel operating in the Adriatic Sea,
18 or (3) operated in airspace above the Republic of Bosnia and
19 Herzegovina; provided that any person receiving an actual service-
20 incurred injury or disability shall be classed as a veteran whether or
21 not that person completed the 14-day service requirement;

22 (9) Operation "Enduring Freedom", on or after September 11,
23 2001, who served in a theater of operation and in direct support of
24 that operation for a period, continuously or in the aggregate, of at
25 least 14 days in such active service commencing on or before the
26 date the President of the United States or the United States
27 Secretary of Defense designates as the termination date of that
28 operation; provided, that any person receiving an actual service-
29 incurred injury or disability while engaged in such service shall be
30 classed as a veteran whether or not that person has completed the 14
31 days' service as herein provided; and

32 (10) Operation "Iraqi Freedom", on or after the date the
33 President of the United States or the United States Secretary of
34 Defense designates as the inception date of that operation, who
35 served in Iraq or in another area in the region in direct support of
36 that operation for a period, continuously or in the aggregate, of at
37 least 14 days in such active service commencing on or before the
38 date the President of the United States or the United States
39 Secretary of Defense designates as the termination date of that
40 operation; provided, that any person receiving an actual service-
41 incurred injury or disability while engaged in such service shall be
42 classed as a veteran whether or not that person has completed the 14
43 days' service as herein provided.

44 (cf: P.L.2013, c.87, s.1)

45

46 2. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to
47 read as follows:

1 14. a. Upon the death of a member in active service as a result
2 of:

3 (1) an accident met in the actual performance of duty at some
4 definite time and place, or

5 (2) service in the reserve component of the Armed Forces of the
6 United States or the National Guard in a federal active duty status,
7 and such death was not the result of the member's willful
8 negligence, an accidental death benefit shall be payable if a report
9 of the accident is filed in the office of the Division of State Police
10 within 60 days next following the accident, but the board of trustees
11 may waive such time limit, for a reasonable period, if in the
12 judgment of the board the circumstances warrant such action. No
13 such application shall be valid or acted upon unless it is filed in the
14 office of the retirement system within five years of the date of such
15 death.

16 b. (1) Upon the receipt of proper proofs of the death of a
17 member on account of which an accidental death benefit is payable,
18 there shall be paid to the surviving spouse a pension of 70% of final
19 compensation or of adjusted final compensation, as appropriate, for
20 the use of that spouse and children of the deceased, to continue for
21 as long as the person qualifies as a "surviving spouse" for the
22 purposes of this act. If there is no surviving spouse or in case the
23 spouse dies, ~~20%~~ 70% of final compensation or of adjusted final
24 compensation, as the case may be, will be payable to ~~one surviving~~
25 child, 35% of final compensation or of adjusted final compensation,
26 as the case may be, to two surviving children in equal shares and if
27 there be three or more children, 50% of final compensation or of
28 adjusted final compensation, as the case may be, will be payable to
29 such ~~the member's surviving child or surviving~~ children in equal
30 shares.

31 If there is no surviving spouse or child, 25% of final
32 compensation will be payable to one surviving parent or 40% of
33 final compensation will be payable to two surviving parents in
34 equal shares.

35 As used in this paragraph, "adjusted final compensation" means
36 the amount of final compensation or final compensation as adjusted,
37 as the case may be, increased by the same percentage increase
38 which is applied in any adjustments of the compensation schedule
39 of active members after the member's death and before the date on
40 which the deceased member of the retirement system would have
41 accrued 25 years of service under an assumption of continuous
42 service, at which time the amount resulting from such increases
43 shall become fixed and shall be the basis for adjustments pursuant
44 to the Pension Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.).
45 Any adjustments to final compensation or adjusted final
46 compensation shall take effect at the same time as any adjustments
47 in the compensation schedule of active members. The provisions of
48 the Pension Adjustment Act shall not apply to any pension based

1 upon adjusted final compensation other than the fixed pension in
2 effect at the conclusion of the 25-year period.

3 (2) In the event of accidental death occurring in the first year of
4 creditable service, the benefits, payable pursuant to this subsection,
5 shall be computed at the annual rate of compensation.

6 c. If there is no surviving spouse, child or parent, there shall be
7 paid to any other beneficiary of the deceased member, his aggregate
8 contributions at the time of death.

9 d. In no case shall the death benefits provided in subsection b.
10 be less than that provided under subsection c.

11 e. In addition to the foregoing benefits payable under
12 subsection a. or b., there shall also be paid in one sum to the
13 member's beneficiary, an amount equal to 3 1/2 times final
14 compensation.

15 f. (Deleted by amendment.)

16 g. (Deleted by amendment.)

17 h. In addition to the foregoing benefits, the State shall pay to
18 the member's employer-sponsored health insurance program all
19 health insurance premiums for the coverage of the member's
20 surviving spouse and surviving children.

21 (cf: P.L.2009, c.23, s.2)

22

23 3. (New section) The change to the definition of "child" made
24 pursuant to the amendment of section 3 of P.L.1965, c.89 (C.53:5A-
25 3) by P.L. , c. (pending before the Legislature as this bill) and
26 the adjustment in the benefit to a surviving child or children made
27 pursuant to the amendment of section 14 of P.L.1965,
28 c.89 (C.53:5A-14) by P.L. , c. (pending before the Legislature
29 as this bill) shall apply to a benefit entitlement initially granted on
30 or after January 1, 2016, and, if granted on or after that date but
31 before the effective date of P.L. , c. (pending before the
32 Legislature as this bill), still in effect on that effective date. The
33 adjustment in benefits to a surviving child or children pursuant to
34 the amendment of section 14 of P.L.1965, c.89 (C.53:5A-14) by
35 P.L. , c. (pending before the Legislature as this bill) shall apply
36 only for benefit payments made after the effective date of P.L. ,
37 c. (pending before the Legislature as this bill). No surviving
38 child of a deceased member of the retirement system shall be
39 granted a retroactive payment based upon the difference between
40 the benefit the person would have received if the adjustment made
41 pursuant to the amendment of section 14 of P.L.1965,
42 c.89 (C.53:5A-14) by P.L. , c. (pending before the Legislature
43 as this bill) had been applicable at the date of entitlement and the
44 benefit that the surviving child has received from the date of
45 entitlement to the effective date of P.L. , c. (pending before the
46 Legislature as this bill).

1 ¹4. Section 10 of P.L.1944, c.255 (C.43:16A-10) is amended to
2 read as follows:

3 10. (1) Upon the death of a member in active service as a result
4 of:

5 (a) an accident met in the actual performance of duty at some
6 definite time and place, or

7 (b) service in the reserve component of the Armed Forces of the
8 United States or the National Guard in a federal active duty status,
9 and such death was not the result of the member's willful
10 negligence, an accidental death benefit shall be payable if a report
11 of the accident is filed in the office of the retirement system within
12 60 days next following the accident, but the board of trustees may
13 waive such time limit, for a reasonable period, if in the judgment of
14 the board the circumstances warrant such action. No such
15 application shall be valid or acted upon unless it is filed in the
16 office of the retirement system within five years of the date of such
17 death.

18 The provisions of this subsection shall also apply to a member
19 who is a fireman and who dies as a result of an accident met in the
20 actual performance of duty as a volunteer fireman in any
21 municipality in the State, provided the member's death was not the
22 result of the member's willful negligence.

23 (2) Upon the receipt of proper proofs of the death of a member
24 on account of which an accidental death benefit is payable, there
25 shall be paid to his widow or widower a pension of 70% of the
26 compensation, upon which contributions by the member to the
27 annuity savings fund were based in the last year of creditable
28 service, for the use of herself or himself and the children of the
29 deceased member; if there is no surviving widow or widower or in
30 case the widow or widower dies, **[20%]** 70% of such compensation
31 will be payable to **[one surviving child, 35% of such compensation**
32 **to two surviving children in equal shares and if there be three or**
33 **more children, 50% of such compensation will be payable to such]**
34 the member's surviving child or surviving children in equal shares.

35 If there is no surviving widow, widower or child, 25% of the
36 compensation upon which contributions by the member to the
37 annuity savings fund were based in the last year of creditable
38 service, will be payable to one surviving dependent parent or 40%
39 of such compensation will be payable to two surviving parents in
40 equal shares.

41 In the event of accidental death occurring in the first year of
42 creditable service, the benefits, payable pursuant to this subsection,
43 shall be computed at the annual rate of compensation.

44 (3) If there is no surviving widow, widower, child or dependent
45 parent, there shall be paid to any other beneficiary of the deceased
46 member, his aggregate contributions at the time of death.

47 (4) In no case shall the death benefit provided in subsection (2)
48 be less than that provided under subsection (3).

1 (5) In addition to the foregoing benefits payable under
 2 subsection (2) or (3), there shall also be paid in one sum to such
 3 beneficiary, if living, as the member shall have nominated by
 4 written designation duly executed and filed with the retirement
 5 system, otherwise to the executor or administrator of the member's
 6 estate, an amount equal to 3 1/2 times the compensation upon which
 7 contributions by the member to the annuity savings fund were based
 8 in the last year of creditable service.

9 (6) In addition to the foregoing benefits, the State shall pay to
 10 the member's employer-sponsored health insurance program all
 11 health insurance premiums for the coverage of the member's
 12 surviving widow or widower and dependent children.¹

13 (cf: P.L.2009, c.23, s.1)

14
 15 ¹⁵ (New section) The adjustment in the benefit to a surviving
 16 child or children made pursuant to the amendment of section 10 of
 17 P.L.1944, c.255 (C.43:16A-10) by P.L. , c. (pending before the
 18 Legislature as this bill) shall apply to a benefit entitlement initially
 19 granted on or after January 1, 2016, and, if granted on or after that
 20 date but before the effective date of P.L. , c. (pending before
 21 the Legislature as this bill), still in effect on that effective date. The
 22 adjustment in benefits to a surviving child or children pursuant to
 23 the amendment of section 10 of P.L.1944, c.255 (C.43:16A-10) by
 24 P.L. , c. (pending before the Legislature as this bill) shall apply
 25 only for benefit payments made after the effective date of P.L. ,
 26 c. (pending before the Legislature as this bill). No surviving
 27 child of a deceased member of the retirement system shall be
 28 granted a retroactive payment based upon the difference between
 29 the benefit the person would have received if the adjustment made
 30 pursuant to the amendment of section 10 of P.L.1944, c.255
 31 (C.43:16A-10) by P.L. , c. (pending before the Legislature as
 32 this bill) had been applicable at the date of entitlement and the
 33 benefit that the surviving child has received from the date of
 34 entitlement to the effective date of P.L. , c. (pending before the
 35 Legislature as this bill).¹

36
 37 ¹**[4.] 6.**¹ This act shall take effect immediately.

38
 39
 40
 41
 42 _____
 43 Increases accidental death benefit to 70% of final compensation
 44 for surviving children of SPRS or PFRS member; redefines child in
 SPRS.

SENATE, No. 2061

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 21, 2016

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator DIANE B. ALLEN

District 7 (Burlington)

SYNOPSIS

Increases accidental death benefit to 70% of final compensation for surviving children if there is no surviving spouse of SPRS member who dies in the performance of duty; changes definition of child.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 4/26/2016)

1 AN ACT concerning the accidental death benefit in the State Police
2 Retirement System and amending and supplementing P.L.1965,
3 c.89 (C.53:5A-1 et seq.).
4

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

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

10 3. As used in this act:

11 a. "Aggregate contributions" means the sum of all the amounts,
12 deducted from the salary of a member or contributed by him or on
13 his behalf, standing to the credit of his individual account in the
14 Annuity Savings Fund. Interest credited on contributions to the
15 former "State Police Retirement and Benevolent Fund" shall be
16 included in a member's aggregate contributions.

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

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

24 d. "Beneficiary" means any person entitled to receive any
25 benefit pursuant to the provisions of this act by reason of the death
26 of a member or retirant.

27 e. "Board of trustees" or "board" means the board provided for
28 in section 30 of this act.

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

43 g. "Creditable service" means service rendered for which credit
44 is allowed on the basis of contributions made by the member or the
45 State.

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.

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1 h. "Parent" means the parent of a member who was receiving at
2 least one-half of his support from the member in the 12-month
3 period immediately preceding the member's death or the accident
4 which was the direct cause of the member's death. The dependency
5 of such a parent will be considered terminated by marriage of the
6 parent subsequent to the death of the member.

7 i. (1) "Final compensation" means the average compensation
8 received by the member in the last 12 months of creditable service
9 preceding his retirement or death. Such term includes the value of
10 the member's maintenance allowance for this same period.

11 (2) In the case of a person who becomes a member of the
12 retirement system on or after the effective date of P.L.2010,
13 c.1, "final compensation" means the average annual compensation
14 for service for which contributions are made during any three fiscal
15 years of membership providing the largest possible benefit to the
16 member or the member's beneficiary. Such term includes the value
17 of the member's maintenance allowance for this same period.

18 j. (1) "Final salary" means the average salary received by the
19 member in the last 12 months of creditable service preceding his
20 retirement or death. Such term shall not include the value of the
21 member's maintenance allowance.

22 (2) In the case of a person who becomes a member of the
23 retirement system on or after the effective date of P.L.2010, c.1,
24 "final salary" means the average annual salary for service for which
25 contributions are made during any three fiscal years of membership
26 providing the largest possible benefit to the member or the
27 member's beneficiary. Such term shall not include the value of the
28 member's maintenance allowance.

29 k. "Fiscal year" means any year commencing with July 1 and
30 ending with June 30 next following.

31 l. "Medical board" means the board of physicians provided for
32 in section 30 of this act.

33 m. "Member" means any full-time, commissioned officer, non-
34 commissioned officer or trooper of the Division of State Police of
35 the Department of Law and Public Safety of the State of New Jersey
36 enrolled in the retirement system established by this act.

37 n. "Pension" means payment for life derived from contributions
38 by the State.

39 o. "Pension reserve" means the present value of all payments to
40 be made on account of any pension or benefit in lieu of any pension
41 computed on the basis of such mortality tables recommended by the
42 actuary as shall be adopted by the board of trustees and regular
43 interest.

44 p. "Regular interest" means interest as determined by the State
45 Treasurer, after consultation with the Directors of the Divisions of
46 Investment and Pensions, the board of trustees and the actuary. It
47 shall bear a reasonable relationship to the percentage rate of
48 earnings on investments based on the market value of the assets but
49 shall not exceed the assumed percentage rate of increase applied to

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1 salaries plus 3%, provided however that the board of trustees shall
2 not set the average percentage rate of increase applied to salaries
3 below 6%.

4 q. "Retirant" means any former member receiving a retirement
5 allowance as provided by this act.

6 r. "Retirement allowance" means the pension plus the annuity.

7 s. "State Police Retirement System of New Jersey," herein also
8 referred to as the "retirement system" or "system," is the corporate
9 name of the arrangement for the payment of retirement allowances
10 and of the benefits under the provisions of this act including the
11 several funds placed under said system. By that name, all of its
12 business shall be transacted, its funds invested, warrants for moneys
13 drawn, and payments made and all of its cash and securities and
14 other property held. All assets held in the name of the former
15 "State Police Retirement and Benevolent Fund" shall be transferred
16 to the retirement system established by this act.

17 t. "Surviving spouse" means the person to whom a member or
18 a retirant was married, or a domestic partner as defined in section 3
19 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the
20 member or retirant. The dependency of such a surviving spouse will
21 be considered terminated by the marriage of, or establishment of a
22 domestic partnership by, the surviving spouse subsequent to the
23 member's or the retirant's death, except that in the event of the
24 payment of accidental death benefits, pursuant to section 14 of
25 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving
26 spouse or domestic partner will not be considered terminated by the
27 marriage of, or establishment of a domestic partnership by, the
28 surviving spouse subsequent to the member's death.

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

37 (2) In the case of a person who becomes a member of the
38 retirement system on or after the effective date of P.L.2010, c.1,
39 "compensation" means the amount of base salary equivalent to the
40 annual maximum wage contribution base for Social Security,
41 pursuant to the Federal Insurance Contributions Act, for services as
42 a member as defined in this act, which is in accordance with
43 established salary policies of the State for all employees in the same
44 position but shall not include individual salary adjustments which
45 are granted primarily in anticipation of the member's retirement or
46 additional remuneration for performing temporary duties beyond
47 the regular workday or shift.

48 v. "Veteran" means any person who has served in the United
49 States Armed Forces and has or shall be discharged or released

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1 therefrom under conditions other than dishonorable, in any of the
2 following wars or emergencies, and who has presented to the
3 retirement system evidence of such record of service in form and
4 content satisfactory to the retirement system:

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

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

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

43 (4) Panama peacekeeping mission, on or after December 20,
44 1989 or the date of inception of that mission, as proclaimed by the
45 President of the United States or Congress, whichever date of
46 inception is earliest, who has served in Panama or on board any ship
47 actively engaged in patrolling the territorial waters of that nation for
48 a period, continuous or in the aggregate, of at least 14 days
49 commencing on or before January 31, 1990 or the date of

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1 termination of that mission, as proclaimed by the President of the
2 United States or Congress, whichever date of termination is the
3 latest, in such active service; provided, that any person receiving an
4 actual service-incurred injury or disability shall be classed as a
5 veteran whether or not that person has completed the 14 days'
6 service as herein provided;

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

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

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

45 (8) Operations "Joint Endeavor" and "Joint Guard" in the
46 Republic of Bosnia and Herzegovina, on or after November 20,
47 1995, who served in such active service in direct support of one or
48 both of the operations for at least 14 days, continuously or in the
49 aggregate, commencing on or before June 20, 1998, and (1) was

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1 deployed in that nation or in another area in the region, or (2) was
2 on board a United States naval vessel operating in the Adriatic Sea,
3 or (3) operated in airspace above the Republic of Bosnia and
4 Herzegovina; provided that any person receiving an actual service-
5 incurred injury or disability shall be classed as a veteran whether or
6 not that person completed the 14-day service requirement;

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

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

29 (cf: P.L.2013, c.87, s.1)

30

31 2. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to
32 read as follows:

33 14. a. Upon the death of a member in active service as a result
34 of:

35 (1) an accident met in the actual performance of duty at some
36 definite time and place, or

37 (2) service in the reserve component of the Armed Forces of the
38 United States or the National Guard in a federal active duty status,
39 and such death was not the result of the member's willful
40 negligence, an accidental death benefit shall be payable if a report
41 of the accident is filed in the office of the Division of State Police
42 within 60 days next following the accident, but the board of trustees
43 may waive such time limit, for a reasonable period, if in the
44 judgment of the board the circumstances warrant such action. No
45 such application shall be valid or acted upon unless it is filed in the
46 office of the retirement system within five years of the date of such
47 death.

48 b. (1) Upon the receipt of proper proofs of the death of a
49 member on account of which an accidental death benefit is payable,

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1 there shall be paid to the surviving spouse a pension of 70% of final
2 compensation or of adjusted final compensation, as appropriate, for
3 the use of that spouse and children of the deceased, to continue for
4 as long as the person qualifies as a "surviving spouse" for the
5 purposes of this act. If there is no surviving spouse or in case the
6 spouse dies, ~~20%~~ 70% of final compensation or of adjusted final
7 compensation, as the case may be, will be payable to ~~one surviving~~
8 child, 35% of final compensation or of adjusted final compensation,
9 as the case may be, to two surviving children in equal shares and if
10 there be three or more children, 50% of final compensation or of
11 adjusted final compensation, as the case may be, will be payable to
12 such] the member's surviving child or surviving children in equal
13 shares.

14 If there is no surviving spouse or child, 25% of final
15 compensation will be payable to one surviving parent or 40% of
16 final compensation will be payable to two surviving parents in
17 equal shares.

18 As used in this paragraph, "adjusted final compensation" means
19 the amount of final compensation or final compensation as adjusted,
20 as the case may be, increased by the same percentage increase
21 which is applied in any adjustments of the compensation schedule
22 of active members after the member's death and before the date on
23 which the deceased member of the retirement system would have
24 accrued 25 years of service under an assumption of continuous
25 service, at which time the amount resulting from such increases
26 shall become fixed and shall be the basis for adjustments pursuant
27 to the Pension Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.).
28 Any adjustments to final compensation or adjusted final
29 compensation shall take effect at the same time as any adjustments
30 in the compensation schedule of active members. The provisions of
31 the Pension Adjustment Act shall not apply to any pension based
32 upon adjusted final compensation other than the fixed pension in
33 effect at the conclusion of the 25-year period.

34 (2) In the event of accidental death occurring in the first year of
35 creditable service, the benefits, payable pursuant to this subsection,
36 shall be computed at the annual rate of compensation.

37 c. If there is no surviving spouse, child or parent, there shall be
38 paid to any other beneficiary of the deceased member, his aggregate
39 contributions at the time of death.

40 d. In no case shall the death benefits provided in subsection b.
41 be less than that provided under subsection c.

42 e. In addition to the foregoing benefits payable under
43 subsection a. or b., there shall also be paid in one sum to the
44 member's beneficiary, an amount equal to 3 1/2 times final
45 compensation.

46 f. (Deleted by amendment.)

47 g. (Deleted by amendment.)

48 h. In addition to the foregoing benefits, the State shall pay to
49 the member's employer-sponsored health insurance program all

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1 health insurance premiums for the coverage of the member's
2 surviving spouse and surviving children.
3 (cf: P.L.2009, c.23, s.2)

4
5 3. (New section) The change to the definition of "child" made
6 pursuant to the amendment of section 3 of P.L.1965, c.89 (C.53:5A-
7 3) by P.L. , c. (pending before the Legislature as this bill) and
8 the adjustment in the benefit to a surviving child or children made
9 pursuant to the amendment of section 14 of P.L.1965,
10 c.89 (C.53:5A-14) by P.L. , c. (pending before the Legislature
11 as this bill) shall apply to a benefit entitlement initially granted on
12 or after January 1, 2016, and, if granted on or after that date but
13 before the effective date of P.L. , c. (pending before the
14 Legislature as this bill), still in effect on that effective date. The
15 adjustment in benefits to a surviving child or children pursuant to
16 the amendment of section 14 of P.L.1965, c.89 (C.53:5A-14) by
17 P.L. , c. (pending before the Legislature as this bill) shall apply
18 only for benefit payments made after the effective date of P.L. ,
19 c. (pending before the Legislature as this bill). No surviving
20 child of a deceased member of the retirement system shall be
21 granted a retroactive payment based upon the difference between
22 the benefit the person would have received if the adjustment made
23 pursuant to the amendment of section 14 of P.L.1965,
24 c.89 (C.53:5A-14) by P.L. , c. (pending before the Legislature
25 as this bill) had been applicable at the date of entitlement and the
26 benefit that the surviving child has received from the date of
27 entitlement to the effective date of P.L. , c. (pending before the
28 Legislature as this bill).

29
30 4. This act shall take effect immediately.

31
32
33 STATEMENT

34
35 Under current law, if a member of the State Police Retirement
36 System (SPRS) dies in the performance of duty, the surviving
37 spouse receives a pension of 70% of final compensation or of
38 adjusted final compensation, as appropriate, for the use of that
39 spouse and the children of the deceased. If there is no surviving
40 spouse or in case the spouse dies, 20% of final compensation or of
41 adjusted final compensation, as the case may be, is paid annually to
42 one surviving child, 35% to two surviving children in equal shares,
43 and 50% to three or more children in equal shares. If there is no
44 surviving spouse or child, 25% of final compensation is paid
45 annually to one surviving parent or 40% to two surviving parents in
46 equal shares.

47 This bill increases the percentage of final compensation or
48 adjusted final compensation to 70% for a surviving child, or for

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1 surviving children in equal shares, when there is no surviving
2 spouse or the surviving spouse dies.

3 Current law defines "adjusted final compensation" as the amount
4 of final compensation or final compensation as adjusted, as the case
5 may be, increased by the same percentage increase which is applied
6 in any adjustments of the compensation schedule of active members
7 after the member's death and before the date on which the deceased
8 member of the retirement system would have accrued 25 years of
9 service under an assumption of continuous service, at which time
10 the amount resulting from such increases becomes fixed and will be
11 the basis for annual cost of living adjustments, if any.

12 Current law defines "child" as a deceased member's or retirant's
13 unmarried child either (a) under the age of 18 or (b) of any age who,
14 at the time of the member's or retirant's death, is disabled because
15 of an intellectual disability or physical incapacity, is unable to do
16 any substantial, gainful work because of the impairment and the
17 impairment has lasted or can be expected to last for a continuous
18 period of not less than 12 months, as affirmed by the SPRS medical
19 board. The bill changes this definition to include a child 18 years
20 of age or older and enrolled in a secondary school, or under the age
21 of 24 and enrolled in a degree program in an institution of higher
22 education for at least 12 credit hours in each semester, provided that
23 the member died in active service as a result of an accident met in
24 the actual performance of duty at some definite time and place, and
25 the death was not the result of the member's willful misconduct.
26 This change would make the definition of "child" identical to the
27 definition of "child" in the Police and Firemen's Retirement System
28 (PFRS). This change in the definition would apply for the annual
29 benefit available under current law, when there is no surviving
30 spouse or the surviving spouse dies, to a surviving child in the event
31 of a member's accidental death in the performance of duty, ordinary
32 death in active service, or death after retirement.

33 If enacted, the change in the definition of child and the amount
34 of the benefit to a surviving child would apply to a benefit initially
35 granted on or after January 1, 2016 to a surviving child; however,
36 the increase in the amount of the benefit would only be paid
37 prospectively. No retroactive payments would be made.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2061

STATE OF NEW JERSEY

DATED: JUNE 16, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2061 (1R).

This bill increases the accidental death benefit to 70% of final compensation for surviving children of a deceased member of the State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS), redefines "child" for purposes of the SPRS, and provides for the bill's changes to apply prospectively to benefits initially granted on or after January 1, 2016.

Under current law, if a member of SPRS dies in the performance of duty, the surviving spouse is paid a pension of 70% of final compensation or of adjusted final compensation, as appropriate, for the benefit of that spouse and the children of the deceased. If there is no surviving spouse or if the spouse dies, 20% of that compensation is paid annually to one surviving child, 35% to two surviving children in equal shares, and 50% to three or more children in equal shares.

Current law similarly provides for the widow or widower of a PFRS member who dies in the performance of duty to be paid a pension of 70% of the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service. If there is no widow or widower or if the widow or widower dies, 20% of that compensation is paid annually to one surviving child, 35% to two surviving children in equal shares, and 50% to three or more children in equal shares.

This bill increases those percentage of compensation amounts that are paid to the surviving children of a deceased member of SPRS or PFRS. The bill amends current law to provide that if a member of SPRS or PFRS dies in the performance of duty and there is no surviving spouse (or no widow or widower), 70% of the deceased member's final compensation or adjusted compensation (or compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service) is to be paid to the member's surviving child or surviving children in equal shares.

In addition, current law defines "child" for purposes of SPRS as a deceased member's or retirant's unmarried child either (1) under the

age of 18, or (2) of any age who, at the time of the member's or retirant's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment, and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the SPRS medical board.

The bill changes this definition to also include in the definition of "child" for SPRS a child 18 years of age or older and enrolled in a secondary school, or a child under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester, provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place, and the death was not the result of the member's willful misconduct. This change makes the definition of "child" identical to the definition of "child" for purposes of PFRS. This change to the definition of "child" will apply for the annual benefit available under current law, when there is no surviving spouse or the surviving spouse dies, to a surviving child in the event of a member's accidental death in the performance of duty, ordinary death in active service, or death after retirement.

The bill provides for the change in the percentage of the benefit paid to a surviving child under SPRS and PFRS and the change in the definition of "child" for SPRS to apply to benefits initially granted on or after January 1, 2016 to a surviving child; however, the increase in the percentage of the benefit will only be paid prospectively. The bill prohibits retroactive payments from being made.

FISCAL IMPACT:

The Office of Legislative Services (OLS) notes that the fiscal impact of this bill is indeterminate because the number of accidental deaths that may result in increased accidental death benefit payments is unknown. In those instances when there are additional accidental death benefit cases, additional costs per case will depend on the final salary of the member who died, future salary assumptions in the case of an SPRS member, the age of the children at the time of the death, and the number of years that the children will be eligible to receive the increased benefits.

The OLS also notes that the most recent experience studies estimate the expected accidental death rate in the SPRS to be 4.72 deaths and in the PFRS to be 10.12 deaths over the respective three-year study periods: 2011–2014 for SPRS and 2010–2013 for PFRS. However, in both retirement systems, the actual accidental death rate was lower than the expected death rate. During the respective three-year study periods, there was one accidental death in SPRS and there were three accidental deaths in PFRS.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO
SENATE, No. 2061

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 5, 2016

The Senate State Government, Wagering, Tourism and Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 2061.

Under current law, if a member of the State Police Retirement System (SPRS) dies in the performance of duty, the surviving spouse receives a pension of 70% of final compensation or of adjusted final compensation, as appropriate, for the benefit of that spouse and the children of the deceased. If there is no surviving spouse or in case the spouse dies, 20% of that compensation is paid annually to one surviving child, 35% to two surviving children in equal shares, and 50% to three or more children in equal shares. If there is no surviving spouse or child, 25% of final compensation is paid annually to one surviving parent or 40% to two surviving parents in equal shares.

This bill increases the percentage of final compensation or adjusted final compensation to 70% for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

Current law for SPRS defines “child” as a deceased member's or retirant's unmarried child either (a) under the age of 18 or (b) of any age who, at the time of the member's or retirant's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the SPRS medical board. The bill changes this definition to include a child 18 years of age or older and enrolled in a secondary school, or under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester, provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place, and the death was not the result of the member's willful misconduct. This change would make the definition of “child” identical to the definition of “child” in the Police and Firemen’s Retirement System (PFRS). This change in the definition of child in SPRS would apply for the annual

benefit available under current law, when there is no surviving spouse or the surviving spouse dies, to a surviving child in the event of a member's accidental death in the performance of duty, ordinary death in active service, or death after retirement.

Under the bill, as amended, members of the Police and Firemen's Retirement System (PFRS) are included by increasing the accidental death benefit to 70% of compensation for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies. The current PFRS accidental death benefit for a surviving child or children when there is no surviving spouse is 20% for one surviving child, 35% for two surviving children, and 50% for three or more surviving children.

If enacted, the change in the definition of child and the amount of the benefit to a surviving child would apply to a benefit initially granted on or after January 1, 2016 to a surviving child; however, the increase in the amount of the benefit would only be paid prospectively. No retroactive payments would be made.

COMMITTEE AMENDMENTS

The amendments include members of the Police and Firemen's Retirement System (PFRS) by increasing the accidental death benefit to 70% of compensation for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

The current PFRS accidental death benefit for a surviving child or children when there is no surviving spouse is 20% for one surviving child, 35% for two surviving children, and 50% for three or more surviving children.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3610

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: JUNE 22, 2016

SUMMARY

- Synopsis:** Increases accidental death benefit to 70 percent of final compensation for surviving children of State Police Retirement System (SPRS) or Police and Firemen's Retirement System (PFRS) member; redefines child in SPRS.
- Type of Impact:** Expenditure Increase to the General Fund and local government funds.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
State Cost	Indeterminate – See comments below		
Local Cost	Indeterminate – See comments below		

- This bill will increase the accidental death benefit to 70 percent of final compensation for eligible children of State police officers who are members of the State Police Retirement System (SPRS) and of police officers and firefighters who are members of the Police and Firemen's Retirement System (PFRS) and who die in the line of duty.
- The fiscal impact of this bill on pension costs is indeterminate because it depends on the actual deaths that occur in a year, the compensation at the time of death, the number and age of any surviving children, and whether each surviving child attends college.
- The annual required State and local employer contributions would increase by an indeterminable amount to account for the payment of the enhanced benefits.

BILL DESCRIPTION

Assembly Bill No. 3610 (1R) of 2016 enhances benefits provided in the SPRS and the PFRS upon the accidental death of a member in active service.

Under current law, if a member of the SPRS or of the PFRS dies in the performance of duty, the surviving spouse receives a pension of 70 percent of final compensation, or adjusted final compensation for the SPRS, for the use of that spouse and the children of the deceased. If there is no surviving spouse or in case the spouse dies, 20 percent of final compensation, or of adjusted final compensation, is paid annually to one surviving child, 35 percent to two surviving children in equal shares, and 50 percent to three or more children in equal shares. If there is no surviving spouse or child, 25 percent of final compensation is paid annually to one surviving parent or 40 percent to two surviving parents in equal shares.

This bill increases the percentage of final compensation or adjusted final compensation to 70 percent for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

Current law for SPRS bases the benefit on "adjusted final compensation" which is defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time the amount resulting from such increases becomes fixed and will be the basis for annual cost of living adjustments, if any.

Current law for SPRS defines "child" as a deceased member's unmarried child either (a) under the age of 18 or (b) of any age who, at the time of the member's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the SPRS medical board. The bill changes this definition to include a child 18 years of age or older and enrolled in a secondary school, or under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place and the death was not the result of the member's willful misconduct. This change would make the definition of "child" identical to the definition of "child" in the PFRS. This change in the definition would apply for the annual benefit available under current law, when there is no surviving spouse or the surviving spouse dies, to a surviving child in the event of a member's accidental death in the performance of duty, ordinary death in active service, or death after retirement.

If enacted, the change in the definition of child for SPRS and the amount of the benefit to a surviving child for both SPRS and PFRS would apply to a benefit initially granted on or after January 1, 2016 to a surviving child; however, the increase in the amount of the benefit would only be paid prospectively. No retroactive payments would be made.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The fiscal impact of this bill is indeterminate because the number of deaths that will occur is unknown. When there are additional accidental death benefit cases, additional costs per case

would depend on the final salary of the member who died, future salary adjustments in the case of an SPRS member, the age of the children at the time of the death, and the number of years that the children would be eligible to receive benefits. The most recent experience studies estimated the expected accidental death rate in the SPRS to be 4.72 deaths and in the PFRS to be 10.12 deaths over the respective three-year study periods: 2011–2014 for SPRS and 2010–2013 for PFRS. However, in both retirement systems, the actual accidental death rate was lower than the expected death rate. During the respective three-year study periods, there was one accidental death in SPRS and there were three accidental deaths in PFRS.

An example of the cost of this bill for one hypothetical case would be as follows. Assuming a final salary of \$70,000 and five years of service at the time of death of an SPRS member, two children who are one year and two years of age and who will attend college until age 24, and a salary adjustment for 20 years after death with a salary of \$120,000 at the end of the adjustment period, this bill would increase the accidental death benefit paid to the two surviving children in the first year after death from the current amount of \$24,500 to \$49,000, with the amount increasing annually as the salary is adjusted. The annual amount at the end of the adjustment period and thereafter would be \$84,000 under the bill. Under this bill, the total unfunded accrued liability resulting from the enhanced benefit would increase by \$1.15 million on an inflation adjusted basis. The increase in the cost is also due to an increase in the benefit period by an additional six years.

Accordingly, the annual required State and local employer contributions would increase by an indeterminate amount to account for the payment of the enhanced benefits. The majority of the increase in the unfunded liability, approximately \$564,000 accrues for years 18 through 24, due to the extension of the period over which the benefits are paid.

Section: State Government
Analyst: Kimberly M. Clemmensen
Senior Fiscal Analyst
Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 3610

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 7, 2016

Sponsored by:

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

Assemblyman TROY SINGLETON

District 7 (Burlington)

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

SYNOPSIS

Increases accidental death benefit to 70% of final compensation for surviving children if there is no surviving spouse of SPRS member who dies in the performance of duty; changes definition of child.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the accidental death benefit in the State Police
2 Retirement System and amending and supplementing P.L.1965,
3 c.89 (C.53:5A-1 et seq.).
4

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

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

10 3. As used in this act:

11 a. "Aggregate contributions" means the sum of all the amounts,
12 deducted from the salary of a member or contributed by him or on
13 his behalf, standing to the credit of his individual account in the
14 Annuity Savings Fund. Interest credited on contributions to the
15 former "State Police Retirement and Benevolent Fund" shall be
16 included in a member's aggregate contributions.

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

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

24 d. "Beneficiary" means any person entitled to receive any
25 benefit pursuant to the provisions of this act by reason of the death
26 of a member or retirant.

27 e. "Board of trustees" or "board" means the board provided for
28 in section 30 of this act.

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

43 g. "Creditable service" means service rendered for which credit
44 is allowed on the basis of contributions made by the member or the
45 State.

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 h. "Parent" means the parent of a member who was receiving at
2 least one-half of his support from the member in the 12-month
3 period immediately preceding the member's death or the accident
4 which was the direct cause of the member's death. The dependency
5 of such a parent will be considered terminated by marriage of the
6 parent subsequent to the death of the member.

7 i. (1) "Final compensation" means the average compensation
8 received by the member in the last 12 months of creditable service
9 preceding his retirement or death. Such term includes the value of
10 the member's maintenance allowance for this same period.

11 (2) In the case of a person who becomes a member of the
12 retirement system on or after the effective date of P.L.2010,
13 c.1, "final compensation" means the average annual compensation
14 for service for which contributions are made during any three fiscal
15 years of membership providing the largest possible benefit to the
16 member or the member's beneficiary. Such term includes the value
17 of the member's maintenance allowance for this same period.

18 j. (1) "Final salary" means the average salary received by the
19 member in the last 12 months of creditable service preceding his
20 retirement or death. Such term shall not include the value of the
21 member's maintenance allowance.

22 (2) In the case of a person who becomes a member of the
23 retirement system on or after the effective date of P.L.2010,
24 c.1, "final salary" means the average annual salary for service for
25 which contributions are made during any three fiscal years of
26 membership providing the largest possible benefit to the member or
27 the member's beneficiary. Such term shall not include the value of
28 the member's maintenance allowance.

29 k. "Fiscal year" means any year commencing with July 1 and
30 ending with June 30 next following.

31 l. "Medical board" means the board of physicians provided for
32 in section 30 of this act.

33 m. "Member" means any full-time, commissioned officer, non-
34 commissioned officer or trooper of the Division of State Police of
35 the Department of Law and Public Safety of the State of New Jersey
36 enrolled in the retirement system established by this act.

37 n. "Pension" means payment for life derived from contributions
38 by the State.

39 o. "Pension reserve" means the present value of all payments to
40 be made on account of any pension or benefit in lieu of any pension
41 computed on the basis of such mortality tables recommended by the
42 actuary as shall be adopted by the board of trustees and regular
43 interest.

44 p. "Regular interest" means interest as determined by the State
45 Treasurer, after consultation with the Directors of the Divisions of
46 Investment and Pensions, the board of trustees and the actuary. It
47 shall bear a reasonable relationship to the percentage rate of
48 earnings on investments based on the market value of the assets but

1 shall not exceed the assumed percentage rate of increase applied to
2 salaries plus 3%, provided however that the board of trustees shall
3 not set the average percentage rate of increase applied to salaries
4 below 6%.

5 q. "Retirant" means any former member receiving a retirement
6 allowance as provided by this act.

7 r. "Retirement allowance" means the pension plus the annuity.

8 s. "State Police Retirement System of New Jersey," herein also
9 referred to as the "retirement system" or "system," is the corporate
10 name of the arrangement for the payment of retirement allowances
11 and of the benefits under the provisions of this act including the
12 several funds placed under said system. By that name, all of its
13 business shall be transacted, its funds invested, warrants for moneys
14 drawn, and payments made and all of its cash and securities and
15 other property held. All assets held in the name of the former
16 "State Police Retirement and Benevolent Fund" shall be transferred
17 to the retirement system established by this act.

18 t. "Surviving spouse" means the person to whom a member or
19 a retirant was married, or a domestic partner as defined in section 3
20 of P.L.2003, c.246 (C.26:8A-3), on the date of the death of the
21 member or retirant. The dependency of such a surviving spouse will
22 be considered terminated by the marriage of, or establishment of a
23 domestic partnership by, the surviving spouse subsequent to the
24 member's or the retirant's death, except that in the event of the
25 payment of accidental death benefits, pursuant to section 14 of
26 P.L.1965, c.89 (C.53:5A-14), the dependency of such a surviving
27 spouse or domestic partner will not be considered terminated by the
28 marriage of, or establishment of a domestic partnership by, the
29 surviving spouse subsequent to the member's death.

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

38 (2) In the case of a person who becomes a member of the
39 retirement system on or after the effective date of P.L.2010, c.1,
40 "compensation" means the amount of base salary equivalent to the
41 annual maximum wage contribution base for Social Security,
42 pursuant to the Federal Insurance Contributions Act, for services as
43 a member as defined in this act, which is in accordance with
44 established salary policies of the State for all employees in the same
45 position but shall not include individual salary adjustments which
46 are granted primarily in anticipation of the member's retirement or
47 additional remuneration for performing temporary duties beyond
48 the regular workday or shift.

1 v. "Veteran" means any person who has served in the United
2 States Armed Forces and has or shall be discharged or released
3 therefrom under conditions other than dishonorable, in any of the
4 following wars or emergencies, and who has presented to the
5 retirement system evidence of such record of service in form and
6 content satisfactory to the retirement system:

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

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

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

45 (4) Panama peacekeeping mission, on or after December 20,
46 1989 or the date of inception of that mission, as proclaimed by the
47 President of the United States or Congress, whichever date of
48 inception is earliest, who has served in Panama or on board any ship

1 actively engaged in patrolling the territorial waters of that nation for
2 a period, continuous or in the aggregate, of at least 14 days
3 commencing on or before January 31, 1990 or the date of
4 termination of that mission, as proclaimed by the President of the
5 United States or Congress, whichever date of termination is the
6 latest, in such active service; provided, that any person receiving an
7 actual service-incurred injury or disability shall be classed as a
8 veteran whether or not that person has completed the 14 days'
9 service as herein provided;

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

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

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

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

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

22 (10) Operation "Iraqi Freedom", on or after the date the President
23 of the United States or the United States Secretary of Defense
24 designates as the inception date of that operation, who served in
25 Iraq or in another area in the region in direct support of that
26 operation for a period, continuously or in the aggregate, of at least
27 14 days in such active service commencing on or before the date the
28 President of the United States or the United States Secretary of
29 Defense designates as the termination date of that operation;
30 provided, that any person receiving an actual service-incurred injury
31 or disability while engaged in such service shall be classed as a
32 veteran whether or not that person has completed the 14 days'
33 service as herein provided.

34 (cf: P.L.2013, c.87, s.1)

35
36 2. Section 14 of P.L.1965, c.89 (C.53:5A-14) is amended to
37 read as follows:

38 14. a. Upon the death of a member in active service as a result
39 of:

40 (1) an accident met in the actual performance of duty at some
41 definite time and place, or

42 (2) service in the reserve component of the Armed Forces of the
43 United States or the National Guard in a federal active duty status,
44 and such death was not the result of the member's willful
45 negligence, an accidental death benefit shall be payable if a report
46 of the accident is filed in the office of the Division of State Police
47 within 60 days next following the accident, but the board of trustees
48 may waive such time limit, for a reasonable period, if in the

1 judgment of the board the circumstances warrant such action. No
2 such application shall be valid or acted upon unless it is filed in the
3 office of the retirement system within five years of the date of such
4 death.

5 b. (1) Upon the receipt of proper proofs of the death of a
6 member on account of which an accidental death benefit is payable,
7 there shall be paid to the surviving spouse a pension of 70% of final
8 compensation or of adjusted final compensation, as appropriate, for
9 the use of that spouse and children of the deceased, to continue for
10 as long as the person qualifies as a "surviving spouse" for the
11 purposes of this act. If there is no surviving spouse or in case the
12 spouse dies, ~~20%~~ 70% of final compensation or of adjusted final
13 compensation, as the case may be, will be payable to ~~one surviving~~
14 ~~child, 35% of final compensation or of adjusted final compensation,~~
15 ~~as the case may be, to two surviving children in equal shares and if~~
16 ~~there be three or more children, 50% of final compensation or of~~
17 ~~adjusted final compensation, as the case may be, will be payable to~~
18 ~~such~~ the member's surviving child or surviving children in equal
19 shares.

20 If there is no surviving spouse or child, 25% of final
21 compensation will be payable to one surviving parent or 40% of
22 final compensation will be payable to two surviving parents in
23 equal shares.

24 As used in this paragraph, "adjusted final compensation" means
25 the amount of final compensation or final compensation as adjusted,
26 as the case may be, increased by the same percentage increase
27 which is applied in any adjustments of the compensation schedule
28 of active members after the member's death and before the date on
29 which the deceased member of the retirement system would have
30 accrued 25 years of service under an assumption of continuous
31 service, at which time the amount resulting from such increases
32 shall become fixed and shall be the basis for adjustments pursuant
33 to the Pension Adjustment Act, P.L.1958, c.143 (C.43:3B-1 et seq.).
34 Any adjustments to final compensation or adjusted final
35 compensation shall take effect at the same time as any adjustments
36 in the compensation schedule of active members. The provisions of
37 the Pension Adjustment Act shall not apply to any pension based
38 upon adjusted final compensation other than the fixed pension in
39 effect at the conclusion of the 25-year period.

40 (2) In the event of accidental death occurring in the first year of
41 creditable service, the benefits, payable pursuant to this subsection,
42 shall be computed at the annual rate of compensation.

43 c. If there is no surviving spouse, child or parent, there shall be
44 paid to any other beneficiary of the deceased member, his aggregate
45 contributions at the time of death.

46 d. In no case shall the death benefits provided in subsection b.
47 be less than that provided under subsection c.

1 e. In addition to the foregoing benefits payable under
2 subsection a. or b., there shall also be paid in one sum to the
3 member's beneficiary, an amount equal to 3 1/2 times final
4 compensation.

5 f. (Deleted by amendment.)

6 g. (Deleted by amendment.)

7 h. In addition to the foregoing benefits, the State shall pay to
8 the member's employer-sponsored health insurance program all
9 health insurance premiums for the coverage of the member's
10 surviving spouse and surviving children.

11 (cf: P.L.2009, c.23, s.2)

12

13 3. (New section) The change to the definition of "child" made
14 pursuant to the amendment of section 3 of P.L.1965, c.89 (C.53:5A-
15 3) by P.L. , c. (pending before the Legislature as this bill) and
16 the adjustment in the benefit to a surviving child or children made
17 pursuant to the amendment of section 14 of P.L.1965,
18 c.89 (C.53:5A-14) by P.L. , c. (pending before the Legislature
19 as this bill) shall apply to a benefit entitlement initially granted on
20 or after January 1, 2016, and, if granted on or after that date but
21 before the effective date of P.L. , c. (pending before the
22 Legislature as this bill), still in effect on that effective date. The
23 adjustment in benefits to a surviving child or children pursuant to
24 the amendment of section 14 of P.L.1965, c.89 (C.53:5A-14) by
25 P.L. , c. (pending before the Legislature as this bill) shall apply
26 only for benefit payments made after the effective date of P.L. ,
27 c. (pending before the Legislature as this bill). No surviving
28 child of a deceased member of the retirement system shall be
29 granted a retroactive payment based upon the difference between
30 the benefit the person would have received if the adjustment made
31 pursuant to the amendment of section 14 of P.L.1965,
32 c.89 (C.53:5A-14) by P.L. , c. (pending before the Legislature
33 as this bill) had been applicable at the date of entitlement and the
34 benefit that the surviving child has received from the date of
35 entitlement to the effective date of P.L. , c. (pending before the
36 Legislature as this bill).

37

38 4. This act shall take effect immediately.

39

40

41

STATEMENT

42

43 Under current law, if a member of the State Police Retirement
44 System (SPRS) dies in the performance of duty, the surviving
45 spouse receives a pension of 70% of final compensation or of
46 adjusted final compensation, as appropriate, for the use of that
47 spouse and the children of the deceased. If there is no surviving
48 spouse or in case the spouse dies, 20% of final compensation or of

1 adjusted final compensation, as the case may be, is paid annually to
2 one surviving child, 35% to two surviving children in equal shares,
3 and 50% to three or more children in equal shares. If there is no
4 surviving spouse or child, 25% of final compensation is paid
5 annually to one surviving parent or 40% to two surviving parents in
6 equal shares.

7 This bill increases the percentage of final compensation or
8 adjusted final compensation to 70% for a surviving child, or for
9 surviving children in equal shares, when there is no surviving
10 spouse or the surviving spouse dies.

11 Current law defines "adjusted final compensation" as the amount
12 of final compensation or final compensation as adjusted, as the case
13 may be, increased by the same percentage increase which is applied
14 in any adjustments of the compensation schedule of active members
15 after the member's death and before the date on which the deceased
16 member of the retirement system would have accrued 25 years of
17 service under an assumption of continuous service, at which time
18 the amount resulting from such increases becomes fixed and will be
19 the basis for annual cost of living adjustments, if any.

20 Current law defines "child" as a deceased member's unmarried
21 child either (a) under the age of 18 or (b) of any age who, at the
22 time of the member's death, is disabled because of an intellectual
23 disability or physical incapacity, is unable to do any substantial,
24 gainful work because of the impairment and the impairment has
25 lasted or can be expected to last for a continuous period of not less
26 than 12 months, as affirmed by the PFRS medical board. The bill
27 changes this definition to include a child 18 years of age or older
28 and enrolled in a secondary school, or under the age of 24 and
29 enrolled in a degree program in an institution of higher education
30 for at least 12 credit hours in each semester, provided that the
31 member died in active service as a result of an accident met in the
32 actual performance of duty at some definite time and place, and the
33 death was not the result of the member's willful misconduct. This
34 change would make the definition of "child" identical to the
35 definition of "child" in the Police and Firemen's Retirement System
36 (PFRS). This change in the definition would apply for the annual
37 benefit available under current law, when there is no surviving
38 spouse or the surviving spouse dies, to a surviving child in the event
39 of a member's accidental death in the performance of duty, ordinary
40 death in active service, or death after retirement.

41 If enacted, the change in the definition of child and the amount
42 of the benefit to a surviving child would apply to a benefit initially
43 granted on or after January 1, 2016 to a surviving child; however,
44 the increase in the amount of the benefit would only be paid
45 prospectively. No retroactive payments would be made.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3610

STATE OF NEW JERSEY

DATED: JUNE 20, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3610 (1R).

This bill increases the accidental death benefit for surviving children of a member of the State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) in certain circumstances, and redefines "child" in SPRS. Under current law, if a SPRS member dies in the performance of duty, the surviving spouse receives a pension of 70% of final compensation or of adjusted final compensation, as appropriate, for the use of that spouse and the children of the deceased. If there is no surviving spouse or in case the spouse dies, 20% of final compensation or of adjusted final compensation, as the case may be, is paid annually to one surviving child, 35% to two surviving children in equal shares, and 50% to three or more children in equal shares. If there is no surviving spouse or child, 25% of final compensation is paid annually to one surviving parent or 40% to two surviving parents in equal shares. The current PFRS accidental death benefit for a surviving child or children when there is no surviving spouse is 20% for one surviving child, 35% for two surviving children, and 50% for three or more surviving children.

This bill increases the percentage of final compensation or adjusted final compensation to 70% for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

Current law defines "adjusted final compensation" as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time the amount resulting from such increases becomes fixed and will be the basis for annual cost of living adjustments, if any.

Current law defines "child" as a deceased member's unmarried child either (a) under the age of 18 or (b) of any age who, at the time of the member's death, is disabled because of an intellectual

disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the PFRS medical board. The bill changes this definition to include a child 18 years of age or older and enrolled in a secondary school, or under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester, provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place, and the death was not the result of the member's willful misconduct. This change would make the definition of "child" identical to the definition of "child" in the Police and Firemen's Retirement System (PFRS). This change in the definition would apply for the annual benefit available under current law, when there is no surviving spouse or the surviving spouse dies, to a surviving child in the event of a member's accidental death in the performance of duty, ordinary death in active service, or death after retirement.

If enacted, the change in the definition of child and the amount of the benefit to a surviving child would apply to a benefit initially granted on or after January 1, 2016 to a surviving child; however, the increase in the amount of the benefit would only be paid prospectively. No retroactive payments would be made.

FISCAL IMPACT:

The fiscal impact of this bill on pension costs is indeterminate because it depends on the actual deaths that occur in a year, the compensation at the time of death, the number and age of any surviving children, and whether each surviving child attends college. Accordingly, the annual required State and local employer contributions would increase by an indeterminate amount to account for the payment of the enhanced benefits.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3610

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 19, 2016

The Assembly State and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 3610.

Under current law, if a member of the State Police Retirement System (SPRS) dies in the performance of duty, the surviving spouse receives a pension of 70% of final compensation or of adjusted final compensation, as appropriate, for the use of that spouse and the children of the deceased. If there is no surviving spouse or in case the spouse dies, 20% of final compensation or of adjusted final compensation, as the case may be, is paid annually to one surviving child, 35% to two surviving children in equal shares, and 50% to three or more children in equal shares. If there is no surviving spouse or child, 25% of final compensation is paid annually to one surviving parent or 40% to two surviving parents in equal shares. The current PFRS accidental death benefit for a surviving child or children when there is no surviving spouse is 20% for one surviving child, 35% for two surviving children, and 50% for three or more surviving children.

As amended, this bill increases the percentage of final compensation or adjusted final compensation to 70% for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

Current law defines "adjusted final compensation" as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time the amount resulting from such increases becomes fixed and will be the basis for annual cost of living adjustments, if any.

Current law defines "child" as a deceased member's unmarried child either (a) under the age of 18 or (b) of any age who, at the time of the member's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial,

gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the PFRS medical board. The bill changes this definition to include a child 18 years of age or older and enrolled in a secondary school, or under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester, provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place, and the death was not the result of the member's willful misconduct. This change would make the definition of "child" identical to the definition of "child" in the Police and Firemen's Retirement System (PFRS). This change in the definition would apply for the annual benefit available under current law, when there is no surviving spouse or the surviving spouse dies, to a surviving child in the event of a member's accidental death in the performance of duty, ordinary death in active service, or death after retirement.

If enacted, the change in the definition of child and the amount of the benefit to a surviving child would apply to a benefit initially granted on or after January 1, 2016 to a surviving child; however, the increase in the amount of the benefit would only be paid prospectively. No retroactive payments would be made.

COMMITTEE AMENDMENTS

The committee amended the bill to include members of the Police and Firemen's Retirement System (PFRS) by increasing the accidental death benefit to 70% of compensation for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

These amendments make this bill identical to Senate, No. 2061 (1R).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3610

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: JUNE 22, 2016

SUMMARY

- Synopsis:** Increases accidental death benefit to 70 percent of final compensation for surviving children of State Police Retirement System (SPRS) or Police and Firemen's Retirement System (PFRS) member; redefines child in SPRS.
- Type of Impact:** Expenditure Increase to the General Fund and local government funds.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; local governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
State Cost	Indeterminate – See comments below		
Local Cost	Indeterminate – See comments below		

- This bill will increase the accidental death benefit to 70 percent of final compensation for eligible children of State police officers who are members of the State Police Retirement System (SPRS) and of police officers and firefighters who are members of the Police and Firemen's Retirement System (PFRS) and who die in the line of duty.
- The fiscal impact of this bill on pension costs is indeterminate because it depends on the actual deaths that occur in a year, the compensation at the time of death, the number and age of any surviving children, and whether each surviving child attends college.
- The annual required State and local employer contributions would increase by an indeterminable amount to account for the payment of the enhanced benefits.

BILL DESCRIPTION

Assembly Bill No. 3610 (1R) of 2016 enhances benefits provided in the SPRS and the PFRS upon the accidental death of a member in active service.

Under current law, if a member of the SPRS or of the PFRS dies in the performance of duty, the surviving spouse receives a pension of 70 percent of final compensation, or adjusted final compensation for the SPRS, for the use of that spouse and the children of the deceased. If there is no surviving spouse or in case the spouse dies, 20 percent of final compensation, or of adjusted final compensation, is paid annually to one surviving child, 35 percent to two surviving children in equal shares, and 50 percent to three or more children in equal shares. If there is no surviving spouse or child, 25 percent of final compensation is paid annually to one surviving parent or 40 percent to two surviving parents in equal shares.

This bill increases the percentage of final compensation or adjusted final compensation to 70 percent for a surviving child, or for surviving children in equal shares, when there is no surviving spouse or the surviving spouse dies.

Current law for SPRS bases the benefit on "adjusted final compensation" which is defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time the amount resulting from such increases becomes fixed and will be the basis for annual cost of living adjustments, if any.

Current law for SPRS defines "child" as a deceased member's unmarried child either (a) under the age of 18 or (b) of any age who, at the time of the member's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the SPRS medical board. The bill changes this definition to include a child 18 years of age or older and enrolled in a secondary school, or under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place and the death was not the result of the member's willful misconduct. This change would make the definition of "child" identical to the definition of "child" in the PFRS. This change in the definition would apply for the annual benefit available under current law, when there is no surviving spouse or the surviving spouse dies, to a surviving child in the event of a member's accidental death in the performance of duty, ordinary death in active service, or death after retirement.

If enacted, the change in the definition of child for SPRS and the amount of the benefit to a surviving child for both SPRS and PFRS would apply to a benefit initially granted on or after January 1, 2016 to a surviving child; however, the increase in the amount of the benefit would only be paid prospectively. No retroactive payments would be made.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The fiscal impact of this bill is indeterminate because the number of deaths that will occur is unknown. When there are additional accidental death benefit cases, additional costs per case

would depend on the final salary of the member who died, future salary adjustments in the case of an SPRS member, the age of the children at the time of the death, and the number of years that the children would be eligible to receive benefits. The most recent experience studies estimated the expected accidental death rate in the SPRS to be 4.72 deaths and in the PFRS to be 10.12 deaths over the respective three-year study periods: 2011–2014 for SPRS and 2010–2013 for PFRS. However, in both retirement systems, the actual accidental death rate was lower than the expected death rate. During the respective three-year study periods, there was one accidental death in SPRS and there were three accidental deaths in PFRS.

An example of the cost of this bill for one hypothetical case would be as follows. Assuming a final salary of \$70,000 and five years of service at the time of death of an SPRS member, two children who are one year and two years of age and who will attend college until age 24, and a salary adjustment for 20 years after death with a salary of \$120,000 at the end of the adjustment period, this bill would increase the accidental death benefit paid to the two surviving children in the first year after death from the current amount of \$24,500 to \$49,000, with the amount increasing annually as the salary is adjusted. The annual amount at the end of the adjustment period and thereafter would be \$84,000 under the bill. Under this bill, the total unfunded accrued liability resulting from the enhanced benefit would increase by \$1.15 million on an inflation adjusted basis. The increase in the cost is also due to an increase in the benefit period by an additional six years.

Accordingly, the annual required State and local employer contributions would increase by an indeterminate amount to account for the payment of the enhanced benefits. The majority of the increase in the unfunded liability, approximately \$564,000 accrues for years 18 through 24, due to the extension of the period over which the benefits are paid.

Section: State Government
Analyst: Kimberly M. Clemmensen
Senior Fiscal Analyst
Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

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Governor Chris Christie Takes Action On Pending Legislation

Thursday, August 18 2016

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State of New Jersey
OFFICE OF THE GOVERNOR

Trenton, NJ – Governor Chris Christie announced action that has been taken on the following legislation:

BILLS SIGNED:

S-1379/A-3003 (Turner, Pennacchio/McKeon, Zwicker, Houghtaling, Jasey) - Concerns NJ Transit's treatment of people with guide or service dogs; establishes Access Link Customer Service Group

S-2061/A-3610 (Sweeney, Allen/Conaway, Singleton, Greenwald, Taliaferro, Quijano, Benson) - Increases accidental death benefit to 70% of final compensation for surviving children of SPRS or PFRS member; redefines child in SPRS

S-2099/A-3728 (Vitale, Turner/Singleton) - Places two-year moratorium on moving date of Type II school district's annual school election from day of general election in November back to third Tuesday in April; creates study commission

A-3841/S-2296 (Lampitt/Cunningham) - Allows School of Osteopathic Medicine at Rowan University to maintain principal clinical affiliation with either osteopathic or allopathic hospital

A-3851/S-2033 (Quijano, O'Scanlon/Weinberg, Oroho) - Authorizes certain local government entities to adopt policies for payment of certain claims through use of standard electronic funds transfer technologies

A-3882/S-2287 (Chaparro, Caride, Kennedy/Bateman, Smith) - Changes submission and notice requirements for short-term and long-term financing for environmental infrastructure projects

A-3883/S-2292 (Zwicker, Green, Andrzejczak, Tucker, Benson, Mukherji/Greenstein, Kyrillos) - Authorizes New Jersey Environmental Infrastructure Trust to expend certain sums to make loans for environmental infrastructure projects for FY2017

A-3884/S-2293 (Chiaravalloti, Mukherji, Caputo/Whelan, Gordon) - Appropriates funds to DEP for environmental infrastructure projects for FY2017

AJR-95 (Conaway, McKnight) - Designates August of each year as "Adult Vaccine Preventable Disease Awareness and Improvement Month" in New Jersey

AJR-101/SJR-61 (Prieto, Bramnick, Phoebus, Space/Sweeney, T. Kean) - Recognizes 100th anniversary of National Park Service on August 25, 2016

BILLS VETOED:

A-1944/S-1228 (Coughlin, Schaer, Eustace, Downey, Benson, Wimberly, McKeon, Jasey, Chiaravalloti/Vitale, Gill) - **CONDITIONAL** - Automatically registers or updates voter registration as part of driver's license application or renewal

A-3591/S-2116 (Zwicker, Holley, Muoio, Eustace, Barclay, McKnight, Mukherji/Beach, Gill) - **ABSOLUTE** - "New Voter Empowerment Act"; permits 17 year olds to vote in primary election if they turn 18 years old before next succeeding general election

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