

LEGISLATIVE HISTORY OF R.S. 43:15A-43
(Public employees - Accident disability retirement)

COPY NO. 1

This section replaces previous section:

43:14-31 (Accident disability retirement)

For a history of public employee pensions in New Jersey see:

974.90 N.J. Pension & Retirement Commission.
P418 Report, February 1918.
1918b ~~XXXXXXXXXX~~

See also:

974.90 N.J. Pension & Retirement Fund Commission.
P418 Report, January 1918.
1918 ~~XXXXXXXXXX~~

We searched the following without finding any articles:

1920, 1921 New Jersey Legislative Index

L. 1921, Chapter 109, § 11 - A77

Introduced January 24 by Pierson.
Bill had statement (copy enclosed).
Not amended during passage.

L. 1939, Chapter 297 - S119

Introduced February 13 by Senator Foran.
Not amended during passage.
Bill had statement (copy of original bill with statement enclosed).

The following reports preceded the 1954 revision of the State Employees Retirement System:

974.90 N.J. Special Commission Established
P418 under J.R. 7 (1951).
1953 Report, March 1953 (~~XXXXXXXXXX~~).

974.90 Schanes, S.E.
P418 Report on the improvement of the economic
1953a security benefits of N.J. state employees.
Nov. 1953. (copy enclosed). online

online at

<http://dspace.njstatelib.org:8080/xmlui/bitstream/handle/10929/32908/p4181953a.pdf?sequence=1&isAllowed=y>

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L. 1954, Chapter 84 - S304 - §43

Introduced March 24 by Dumont, Forbes, Vogel & Ridolfi.

Bill had statement (copy enclosed).

Bill was amended during passage (Section 43 not changed).

RS/PC

ASSEMBLY, No. 77

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1921.

By Mr. PIERSON.

Referred to Committee on Judiciary.

AN ACT for the establishment of an employers' retirement system for employees of the State of New Jersey.

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

DEFINITIONS.

1 Section 1. The following words and phrases as used in this act, unless a differ-
2 ent meaning is plainly required by the context, shall have the following meanings:

3 (1) "State Employees' Retirement System," hereinafter referred to as the re-
4 tirement system, shall all be the corporate name of the arrangement for the pay-
5 ment of retirement allowances and other benefits, under the provisions of this act,
6 and for the system including the several funds created and placed under the man-
7 agement of the board of trustees. By that name all of its business shall be transacted,
8 all of its funds invested, all warrants for money drawn and payments made, and all
9 of its cash and securities and other property shall be held.

10 (2) "Regular Interest" shall mean interest at four per centum per annum,
11 compounded annually.

12 (3) "Accumulated Deductions" shall mean the sum of all the amounts, deduc-
13 ted from the compensation of a member or contributed by him, standing to the
14 credit of his individual account in the annuity savings fund, together with regular
15 interest thereon.

16 (4) "Final Compensation" shall mean the average annual compensation, not
 17 exceeding four thousand five hundred dollars per annum, earnable by a member
 18 for the five years immediately preceding his retirement.

19 (5) "Beneficiary" shall mean any person in receipt of a retirement allowance
 20 or other benefit as provided in this act.

21 (6) "Pension" shall mean payments for life derived from appropriations made
 22 by the State as provided in this act.

23 (7) "Annuity" shall mean payments for life derived from contributions made
 24 by a member as provided in this act.

25 (8) "Retirement Allowance" shall mean the pension plus the annuity.

26 (9) "Pension Reserve" shall mean the present value of all payments to be
 27 made on account of any pension, or benefit in lieu of any pension, granted under
 28 the provisions of this act, computed upon the basis of such mortality tables as shall
 29 be adopted by the board of trustees with regular interest.

30 (10) "Annuity Reserve" shall mean the present value of all payments to be
 31 made on account of any annuity, or benefit in lieu of any annuity, granted under the
 32 provisions of this act, computed upon the basis of such mortality tables as shall be
 33 adopted by the board of trustees, with regular interest.

34 (11) "Fiscal Year" shall mean any year commencing with the first day of
 35 July and ending with the thirtieth day of June next following.

DATE OF ESTABLISHMENT.

1 Section 1. The retirement system shall be established on the first day of Janu-
 2 ary, nineteen hundred and twenty-two.

MEMBERSHIP OF RETIREMENT SYSTEM.

1 Section 2. Except as otherwise provided by section twelve of this act, the mem-
 2 bership of the retirement system shall consist (a) of all persons hereafter appoint-
 3 ed who shall complete six months of service for the State, (b) of all persons here-
 4 after appointed who shall before they complete six months of service file with the
 5 board of trustees a statement electing to become a member and consenting to the
 6 deductions for annuity purposes prescribed by this act, and (c) of all persons now

7 gainfully employed by the State who shall, within one year after the establishment
8 of the system file with the board of trustees a statement electing to become a mem-
9 ber and consenting to the deductions for annuity purposes prescribed in this act;
10 provided that the board of trustees may, in its discretion, extend the period in which
11 employees now gainfully employed by the State may file a statement electing to be-
12 come members to a period not exceeding five years from the date of establishment
13 of the retirement system, and it may deny the right to become members to any class
14 of elected officials or to any class of persons not within the classified civil service,
15 or to any class of persons whose compensation is only partly paid by the State, or it
16 may, in its discretion, make optional with persons in any such class their individual
17 entrance into membership. But employees of the State who come, or who may elect
18 to come, within the provisions of any other retirement system supported wholly or
19 partly by the State of New Jersey shall not be eligible to membership in this retire-
20 ment system. Membership of any person in the retirement system shall cease if, in
21 any four-year period which shall elapse after his last becoming a member, he shall
22 render to the State less than two years of service, but not otherwise except as provid-
23 ed in this act.

24 The head of a department employing a member shall submit to the board of
25 trustees a statement showing the name, title, compensation, duties, date of birth and
26 length of service of the said member and such other information as the board of
27 trustees may require. If the said member be engaged upon duties differing from
28 those specified by the State Civil Service Commission for the title held by said mem-
29 ber, the said head of department shall certify the reasons therefor and the prob-
30 able duration of duties by said member differing from those specified by the State
31 Civil Service Commission for the title held by the said member. The board of
32 trustees shall then classify the member in one of the following groups:

33 Group 1. Employees engaged upon duties requiring principally physical exer-
34 tion.

35 Group 2. Clerks, administrative and technical workers engaged upon duties re-
36 quiring principally mental exertion; or in any other group which, on the basis of

37 mortality or service experience, may be recommended by the actuary and established
38 by the board of trustees, and shall certify to the said member the group in which he
39 has been placed and the date of his admission to membership therein.

40 Upon being classified in one of the foregoing groups, the member shall be sub-
41 ject to all the provisions of this act and to all the rules and regulations adopted by
42 the board of trustees applying to the said group until retirement or until the date
43 prior thereto upon which said member shall have been transferred to another group
44 by the said board.

45 When the board of trustees, upon investigation, finds that the duties of a mem-
46 ber so require, the said board may classify him in another group and transfer him
47 thereto, and shall thereupon certify to him the group to which he has been transfer-
48 red and the date of his transfer thereto.

BOARD OF TRUSTEES.

1 Section 3. (1) The general administration and responsibility for the proper
2 operation of the State Employees' Retirement System and for making effective the
3 provisions of this act is hereby vested in the board of trustees. Subject to the limi-
4 tations of this act and the limitations of law, the said board shall, from time to
5 time, establish rules and regulations for the administration and transaction of its
6 business and for the control of the funds created by this act, and shall perform
7 such other functions as are required for the execution of the provisions of this act.
8 The membership of the board shall consist of the following:

9 (a) Two trustees appointed by the Governor of the State of New Jersey, who
10 shall serve until their successors are appointed.

11 (b) The Treasurer of the State of New Jersey.

12 (c) Two trustees elected from among the members, one to serve for one year
13 and one to serve for two years. The first two member trustees shall be elected in
14 a manner prescribed by the State Treasurer and the two trustees appointed by
15 the Governor. Their successors shall be elected for a term of three years from
16 among the members in a manner to be prescribed by the board of trustees.

17 A vacancy occurring during a term shall be filled for the unexpired term by
18 the appointment of a successor in the same manner as his predecessor. Until the

19 election of two trustees from among the members, the two trustees appointed by
20 the Governor with the State Treasurer are empowered to perform the duties of
21 the board of trustees.

22 (2) Each member of the board of trustees created by this act upon appoint-
23 ment or election shall take an oath of office that, so far as it devolves upon him, he
24 will diligently and honestly administer the affairs of the said board and that he will
25 not knowingly violate or willfully permit to be violated any of the provisions of
26 law applicable to this act. Such oath shall be subscribed to by the member mak-
27 ing it, and certified by the officer before whom it is taken, and shall be immediately
28 filed in the office of the Secretary of State.

29 (3) Each trustee on the board shall be entitled to one vote in the board and a
30 majority of all of the votes of the entire board shall be necessary for a decision by
31 the trustees at a meeting of said board. The board of trustees created by this act
32 shall keep a record of all of its proceedings which shall be open to public inspection.

33 (4) The members on the board of trustees shall serve without compensa-
34 tion but shall be reimbursed from the expense fund for any necessary expenditures,
35 and no employee shall suffer loss of salary or wages through serving on the board
36 of trustees. The compensation of all persons employed by the board of trustees
37 shall be fixed by the said board subject to the approval of the Legislature of the
38 State of New Jersey.

39 (5) The board of trustees shall elect from its membership a chairman and
40 shall appoint, subject to the provisions of the Civil Service law, a secretary, an ac-
41 tuary, and such other technical and administrative employees as may be necessary
42 for the transaction of the business of the retirement system.

43 (6) The actuary appointed by the board shall recommend, and the board of
44 trustees shall keep in convenient form, such data as shall be necessary for actuarial
45 valuation of the various funds created by this act. In the years nineteen hundred
46 twenty-four and nineteen hundred twenty-seven and once in every five-year period
47 thereafter the actuary of the board of trustees shall make an actuarial investigation

48 into the mortality, service and compensation or salary experience of the members
49 and beneficiaries as defined in this act, and shall make a valuation of the assets and
50 liabilities of the various funds created by this act, and upon the basis of such inves-
51 tigation and valuation the board of trustees shall

51½ (a) Adopt for the retirement system such mortality, service and other tables
52 as shall be deemed necessary;

53 (b) Certify the rates of deduction from compensation computed to be neces-
54 sary to pay the annuities authorized under the provisions of this act, and

55 (c) Certify the rates of contribution, expressed as a proportion of the com-
56 pensation of members of various ages, which shall be made by the State of New
57 Jersey to the contingent reserve fund.

58 Immediately after his appointment, the actuary of the board of trustees shall,
59 on the authorization of the board of trustees, make such investigation of the mor-
60 tality, service and compensation experience of the employees of the State of New
61 Jersey as may be necessary for the purpose of determining upon the proper tables
61½ to be prepared and submitted to the retirement board for adoption. On the basis of
62 such investigation and recommendation the board of trustees shall adopt such
63 tables and certify such rates as are required in subsections (a), (b) and (c) of
64 this paragraph. On the basis of such tables as the board of trustees shall adopt, the
65 actuary, within one year after the establishment of the retirement system, shall
66 make a valuation of the assets and liabilities of the funds created by this act.

67 The actuary shall be the technical advisor of the board on matters regarding
68 the operation of the funds created by the provisions of this act and shall perform
69 such other duties as are required in connection therewith.

70 (7) For the purpose of this act the retirement system shall possess the powers
71 and privileges of a corporation. The Attorney-General of the State of New Jersey
72 shall be the legal advisor of the retirement system.

73 (8) The board of trustees shall publish annually a report showing a valua-
74 tion of the assets and liabilities of the funds created by this act and certifying as to

75 the accumulated cash and securities of the funds, and setting forth such other facts,
76 recommendations and data as may be of use in the advancement of knowledge con-
77 cerning employees' pensions and annuities. The said board shall submit said re-
78 port to the Governor of the State of New Jersey and shall furnish a copy thereof
79 to the offices of each State department for use of the employees and the public.

MANAGEMENT OF FUNDS.

1 Section 4. The funds created by this act shall be managed as follows:

2 (1) The members of the board of trustees shall be the trustees of the several
3 funds created by this act, and shall have full power to invest the same, subject to all
4 the terms, conditions, limitations and restrictions imposed by this act upon the mak-
5 ing of investments and subject also to the terms, conditions, limitations and restric-
6 tions imposed by all upon savings banks in the making and disposing of their in-
7 vestments, and, subject to like terms, conditions, limitations and restrictions, said
8 trustees shall have full power to hold, purchase, sell, assign, transfer or dispose of
9 any of the securities and investments in which any of the funds created by this act
10 shall have been invested as well as of the proceeds of said investments and any
11 moneys belonging to said funds.

12 (2) The board of trustees shall annually allow regular interest on the mean
13 amount for the preceding year in each of the funds, with the exception of the ex-
14 pense fund created in accordance with the provisions of this act. The amount so al-
15 lowed shall be due and payable to said funds, and shall be annually credited there-
16 to by the board of trustees.

17 (3) The Treasurer of the State of New Jersey shall be the custodian of the
18 several funds created by this act. All payments from said funds shall be made by
19 him only upon voucher signed by the chairman and countersigned by the secretary of
20 the board of trustees. No voucher shall be drawn, except upon the authority of the
21 board of trustees, duly entered in the record of its proceedings.

22 (4) For the purpose of meeting disbursements for pensions, annuities and
23 other payments, there may be kept an available fund, not exceeding ten per centum
24 of the total amount in the several funds created by this act, on deposit in any bank

25 in this State, organized under the laws thereof, or under the laws of the United
26 States, or in any trust company incorporated by any law of this State; *provided*,
27 said bank or trust company shall furnish adequate security for said funds, and pro-
28 vided that the sum deposited in any one bank or trust company shall not exceed
29 twenty-five per centum of the paid-up capital and surplus of said bank or trust com-
30 pany.

31 (5) Except as herein provided, no trustee and no employee of the board shall
32 have any interest, direct or indirect, in the gains or profits of any investment made
33 by the retirement board, nor as such directly or indirectly, receive any pay or emolu-
34 ment for his services. And no trustee or employee of the board, directly or indi-
35 rectly, for himself or as an agent or partner of others, shall borrow any of its
36 funds or deposits, or in any manner use the same, except to make such current and
37 necessary payments as are authorized by the board of trustees, nor shall any trustee
38 or employee of the board become an endorser or surety or become in any manner an
39 obliger for moneys loaned by or borrowed of the board of trustees.

COLLECTION OF CONTRIBUTIONS.

1 Section 5. (1) Each State department and each branch of the State service not
2 included in a department shall keep such records and, from time to time, furnish
3 such information as the board of trustees in the discharge of its duties may require.

4 (2) Upon the employment of any person to whom this act may apply, he shall
5 be informed by his employer of his duties and obligations under this act as a con-
6 dition of his employment. Every employee to whom this act applies shall be deemed
7 to consent and agree to any deductions from his compensation required by this act
8 and to all other provisions of this act. Notwithstanding any other law, rule or regula-
9 tion affecting the salary, pay, compensation, other perquisites or tenure of any per-
10 son or persons to whom this act applies, or shall apply, and notwithstanding that
11 the minimum salary, pay, compensation or other perquisites, provided by law for
12 any such person, shall be reduced thereby, payment, less said deductions, shall be a
13 full and complete discharge and acquittance of all claims and demands whatsoever

14 for service rendered by such person during the period covered by such payment.

15 (3) The head of each department, and of each branch of the State service not
16 included in a department, shall certify to the Treasurer of the State of New Jersey
17 on account of each and every pay roll a statement as voucher for the amounts de-
18 ducted for annuity purposes, as provided in this act, and shall send a duplicate of
19 such statement to the secretary of the board of trustees. The Treasurer of the
20 State of New Jersey shall pay each of such amounts so deducted into the annuity
21 savings fund, and he shall transmit to the secretary of the board of trustees
22 monthly, or at such less frequent intervals as the retirement board shall designate,
23 a detailed statement of all amounts so paid in and credited by him to the annuity
24 savings fund. The secretary of the board of trustees shall cause each of such amounts
25 so deducted to be credited in the annuity savings fund, together with regular in-
26 terest, to an individual account of the member from whose compensation the de-
27 duction was made.

FUNDS.

1 Section 6. The funds hereby created are the expense fund, the contingent re-
2 serve fund, the pension reserve fund, the annuity savings fund and the annuity re-
3 serve fund.

4 (1) The expense fund shall be the fund through which shall be paid the ex-
5 pense of the administration of this act, exclusive of amounts payable as retire-
6 ment allowances and as other benefits provided in this act. The board of trustees
7 shall estimate, and shall certify, annually, to the Governor of the State of New Jer-
8 sey the amount required to defray such expense in the ensuing fiscal year, and the
9 State of New Jersey shall pay into the expense fund the amount so determined.

10 (2) The contingent reserve fund shall be the fund in which shall be accumu-
11 lated the reserves necessary to pay all pension and death benefits allowable, which
12 are provided by the State of New Jersey.

13 (a) Upon the basis of such mortality and other tables as the board of trustees
14 shall adopt, and regular interest, the actuary of the board of trustees shall compute

15 the amount of contribution, expressed as a proportion of the compensation paid to
16 each employee, which, if paid monthly during the entire prospective service of the
17 employee, will be sufficient to provide for the pension reserve required at the time
18 of his discontinuance of active service to cover the pensions to which he is entitled
19 or which are payable on his account because of service as a member and to pro-
20 vide for the amount of the death benefits payable on his account by the State. Such
21 proportion of salary shall be computed to remain constant during his prospective
22 active service.

23 (b) Upon the basis of such tables as the board of trustees shall adopt, and
24 regular interest, the actuary of the board of trustees shall compute annually the
25 amount of the liability which has accrued by reason of allowances granted, or to
26 be granted, on account of services rendered by members prior to the establish-
27 ment of the retiring system, which has not already been covered by State Accrued
28 Liability Contributions. Using the total amount of this liability remaining on ac-
29 count of all members in the fund as a basis, he shall further compute the amount
30 of the flat annual payment, which, if paid in each succeeding fiscal year to and
31 including the year nineteen hundred and forty-six, will provide for this liability.
32 This annual payment shall be known as the State Accrued Liability Contribution.

33 (c) The board of trustees shall estimate and certify annually the aggregate
34 amount payable to the contingent reserve fund in the ensuing year, which amount
35 shall be equivalent to the sum of the proportions of the earnable compensation of
36 all members computed, as described in paragraph (a) of this subdivision and of
37 the State's Accrued Liability Contribution, payable in the ensuing fiscal year, as de-
38 scribed in paragraph (b) of this subdivision; and the State of New Jersey shall
39 pay into the contingent reserve fund during such ensuing year the amount so de-
40 termined. The cash death benefits, payable as a result of contribution by the State
41 under the provisions of this act upon the accidental death of a member in active
42 service, shall be paid from the said contingent reserve fund.

43 (3) The pension reserve fund shall be the fund from which shall be paid all
44 pensions, and all benefits in lieu of pensions. Upon the retirement of a member, or

45 upon his death in the performance of duty, an amount equal to the pension reserve
46 for the pension payable by the State shall be transferred to said fund from the con-
47 tingent reserve fund. Should the pension of a member who has been retired be sub-
48 sequently canceled, his pension reserve shall thereupon be transferred from the
49 pension reserve fund to the contingent reserve fund. Should the pension of a
50 disability beneficiary be reduced as a result of an increase in his earning capacity,
51 the amount of the annual reduction in his pension shall be paid annually into the
52 contingent reserve fund during the period of such reduction.

53 (4) The annuity savings fund shall be the fund in which shall be accumu-
54 lated deductions from the compensation of members to provide for their annui-
55 ties and their withdrawal allowances. Upon the basis of such tables as the board
56 of trustees shall adopt, and regular interest, the actuary of the board of trustees
57 shall determine for each member the proportion of compensation, which, when de-
58 ducted from each payment of his prospective earnable compensation prior to his
59 eligibility for service retirement and accumulated at regular interest until his at-
60 tainment of age sixty, shall be computed to be sufficient to provide, at that time,
61 an annuity equal to the pension then allowable by the State for service as a mem-
62 ber after the establishment of the retirement system. Such proportion of salary
63 shall be computed to remain constant until he attains the age of sixty years.

64 The proportion so computed for a member entering at age fifty-nine shall be
65 applied to any member who has attained a greater age before entrance into the
66 retirement system.

67 The board of trustees shall certify to the head of each State department, and
68 to the head of each branch of the State service not included in a State Depart-
69 ment, and the said head of each department or branch shall deduct from the com-
70 pensation of each member on each and every payroll of such member for each and
71 every payroll period subsequent to the date upon which such certification becomes
72 effective, the proportion of his earnable compensation so computed. But the board
73 of trustees shall not certify, nor shall the head of any department make, any deduc-

74 tion for annuity purposes from the compensation of a member who has attained
75 age sixty and completed thirty-five years of service, if such member elects not to
76 contribute. In determining the amount earnable by a member in a payroll period,
77 the board of trustees may consider the rate of compensation payable to such mem-
78 ber on the first day of the payroll period as continuing throughout such payroll
79 period, and it may omit deductions from compensation for any period less than
80 a full payroll period, if an employee was not a member on the first day of the pay-
81 roll period, and to facilitate the making of deductions it may modify the deduc-
82 tion required of any member by such an amount as shall not exceed one-tenth of
83 one per centum of the compensation upon the basis of which said deduction is to
84 be made.

85 In addition to the deductions from compensation hereinbefore provided, any
86 member may redeposit in the annuity savings fund by a single payment an amount
87 equal to the total amount which he withdrew previously therefrom, as provided in
88 this act, or he may deposit therein by a single payment an amount computed to be
89 sufficient, together with his prospective retirement allowance otherwise provided, to
90 provide for him a total retirement allowance of one-half of his final compensation
91 at age sixty. Such additional amounts so deposited shall become a part of his ac-
92 cumulated deductions.

93 The accumulated deductions of a member withdrawn, as provided in this act,
94 shall be paid out of the annuity savings fund.

95 (5) The annuity reserve fund shall be the fund from which shall be paid all
96 annuities and, all benefits in lieu of annuities, payable as provided in this act. Upon
97 the retirement of a member, his accumulated deductions shall be transferred to said
98 fund from the annuity savings fund.

STATE GUARANTY.

1 Section 7. Regular interest charges payable, the creation and maintenance of
2 reserves in the contingent reserve fund and the maintenance of annuity reserves and

3 pension reserves as provided for in this act and the payment of all retirement al-
4 lowances and other benefits granted by the board of trustees under the provisions of
5 this act are hereby made obligations of the State of New Jersey. All income, in-
6 terest and dividends derived from deposits and investment authorized by this act
7 shall be used for the payment of the said obligations of the State of New Jersey.
8 Upon the basis of each actuarial determination and appraisal provided for in this
9 act, the board of trustees shall prepare and submit to the Governor in each year an
10 itemized estimate of the amounts necessary to be appropriated by the State of New
11 Jersey to the various funds to provide for payment in full during the ensuing fiscal
12 year of the obligations of said States accruing during such year. It shall be the
13 duty of the Legislature of the State of New Jersey to make an appropriation
14 which shall be sufficient to provide for such obligations of the State of New Jersey,
15 and the amounts so appropriated shall be paid into the various funds created by this
16 act. For the fiscal year beginning July first, in the year nineteen hundred twenty-
17 one, there is hereby appropriated to the expense fund created by paragraph (1) of
18 section six of this act such sum not to exceed ten thousand dollars as shall be cer-
19 tified to the State Treasurer by the board of trustees as necessary to meet the ex-
20 pense of establishing the retirement system constituted by the provisions of this act,
21 and there is further appropriated such amount as may be required for the payments
22 as provided in this act to the contingent reserve fund for the period included within
23 the last-mentioned fiscal year.

SERVICE CREDITABLE TOWARD ALLOWANCES.

1 Section 8. Under such rules and regulations as the board of trustees shall
2 adopt, each member who was gainfully employed by the State during the year pre-
3 ceding the date of establishment of this retirement system, shall file, immediately
4 after becoming a member, with the board of trustees a detailed statement of all serv-
5 ice rendered to the State prior to the date of establishment of the retirement system
6 for which he claims credit. As soon as practicable thereafter, the board of trus-

7 tees shall verify such statement and shall issue to him a prior-service certificate cer-
8 tifying to the aggregate length of such service allowable for retirement purposes.
9 Such certificate shall be final and conclusive for retirement purposes as to such
10 service, unless thereafter modified by the board of trustees upon application made
11 by the member within one year, or upon its own initiative within one year after
12 the date of issuance of prior-service certificate or modified prior-service certificate
13 by the board of trustees, or unless, in any four-year period which shall elapse sub-
14 sequent thereto, the member to whom such a certificate was issued fails to render
15 to the State two additional years of service; in the latter case such certificate shall
16 be void. In computing for retirement purposes the total service of a member about
17 to be retired, the board of trustees shall credit such member with the time of all
18 service rendered by him to the State since he last became a member, and, in addi-
19 tion, if his prior-service certificate is in full force and effect, with all the service
20 certified on such certificate, and with no other service. For the purpose of comput-
21 ing service for retirement purposes, the board of trustees shall fix and determine
22 by appropriate rules and regulations how much service in any year shall be equiva-
23 lent of a year of service and of parts of a year of service; but not more than one
24 year shall be credited for all service in any calendar year, nor in computing such
25 service or in computing final compensation, shall any time be credited during which
26 a member was absent on leave without pay unless such service was allowed for re-
27 tirement purposes, at the time said leave of absence was granted, both by the head
28 of the department, or other branch of the State service not included in a depart-
29 ment in which the said member was employed, and the board of trustees.

WITHDRAWAL AND DEATH ALLOWANCES.

1 Section 9. A member who withdraws from service or ceases to be an employee
2 for any cause other than death or retirement shall receive all or such part as he
3 may demand of the accumulated deductions standing to the credit of his individual
4 account in the annuity savings fund. He shall cease to be a member two years from

5 the date he discontinued service as an employee or, if prior thereto, upon the date
6 when payment to him on demand of his accumulated deductions shall exceed one-
7 quarter of such accumulated deductions. But the board of trustees may, in its dis-
8 cretion, withhold, for not more than one year after a member ceases to be an em-
9 ployee, all or part of his accumulated deductions, if he previously withdrew from
10 the annuity savings fund all or part of his accumulated deductions and failed to
11 redeposit such amount to the credit of his individual account in such fund.

12 Should a contributor die before retirement his accumulated deductions shall be
13 paid to his estate or to such person as he shall have nominated by written designa-
14 tion duly executed and filed with the board of trustees.

ORDINARY DISABILITY RETIREMENT.

1 Section 10. Retirement of a member for ordinary disability shall be made by
2 the board of trustees upon the application of the head of the department in which
3 a member is employed, or upon the application of a member or of one acting in his
4 behalf, on a regular disability allowance if he is under the age of sixty years and
5 on a service allowance if he has attained or passed such age; *provided*, the physi-
6 cian or physicians designated by said board, after a medical examination of said
7 member made at the place of residence of said member or other place mutually
8 agreed upon, shall certify to the board of trustees that said member is physically or
9 mentally incapacitated for the performance of duty and that said member ought to
10 be retired; *and further provided*, that the said member was an employee in each of
11 the ten years next preceding his retirement.

ACCIDENT DISABILITY RETIREMENT.

1 Section 11. Retirement of a member for accident disability shall be made by
2 the board of trustees upon the application of the head of the department in which
3 a member is employed, or upon the application of a member or of one acting in
4 his behalf, on an accident disability allowance; *provided*, the physician or physi-
5 cians designated by said board, after a medical examination of said member made at

6 the place of residence of said member or other place mutually agreed upon, shall
7 certify to the board of trustees that said member is physically or mentally inca-
8 pacitated for the performance of duty, that the performance of duty was the
9 natural and proximate cause of such disability and that said member should be re-
10 tired; and shall also certify the time and place where such duty causing the disa-
11 bility was performed and that such disability was not the result of willful negli-
12 gence on the part of said member.

SAFEGUARD ON DISABILITY RETIREMENT.

1 Section 12. Once each year the board of trustees may, and upon his application
2 shall, require any disability beneficiary **who is under the age of sixty years** to un-
3 dergo medical examination by a physician or physicians designated by the board
4 of trustees, said examination to be made at the place of residence of said bene-
5 ficiary or other place mutually agreed upon. Should such physician or physicians
6 thereupon report and certify to the board of trustees that such disability benefi-
7 ciary is not totally incapacitated either physically or mentally for the performance
8 of duty and that such disability beneficiary is engaged in or is able to engage in
9 a gainful occupation, and should the board of trustees concur in such report, then
10 the amount of his pension shall be reduced to an amount which, when added to
11 the amount then earnable by him, shall not exceed the amount of his final compen-
12 sation. Should subsequent medical examination of such a beneficiary show that
13 his earning capacity has changed since the date of his last examination, then the
14 amount of his pension may be further altered; *provided*, that the new pension shall
15 not exceed the amount of pension originally granted or an amount which, when
16 added to the amount earnable by the beneficiary, shall not exceed the amount of his
17 final compensation.

18 (2) Should any disability beneficiary, while under the age of sixty years, re-
19 fuse to submit to at least one medical examination in any year by a physician or
20 physicians designated by the board of trustees, his pension shall be discontinued
21 until his withdrawal of such refusal, and should such refusal continue for one
22 year, all his rights in and to such pension shall be forfeited.

23 (3) Upon application to the head of the department in which he was employed
 24 at the time of his retirement, any beneficiary, while under the age of sixty years,
 25 may, in the discretion of such head of department, be restored to active service
 26 as an employee, any other law to the contrary notwithstanding. But no disabil-
 27 ity beneficiary entering the employ of the State of New Jersey shall be compelled
 28 or permitted to become a member of the State Employees' Retirement System, or
 29 to receive any benefits other than those previously awarded to him.

ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

1 Section 13. A member upon retirement for regular disability shall receive a
 2 retirement allowance, which shall consist of:

3 (a) An annuity which shall be the actuarial equivalent of his accumulated de-
 4 ductions at the time of his retirement; and

5 (b) A pension, in addition to the annuity, of one-fifth ($1/5$) of his final
 6 compensation; *provided*, that the total of such pension shall in no case exceed eight-
 7 tenths of the rate of final compensation to which he would have been entitled as
 8 service pension on the basis of one one-hundred fortieth ($1/140$) of his final com-
 9 pensation for each year of total service had he remained continuously in service
 10 until the age of sixty years; and

11 (c) If such employee received a prior service certificate, which is still in full
 12 force and effect, a further pension of one one-hundred fortieth ($1/140$) of his
 13 final compensation for each year of service certified therein.

ALLOWANCE ON ACCIDENT DISABILITY RETIREMENT.

1 Section 14. A member upon retirement for accident disability shall receive a
 2 retirement allowance which shall consist of:

3 (a) An annuity which shall be the actuarial equivalent of his accumulated de-
 4 ductions at the time of his retirement; and

5 (b) A pension, in addition to the annuity, of two-thirds ($2/3$) of his final
 6 compensation.

SERVICE RETIREMENT.

1 Section 15. Retirement for service shall be as follows:

2 (1) A member who has attained age sixty may retire from service by filing
3 with the board of trustees a written statement, duly attested, setting forth at what
4 time subsequent to the execution and filing thereof he desires to be retired. The
5 board of trustees shall retire said member at the time specified or at such other time
6 within thirty days after the date so specified as the board of trustees may find ad-
7 visable.

8 (2) Each and every member who has attained or shall attain age seventy shall
9 be retired by the board of trustees for service forthwith, or at such time within
10 ninety days thereafter as it shall deem advisable.

ALLOWANCE ON SERVICE RETIREMENT.

1 Section 16. A member upon retirement for service shall receive a retirement
2 allowance which shall consist of:

3 (a) An annuity which shall be the actuarial equivalent of his accumulated
4 deductions at the time of his retirement; and

5 (b) A pension in addition to the annuity of one one-hundred fortieth ($1/140$)
6 of his final compensation for each year of total service; and

7 (c) If such employee received a prior-service certificate which is still in full
8 force and effect, a further pension of one one-hundred fortieth ($1/140$) of his
9 final compensation for each year of service certified therein.

BENEFIT UPON ACCIDENTAL DEATH.

1 Section 17. Upon the death of a member in active service in the actual per-
2 formance of duty, an accident death benefit shall be payable; *provided*, that evi-
3 dence shall be submitted to the board of trustees proving that the natural and prox-
4 imate cause of such death was the performance of duty on the part of such mem-
5 ber at some definite time and place; and *further provided*, that such death was not
6 the result of wilful negligence on the part of the deceased employee.

ALLOWANCE IN CASE OF ACCIDENTAL DEATH.

1 Section 18. Upon application by or on behalf of the dependents of such de-
2 ceased member, the board of trustees, in addition to the payment of his accumulat-
3 ed deductions as provided in section nine of this act, shall grant an allowance of one-
4 half of the final compensation of such employee as a pension to his widow, to con-
5 tinue during her widowhood, or, if no widow, or in case the widow dies or remarries
6 before the youngest child of such deceased member attains age eighteen, then to the
7 child or children of such member under age eighteen, divided in such manner as the
8 board of trustees in its discretion shall determine, to continue until the youngest
9 surviving child dies or attains age eighteen. If there be no widow or child under
10 age eighteen surviving such member, then there shall be paid a cash sum equal to the
11 amount of his final compensation to his estate or to such person having an insurable
12 interest in his life as he shall have nominated by written designation duly acknowl-
13 edged and filed with the board of trustees.

OPTIONAL BENEFITS.

1 Section 19. At the time of his retirement any member may elect to receive his
2 benefits in a retirement allowance payable throughout life, or he may on retire-
3 ment elect to receive the actuarial equivalent at that time of his annuity, his pension
4 or his retirement allowance, in a lesser annuity, or a lesser pension, or a lesser retire-
4½ ment allowance, payable throughout life, with the provision that:

5 Option 1. If he dies before he has received in payments the present value of
6 his annuity, his pension or his retirement allowance as it was at the time of his re-
7 tirement, the balance shall be paid to his legal representatives or to such person hav-
8 ing an insurable interest in his life as he shall nominate by written designation
9 acknowledged and filed with the board of trustees at the time of his retirement.

10 Option 2. Upon his death, his annuity, his pension or his retirement allowance
11 shall be continued throughout the life of and paid to such person having an insur-
12 able interest in his life as he shall nominate by written designation duly acknowledg-
13 ed and filed with the board of trustees at the time of his retirement.

14 Option 3. Upon his death, one-half of his annuity, his pension or retirement
15 allowance shall be continued throughout the life of and paid to such person having
16 an insurable interest in his life as he shall nominate by written designation duly
17 acknowledged and filed with the board of trustees at the time of his retirement.

18 Option 4. Some other benefit or benefits shall be paid either to the member or
19 to such other person or persons as he shall nominate, provided such other benefit or
20 benefits, together with lesser annuity, or lesser pension, or lesser retirement allow-
21 ance, shall be certified by the actuary to be of equivalent actuarial value and shall be
22 approved by the board of trustees.

MONTHLY PAYMENTS.

1 Section 20. A pension, an annuity or a retirement allowance granted under the
2 provisions of this act shall be paid in equal monthly installments, and shall not be
3 decreased, increased, revoked or repealed except as otherwise provided in this act.

STATE SUPERVISION.

1 Section 21. The various funds created by this act shall be subject to the super-
2 vision of the State Department of Insurance.

EXEMPTION FROM TAXATION.

1 Section 22. The right of a person to a pension, an annuity, or a retirement al-
2 lowance, to the return of contributions, any benefit or right accrued or accruing to
3 any person under the provisions of this act, and the moneys in the various funds
4 created under this act, are hereby exempt from any State or municipal tax, and ex-
5 empt from levy and sale, garnishment, attachment or any other process whatsoever,
6 and shall be unassignable except as in this act specifically otherwise provided.

PROTECTION AGAINST FRAUD.

1 Section 23. Any person who shall knowingly make any false statement, or shall
2 falsify or permit to be falsified, any record or records of this retirement system in any
3 attempt to defraud such system as a result of such act, shall be guilty of a misde-
4 meanor, and shall be punishable therefor under the laws of the State of New Jersey.

5 Should any change or error in records result in any employee or beneficiary receive
6 ing from the retirement system more or less than he would have been entitled to receive
7 ceive had the records been correct, then on the discovery of any such error, the
8 board of trustees shall correct such error and, so far as practicable, shall adjust the
9 payments in such a manner that the actuarial equivalent of the benefit to which he
10 was correctly entitled shall be paid.

1 Section 24. All employees in the classified civil service of the State who are
2 entitled to receive pensions under the provisions of an act entitled "An act to permit
3 mit the retirement, on pension, from public office or position, after forty years' continuous
4 tinuous service therein, of honorably discharged Union soldiers, sailors and marines
5 who served in the War of the Rebellion," approved May seventeenth, one thousand
6 nine hundred and six, and under the provisions of an act entitled "An act permitting
7 the retirement, on pension, from public office after, or by reason of, disability of
8 officers and employees in all State penal institutions and reformatories," approved
9 April first, one thousand nine hundred and twelve, and the acts amendatory thereof
10 and supplemental thereto, or under the provisions of any other law of this State providing
11 viding for the payment of pensions to State employees may, by written application to
12 the board of trustees created under the provisions of this act, renounce the benefits
13 as therein provided for in the manner prescribed by said board of trustees, and may
14 be admitted to membership in the fund created under this act in the same way and
15 manner as other State employees; and it is *further provided*, that all employees
16 entering the classified service of the State on and after the first day of January, one
17 thousand nine hundred and twenty-two, shall be subject to the provisions of this
18 act.

1 Section 25. All acts or parts of acts inconsistent with the provisions of this act
2 are hereby repealed, and this act shall take effect immediately.

STATEMENT.

The State Employees' Retirement System provides a pension for State employees in accordance with the State for pensions. It is controlled by a board of five trustees,

two appointed by the Governor, two by the employees, and the State Treasurer ex officio. Membership is mandatory upon all^e new employees and optional with present employees.

The bill provides an equitable and scientific plan figured on a reserve basis in which the State and the employee contribute equally. The contributions of the employee are treated the same as a savings account and are returned to him with four per centum interest when he leaves the service, or to his estate at death. The amount of the employee's contributions is set aside to purchase for him an annuity which will amount to one one-hundred and fortieth of his salary for each year of contributions. The State matches the employee's contributions and the two amounts are combined to purchase a retirement allowance amounting to one-seventieth of the salary for each year of contributions.

The employee has the option of retiring at sixty years of age but is compelled to retire at seventy. In the event of a beneficiary of a pension dying before the reserve created by his contributions and the State's contributions become exhausted, the balance of the pension payments may be made to some one previously designated by him.

If disability is met while in performance of duty the disability allowance will consist of an annuity based on his contributions plus a pension of two-thirds of his final compensation.

If the employee is disabled for causes other than that in performance of duty, he receives an annuity figured on the same basis and his pension will be one-fifth of the amount of the final compensation.

If death is occasioned by accident or other causes growing out of performance of duty the dependents of the employee shall receive a pension equal to one-half of the final compensation.

The cost of administration of the fund is borne by the State and upon the passage of the act the State will be obliged to contribute to a reserve fund to protect its liabilities in connection with this fund. An actuarial valuation based upon the experience

of the fund is to be made each five years and a readjustment of the contributions made at such periods. The State guarantees the interest basis and the other provisions of the fund.

The cost to the State for the present number of employees would be thirty-one thousand dollars for accrued liability, and about thirty-four thousand dollars for the State's share of annual contributions.

SENATE, No. 119

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 13, 1939

By Mr. FORAN

(For the President)

Referred to Committee on Judiciary

AN ACT concerning the State Employees' Retirement System, and amending section 43:14-31 of the Revised Statutes.

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

1 1. Section 43:14-31 of the Revised Statutes is hereby amended to read as
2 follows:

3 43:14-31. A member who has not attained age seventy shall, upon the
4 application of the head of the department in which he is employed or upon
5 his own application or the application of one acting in his behalf, be retired
6 by the board of trustees for accident disability, on an accident disability
7 allowance. No such application shall be valid or acted upon unless a report,
8 in a form acceptable to the retirement board, of the accident is filed in the
9 office of the retirement system within sixty (60) days next following the
10 accident; no such application shall be valid or acted upon unless it is filed in
11 the office of the retirement system within two (2) years of the date of the
12 accident; but the retirement board may waive such time limit, for a reason-
13 able period, if in the judgment of the board the circumstances warrant such
14 action.

15 Before consideration of the application by the retirement board, the
16 physician or physicians designated by the board shall have first made a

17 medical examination of **[him] the member** at his residence or at any other
18 place mutually agreed upon and shall have certified to the board that he is
19 physically or mentally incapacitated for the performance of duty, that the
20 performance of duty was the natural and proximate cause of the disability,
21 the time and place where the duty causing the disability was performed, that
22 the disability was not the result of his willful negligence and that he should
23 be retired.

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to put time limitations within which notice to and claims against the retirement board must be filed in case of a disabling accident to a member while actually in the performance of duty.

[OFFICIAL COPY REPRINT]

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11 the office of the retirement system within two (2) years of the date of the
12 accident; but the retirement board may waive such time limit, for a reason-
13 able period, if in the judgment of the board the circumstances warrant such
14 action.

15 Before consideration of the application by the retirement board, the
16 physician or physicians designated by the board shall have first made a

17 medical examination of the member at his residence or at any other
18 place mutually agreed upon and shall have certified to the board that he is
19 physically or mentally incapacitated for the performance of duty, that the
20 performance of duty was the natural and proximate cause of the disability,
21 the time and place where the duty causing the disability was performed, that
22 the disability was not the result of his willful negligence and that he should
23 be retired.

1 2. This act shall take effect immediately.

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

1 ARTICLE I—Social Security

Section

- 2 1. Extension to governmental units having no retirement
3 system.
4 2. Extension to employers of former members of State Em-
5 ployees' Retirement System.
6 3. Effective date of agreements.

7 ARTICLE II—Repealers and disposition of funds, protection of rights and
8 benefits.

Section

- 9 4. Repeal of acts establishing State Employees' Retirement
10 System.
11 5. Disposition of funds, benefits, etc.

12 ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

- 13 6. Definitions.
- 14 7. Membership of retirement system.
- 15 8. Restoration to membership of members discontinued from
16 service; conditions.
- 17 9. Nonmember State employee may join upon payment of ar-
18 rears.
- 19 10. State employees inducted into military or naval service be-
20 fore applying for enrollment.
- 21 11. Contributions covering temporary service.
- 22 12. Members serving State or Federal Government during war
23 emergency; restoration of retirement rights.
- 24 13. Special benefits continued.
- 25 14. Transfer of membership from teachers' fund to retirement
26 system.
- 27 15. Information required from department heads.
- 28 16. Classification of members.
- 29 17. Board of trustees.
- 30 18. Officers and employees; actuary; legal adviser.
- 31 19. Actuarial information and investigation; tables; rates of de-
32 duction and contribution.
- 33 20. Corporate powers.
- 34 21. Annual report.
- 35 22. Funds.
- 36 23. Expense fund.
- 37 24. Contingent reserve fund.
- 38 25. Annuity savings fund; deduction by department heads;
39 recomputation of contribution rate; supplemental annuity.
- 40 26. Excess refundable; shortage deducted.

Section

- 41 27. Retirement reserve fund.
- 42 28. Members' death benefit fund.
- 43 29. Relation of new employees to fund.
- 44 30. Deductions for annuity purposes certified on payroll; cred-
45-46 ited to fund.
- 47 31. Records kept by State departments.
- 48 32. Management of funds.
- 49 33. Interest.
- 50 34. Borrowing from fund by members.
- 51 35. Custodian of fund; payments; vouchers.
- 52 36. Interest in fund by trustee or employee prohibited.
- 53 37. Obligations of State; basis of State's appropriation.
- 54 38. Vesting.
- 55 39. Service creditable toward allowances; rules and regulations;
56 preserving annuity credit for period of leave of absence.
- 57 40. Transfer to State of municipal or county department; serv-
58 ice of transferee computed.
- 59 41. Withdrawal; 25 year resignation; nonservice connected death
60 benefit.
- 61 42. Ordinary disability retirement.
- 62 43. Accident disability retirement.
- 63 44. Annual examination of disability beneficiary; alteration of
64 pension; refusal to be examined; restoration to service.
- 65 45. Allowance on ordinary disability retirement.
- 66 46. Allowance on accident disability retirement.
- 67 47. Retirement for age.
- 68 48. Allowance on service retirement.
- 69 49. Accidental death; allowance to dependents.
- 70 50. Member's option on retirement.
- 71 51. Monthly payments.

	<i>Section</i>	
72	52.	Supervision of funds.
73	53.	Benefits under chapter exempt from taxation and process;
74		except repayment of loans.
75	54.	Correction of errors.
76	55.	Fraud against system a misdemeanor.
77	56.	Renouncing other pension benefits.
78	57.	Optional death benefit coverage.
79	58.	Social Security contributions.
80	59.	Social Security benefit offset.
81	60.	Contributions and credits of veteran members.
82	61.	Special retirement privileges of veteran members.
83	62.	Effect upon political subdivisions previously under State
84		Employees' Retirement System.
85	63.	Membership of certain veteran public employees.
86	64.	Effect of lack of Social Security coverage.
87	65.	All employees of public agencies eligible to participate in re-
88		tirement system; contributions.
89	66.	Effective date of participation.
90	67.	Duties of employer's chief fiscal officer.
91	68.	Information as to rates, et cetera, certified to chief fiscal of-
92		ficer; payment of charge and contributions.
93	69.	Member of any other governmental retirement system may
94		not participate; default of employer; discontinuance of mem-
95		bership; application of reserve.
96	70.	Limitation on liability of retirement system.
97	71.	"Public agency or organization" defined.
98	72.	Deductions from retirement allowance for hospital and medi-
99		cal insurance premiums.
100	73.	Employees of Palisades Interstate Park Commission, Inter-
101		state Sanitation Commission and Delaware River Joint Toll
102		Bridge Commission.

Section

- 103 74. State Retirement System extended to county and municipal
104 employees; referendum.
- 105 75. Effective date; membership; prior service.
- 106 76. County or municipal employees inducted into military or
107 naval service before applying for enrollment.
- 108 77. Employees of school district coterminous with municipality
109 adopting law in first-class counties.
- 110 78. County attendance officers entitled to benefits under retire-
111 ment system.
- 112 79. State employees paid by county or municipality in which
113 chapter is adopted.
- 114 80. Information required.
- 115 81. Rates of contributions; budget requirements; payments to
116 State Treasurer.
- 117 82. Benefits.

118 ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

- 119 83. Other pension laws not affected.
- 120 84. Short title.
- 121 85. Effect of invalidity.
- 122 86. Effective dates.

ARTICLE I

1 1. The State agency, established under chapter 253, laws of 1951, as
2 amended, with the approval of the Governor, is hereby authorized and
3 directed to enter, on behalf of the State, and of any county,
3A municipality or school district and of any public department, board,
4 body, commission, institution, agency, instrumentality or authority of, or in,
5 the State and of, or in, any county, municipality or school district in the State,
6 into an agreement with the U. S. Department of Health, Education, and Wel-
7 fare for the purpose of extending the provisions of the Federal Old-Age and

8 Survivors Insurance system to all services performed by employees as mem-
9 bers of any coverage group as defined in section 218 (b) (5) of the Social
10 Security Act unless such services are already covered by an agreement under
11 this act. The agreement shall conform with the terms and provisions of
12 this act. Each employer subject to the provisions of this section shall be
13 deemed to have submitted a plan in accordance with the provisions of sec-
14 tion 5 of chapter 253, laws of 1951, as amended, except that:

15 a. Such employer shall have the option of including or excluding from
16 coverage all employees in elective offices and positions. The employer shall
17 notify the State agency of his decision within 10 days after the date of this
18 enactment. If no notice has been received within the specified time, he shall
19 be deemed to have decided not to cover employees in such elective offices and
20 positions.

21 b. Such employer shall furnish the State agency within 10 days after
22 the date of this enactment, the title of the official responsible for the local ad-
23 ministration of the Social Security Program for the coverage group. If the
24 employer fails to furnish this information within the specified time, the State
25 agency shall deem that the employer has designated its chief fiscal officer to
26 be the responsible official.

27 c. The agreement shall not be made applicable to services in such posi-
28 tions so long as said positions are barred from coverage by the provisions
29 of the Social Security Act.

1 2. The State agency, with the approval of the Governor, is hereby author-
2 ized and directed to enter on behalf of the State into an agreement with the
3 Secretary of the U. S. Department of Health, Education, and Welfare for the
4 purposes of extending the provisions of the Federal Old-Age and Survivors
5 Insurance system to services performed by employees in positions formerly
6 covered by the provisions of chapters 14 and 15 of Title 43 of the Revised
7 Statutes, hereinafter referred to as the State Employees' Retirement System,
8 provided, however:

9 a. That such employees are members of a coverage group as defined
10 in section 218 (b) (5) of the Social Security Act;

11 b. The agreement shall not be made applicable to services in such posi-
12 tions so long as said positions are barred from coverage by the provisions of
13 the Social Security Act.

14 The agreement made under this section shall be consistent with the
15 terms and provisions of this act. It shall cover all employment for each em-
16 ployer in the State participating in the State Employees' Retirement Sys-
17 tem on the date of this enactment and each such employer shall be deemed
18 to have submitted a plan in accordance with the provisions of section 5 of
19 chapter 253, laws of 1951, as amended, except that:

20 a. Where the employer has covered the services of at least 1 employee
21 in any elective office or position under the provisions of the State Employ-
22 ees' Retirement System, all employees in such elective positions shall be in-
23 cluded in the Social Security Coverage Group.

24 b. Where the employer has covered none of the services of employees
25 in any elective office or position under the provisions of the State Employ-
26 ees' Retirement System, such employers shall have the option of either in-
27 cluding or excluding the services of all such employees from Social Secu-
28 rity coverage. The employer shall notify the State agency of his decision
29 within 10 days after the date of this enactment. If no notice has been re-
30 ceived by the State agency within the specified time, the employer shall be
31 deemed to have decided to exclude the services of employees in elective of-
32 fices and positions.

33 c. Each employer in the State subject to the provisions of this section
34 shall furnish the State agency the title of the official responsible for the local
35 administration of the Social Security Program for the coverage group within
36 10 days after the date of this enactment. If the employer fails to furnish
37 this information within the specified time, the State agency shall deem that
38 such employer has designated its chief fiscal officer to be the responsible of-
39 ficial.

1 3. The effective date of the Social Security agreements under the pro-
2 visions of sections 1 and 2 above shall be January 1, 1955.

ARTICLE II

1 4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amend-
2 ments and supplements thereto, designated as the "State Employees' Retire-
3 ment System of New Jersey" are repealed as of the effective date of this
4 section.

1 5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes
2 of the State of New Jersey and all amendments and supplements thereto is
3 subject to the following provisos:

4 (a) Any person retired for service under any of the provisions of either
5 of said chapters and receiving or entitled to receive benefits thereunder
6 prior to their repeal shall continue to receive the same benefits or shall
7 continue to be entitled to receive the same benefits to the same extent and in
8 the same manner as if such chapters had not been repealed. If any such
9 person shall have elected to take his retirement benefit under one of the
10 options of such chapters, his beneficiary shall, upon the death of the retirant,
11 receive such amount as was provided under such chapters, as if such chap-
11A ters had not been repealed.

12 (b) Any beneficiary receiving an allowance as a result of an election
13 made by a person retiring under such chapters shall continue to receive such
14 allowance as provided under such chapters.

15 (c) Any person electing to have deductions for medical and hospitaliza-
16 tion insurance subtracted from his retirement allowance shall continue to have
17 such deductions subtracted as if such chapters had not been repealed.

18 (d) Any person retired for disability under such chapters and receiv-
19 ing benefits or entitled to receive benefits thereunder and any person receiv-
20 ing accidental death benefits as the result of the death of a member in
21 service under such chapters, prior to their repeal, including any person
22 covered by R. S. 43:14-30 to R. S. 43:14-34, R. S. 43:14-37 and R. S. 43:15-5,
23 shall, so long as he continues to meet the tests therefor prescribed in such

23A chapters, continue to receive the same or shall continue to be entitled to
23B receive to the same extent and in the same manner as if such chapters
24 had not been repealed. At such time as he shall cease to meet such require-
25 ments his benefits shall cease and as to him the chapters shall have no
26 further application. If any person retired for disability under such chapters
27 and receiving benefits thereunder prior to their repeal shall have elected to
28 take his retirement benefit under one of the options of such chapters, his
29 beneficiary shall, upon the death of the retirant, receive such amount as was
30 provided under such chapters.

31 (e) Any person who, as of the effective date of this section meets the
32 requirements for retirement under chapters 14 and 15 of Title 43 of the
33 Revised Statutes but who has not made application for benefits under such
34 chapters may make such application and be retired on or before the effective
35 date of this section, as if such chapters had not been repealed. He shall
36 thereafter receive benefits to the same extent and in the same manner as if
37 such chapters had not been repealed.

38 (f) If any person having made contributions under such chapters dies
39 prior to their repeal but before retiring, his accumulated deductions shall be
40 paid out as he shall have directed in writing; provided, however, that in the
41 case of a contributor who dies with credit for 20 or more years of total
42 service, the provisions of R. S. 43:14-29 shall apply. In the absence of
43 such written direction, his accumulated deductions shall be paid to his estate.
43A This paragraph shall apply also to any person dying subsequent to repeal
43B but before receiving his contributions.

44 (g) Any person who contracted for a loan under such chapters shall
45 continue to repay the loan as if such chapters had not been repealed.

46 (h) Interest on members' accumulated deductions shall cease as of the
47 effective date of this section.

48 (i) The accumulated deductions of the members constituting the Annuity
49 Savings Fund shall be set aside in a trust fund designated as Fund A to be
50 held for refund, upon demand, to the respective persons or beneficiaries

51 entitled thereto; no further interest shall be allowed after the effective date
52 of this section. Until refunded or otherwise disposed of, such funds, inter-
53 ests therein, and rights thereto shall not be subject to judicial process.

54 (j) The accumulated reserves in the Contingent Reserve Fund estab-
55 lished under such chapters which are required to meet pension and death
56 benefits allowable, shall be set aside in the State treasury as a trust fund
57 and expended for no other purpose except for the payment of such benefits.
57A Such fund shall be designated as Fund B.

58 (k) The accumulated reserves constituting the Retirement Reserve Fund
59 shall be set aside in a trust fund designated as Fund C to be held for pay-
60 ment of all pension and death benefits allowed. Such funds, interests therein
61 and rights thereto, shall not be subject to judicial process.

62 (l) All moneys in the Expense Fund shall be set aside in a trust fund
63 designated as Fund D, to be held for the purpose of administering the pay-
64 ment of benefits under the provisions of this section. Such moneys, interest
65 therein and rights thereto shall not be subject to judicial process.

66 (m) The State Treasurer through such agency, division, or bureau of
67 his department as he may direct is hereby authorized and directed to
68 administer the payment of benefits and the return of accumulated deduc-
69 tions under the State Employees' Retirement System abolished by this act.

70 The State Treasurer is hereby constituted the custodian of the securities,
71 funds and investments of the former "State Employees' Retirement System
72 of New Jersey." For the purpose of this section only, the title "State Em-
73 ployees' Retirement System of New Jersey" may be used in order to hold
74 title to, sell, assign, transfer or otherwise dispose of any such securities,
75 funds or investments. All functions, powers and duties relating to the
76 investment or reinvestment of moneys of, and purchase, sale or exchange of
77 any of such securities, funds or investments, shall be exercised and performed
78 by the Director of the Division of Investment in accordance with the provi-
79 sions of chapter 270, P. L. 1950, as amended and supplemented; provided,
80 however, that before any such investment, reinvestment, purchase, sale or

81 exchange may be made by said director pursuant to the provisions of this
82 section, he shall submit the details thereof to the State Treasurer, who shall,
83 within 48 hours, exclusive of Sundays and public holidays, after such sub-
84 mission to him, file with the director a written acceptance or rejection of such
85 proposed investment, reinvestment, purchase, sale or exchange; and the
86 director shall have authority to make such investment, reinvestment, pur-
87 chase, sale or exchange, for, on behalf of, and with respect to such fund,
88 unless there shall have been filed with him a written rejection thereof by
89 the State Treasurer as herein provided.

ARTICLE III

1 6. As used in this act:

2 a. "Accumulated deductions" means the sum of all the amounts, de-
3 ducted from the compensation of a member or contributed by him, standing
4 to the credit of his individual account in the annuity savings fund.

5 b. "Annuity" means payments for life derived from contributions made
6 by a member as provided in this act.

7 c. "Annuity reserve" means the present value of all payments to be
8 made on account of any annuity or benefit in lieu of an annuity, granted
9 under the provisions of this act, computed on the basis of such mortality ta-
10 bles as the board of trustees adopts, with regular interest.

11 d. "Beneficiary" means any person receiving a retirement allowance or
12 other benefit as provided in this act.

13 e. "Final compensation" means the average annual compensation for
14 which contributions are made by a member for the 5 years immediately pre-
15 ceding his retirement, or, at the option of such member, it shall mean the
16 average annual compensation for which contributions are made by a member
17 during any 5 consecutive years of his or her membership, within which period
18 of 5 consecutive years he was entitled to retirement for service, said 5 years
19 to be selected by the applicant prior to the date of retirement.

20 f. "Fiscal year" means any year commencing with July 1 and ending
21 with June 30 next following.

22 g. "Pension" means payments for life derived from appropriations
23 made by the employer as formerly provided in chapters 14 and 15 of Title
24 43 of the Revised Statutes, or in this act.

25 h. "Pension reserve" means the present value of all payments to be
26 made on account of any pension or benefit in lieu of a pension formerly
27 granted under the provisions of chapters 14 and 15 of Title 43 of the Revised
28 Statutes, or as provided in this act, computed on the basis of such mortality
29 tables as the board of trustees adopts, with regular interest.

30 i. "Public Employees' Retirement System of New Jersey," hereinafter
31 referred to as the "retirement system," is the corporate name of the ar-
32 rangement for the payment of retirement allowances and other benefits un-
33 der the provisions of this act and for the system including the several funds
34 created and placed under the management of the board of trustees of said
35 system. By that name all of its business shall be transacted, its funds in-
36 vested, warrants for money drawn and payments made and all of its cash
37 and securities and other property held.

38 j. "Regular interest" shall mean interest as determined from time to time
39 by the board of trustees. The regular interest rate shall be limited to a
40 minimum of 3% and a maximum of 4%.

41 k. "Retirement allowance" means the pension plus the annuity.

42 l. "Veteran" means any honorably discharged officer, soldier, sailor, ma-
43 rine or nurse who served in any army or navy of the allies of the United States
44 in World War I, between July 14, 1914, and November 11, 1918, or who served
45 in any army or navy of the allies of the United States in World War II, be-
46 tween September 1, 1939, and September 2, 1945, and who was inducted into
47 such service through voluntary enlistment, and was a citizen of the United
48 States at the time of such enlistment, and who did not, during or by reason of
49 such service, renounce or lose his United States citizenship, and any officer,
50 soldier, sailor, marine, airman, nurse or army field clerk, who has served in
51 the active military or naval service of the United States and has or shall be
52 discharged or released therefrom under conditions other than dishonorable,

53 in any of the following wars, uprisings, insurrections, expeditions, or
54 emergencies, and who has presented to the board of trustees evidence of
55 such record of service in form and content satisfactory to said board of trus-
55A tees:

56 (1) The Indian wars and uprisings during any of the periods
57 recognized by the War Department of the United States as periods of
58 active hostility;

59 (2) The Spanish-American War between April 20, 1898, and April
60 11, 1899;

61 (3) The Philippine insurrections and expeditions during the periods
62 recognized by the War Department of the United States as of active
63 hostility from February 4, 1899, to the end of 1913;

64 (4) The Peking relief expedition between June 20, 1900, and May
65 27, 1902;

66 (5) The army of Cuban occupation between July 18, 1898, and May
67 20, 1902;

68 (6) The army of Cuban pacification between October 6, 1906, and
69 April 1, 1909;

70 (7) The Mexican punitive expedition between March 14, 1916, and
71 February 7, 1917;

72 (8) The Mexican border patrol, having actually participated in
73 engagements against Mexicans between April 12, 1911, and June 16, 1919;

74 (9) World War I, between April 6, 1917, and November 11, 1918;

75 (10) World War II, between September 16, 1940, and September
76 2, 1945, who shall have served at least 90 days in such active service,
77 exclusive of any period he was assigned (1) for a course of education
78 or training under the Army Specialized Training Program or the Navy
79 College Training Program which course was a continuation of his
80 civilian course and was pursued to completion, or (2) as a cadet or
81 midshipman at one of the service academies any part of which 90 days
82 was served between said dates; provided, that any person receiving an

83 actual service incurred injury or disability shall be classed as a veteran
84 whether or not he has completed the 90-day service as herein provided.

85 (11) Emergency, at any time after June 23, 1950, and prior to the
86 date of termination, suspension or revocation of the proclamation of the
87 existence of a national emergency issued by the President of the United
88 States on December 16, 1950, or date of termination of the existence of
89 such national emergency by appropriate action of the President or the
90 Congress of the United States, who shall have served at least 90 days in
91 such active service, exclusive of any period he was assigned (1) for a
92 course of education or training under the Army Specialized Training
93 Program or the Navy College Training Program which course was a con-
94 tinuation of his civilian course and was pursued to completion, or (2)
95 as a cadet or midshipman at one of the service academies, any part of
96 which 90 days was served between said dates; provided, that any person
97 receiving an actual service incurred injury or disability shall be classed
98 as a veteran whether or not he has completed the 90-day service as
99 herein provided.

1 7. There is hereby established the Public Employees' Retirement Sys-
2 tem of New Jersey. The membership of the retirement system shall include:

3 a. The members of the former "State Employees' Retirement Sys-
4 tem of New Jersey" enrolled as of the effective date of this act; who shall
5 not have claimed for refund their accumulated deductions in said system as
6 provided in this section.

7 b. Any person becoming a permanent employee of the State after the
8 effective date of this section; and

9 c. Every State employee veteran in the employ of the State on the effec-
10 tive date of this section who shall not have notified the board of trustees
11 within 30 days of such date that he does not desire to become a member.

12 The board may deny the right to become members of the retirement sys-
13 tem to any class of elected officials or to any class of persons other than vet-
14 erans not within the classified civil service, but any person who has been a

15 member of the former "State Employees' Retirement System" for 1 or
16 more years and who has been or may hereafter be appointed to an office or
17 position in the unclassified service shall be eligible to become a member of
18 the retirement system and entitled to all the rights and privileges thereun-
19 der, if he so elects. The board of trustees may deny the right to become
20 members of the retirement system to any class of persons whose compensa-
21 tion is only partly paid by the State, or it may, in its discretion, make op-
22 tional with persons in any such class their individual entrance into mem-
23 bership. State employees who become members of any other retirement
24 system supported wholly or partly by the State as a condition of employment
25 shall not be eligible to membership in this retirement system. Notwithstand-
26 ing any other law to the contrary all other persons accepting permanent em-
27 ployment in the classified service of the State shall be required to enroll in the
28 retirement system as a condition of their employment, regardless of age.

29 Membership of any person in the retirement system shall cease if, in
30 any 4-year period which elapses after his last becoming a member, he ren-
31 ders to the State less than 2 years of service, but not otherwise except as
32 provided in this act.

33 The accumulated deductions of the members of the former "State Em-
34 ployees' Retirement System" which have been set aside in a trust fund des-
35 ignated as Fund A as provided in section 5 of this act and which have not
36 been claimed for refund within 30 days after the effective date of this section
37 shall be transferred from said Fund A to the annuity savings fund of the re-
38 tirement system, provided for in section 25 of this act. Each member whose
39 accumulated deductions are so transferred shall receive the same prior serv-
40 ice credit, pension credit, and membership credit in the retirement system as
41 he previously had in the former "State Employees' Retirement System"
42 and shall have such accumulated deductions credited to his individual ac-
43 count in the annuity savings fund. Any outstanding obligation of such mem-
44 ber shall be continued.

1 8. If a member of the former "State Employees' Retirement System"
2 or the retirement system has been discontinued from service and he has with-
3 drawn his accumulated deductions in either of said systems, his prior service
4 credit and membership credit at the time of leaving service shall be restored
5 in full, if such member returns to service and deposits in the retirement sys-
6 tem the total amount as the board of trustees shall determine to be due in
7 order to give to such person the same credit for such service as he had at the
8 time of leaving service. Subject to the rules and regulations of the board
9 such deposit may be paid in regular installments. Subsequent normal con-
10 tributions shall be at the rate determined by the board of trustees.

11-12 If such member has not withdrawn his accumulated contributions his
13 membership may continue in the retirement system, notwithstanding any
14 provisions of this act, but such continuance shall not extend beyond a period
15 of 5 years from the date of his discontinuance from service.

16 No credit for pension purposes shall be allowed to such member, covering
17 the period of his lay-off or discontinuance, unless leave of absence was
18 granted by the head of his department and the board, as provided for in
19 section 39 of this act.

20 Should an employee who has withdrawn his accumulated deductions from
21 the former "State Employees' Retirement System" or the retirement sys-
22 tem as provided in section 41 of this act be re-enrolled as a member of the
23 retirement system and pay into the annuity savings fund the total amount as
24 the board of trustees shall determine to be due in order to give to such per-
25 son the same credit for such service as he had at the time of leaving service,
26 there shall be restored his annuity credit, and in addition, upon completion
27 of 1 year thereafter and the payment of at least $\frac{1}{2}$ of such obligation, his
28 pension credit shall be restored as it was at the time of his withdrawal. Sub-
29 sequent normal contributions shall be at the rate determined by the board of
30 trustees.

1 9. Any person other than a veteran who was in the employ of the State
2 prior to the effective date of this act, and who did not join the former

3 "State Employees' Retirement System," may join the retirement system at
4 any time upon paying into the retirement system such arrears over a period
5 of not more than 10 years in regular installments, with interest, as the board
6 of trustees shall determine to be due, in order to give to such person the
7 same standing as a member of the retirement system as other members who
8 joined the former "State Employees' Retirement System" when the law
9 providing for such retirement system first applied to them, or he shall have
10 the option of joining as a new member upon proper application to the board
11-17 of trustees, with no credit for previous service.

18 In the case of any person coming under the provisions of this section,
19 full annuity credit for the period of employment for which arrears are being
20 paid shall be given upon the payment of the total amount due, and full pen-
21 sion credit for such period of employment shall be given upon the payment of
22 at least $\frac{1}{2}$ of the total arrearage obligation and the completion of 1 year of
23 making arrears payments, except in the case of retirement for service, in
24 which case the total membership credit for such service shall be in direct
25 proportion to the amount paid of the total amount of the arrearage obliga-
26 tion, upon the completion of 1 year of making arrears payments.

1 10. Any State employee who had entered or shall hereafter enter into
2 the active air, military or naval service of the United States before making
3 application for enrollment in the retirement system shall be accepted as a
4 member upon his filing application, provided such application is made within
5 3 months after entry into such active air, military or naval service, and his
6 regular salary deductions as determined by the board of trustees shall be
7 paid to the retirement system by the employing department as provided by
8 chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of
9 1942. This provision shall not apply to any employee whose appointment is
10 temporary or seasonal.

1 11. Any person employed temporarily by the State and whose tempo-
2 rary employment resulted in permanent employment shall be permitted to
3 make contributions covering this temporary service in accordance with the

4 rules and regulations of the board of trustees and receive the same annuity
5 and pension credits as if he had been a member during his temporary
6 service.

1 12. Any State employee who was a member of the former "State Em-
2 ployees' Retirement System" and whose services were or have been made
3 available by this State to the Federal Government may, if and when he or
4 she has returned or shall return to service with this State, or if he or she
5 has retired or been retired under the said system, contribute to the annuity
6 savings fund provided for in section 25 of this act, such sum or sums, either
7 in 1 payment or in installments, as determined by the board of trustees to
8 be sufficient to cover the amount which would have been contributed by such
9 individual had he or she remained a member of said system, together with
10 such interest thereon as shall be determined to be just by the board of trus-
11 tees; any board, body or commission of this State which has, had, or shall
12 have, moneys contributed by the Federal Government for that purpose
13 shall pay into such system such amount or amounts as would have been
14 contributed by it on account of said services had not such services been
15 made available to the Federal Government, together with such interest as
16 shall be determined to be just by the board of trustees. The board of trus-
17 tees is hereby authorized and required to receive said contributions, both for
18 annuity and pension purposes, it being the intention hereby to restore, if and
19 where possible, all retirement rights of such members lapsed or lost while
20 rendering services to the Federal Government in and during the emergency
21 of World War II.

1 13. The special benefits payable under the former "State Employees'
2 Retirement System" under acts repealed by this act as they were in effect on
3 June 30, 1953, which acts granted special privileges to certain employees,
4 shall be continued for members or beneficiaries of the retirement system as
5 of the effective date of this section as if such acts had not been repealed.

1 14. A person who has been a member of the teachers' retirement fund
2 and who has taken or shall take office, position or employment in the State

3 service in any capacity and is a member of the Public Employees' Retirement
4 System shall be entitled, upon application therefor, to prior service credit for
5 the length of his membership in such fund in the Public Employees' Retire-
6 ment System or who shall become a member of the Teachers' Pension and
7 Annuity Fund, and who has taken or shall take office, position or employment
8 in the State service in any capacity, shall be entitled, upon application there-
9 for, to membership in the retirement system, upon transferring his interests
10 from the Teachers' Pension and Annuity Fund to the retirement system. If
11 he has withdrawn his interests from the Teachers' Pension and Annuity Fund,
12 he shall be entitled to membership in the retirement system upon paying into
13 the latter fund such sum as shall be required by the trustees therefor for
14 that purpose. For the purpose of carrying out the provisions of this section,
15 the board of trustees may make all necessary rules and regulations.

1 15. The head of a department or branch of the State service not included
2 in a department employing a member shall submit to the board of trustees
3 a statement showing the name, title, compensation, duties, date of birth and
4 length of service of the member and any other information the board re-
5 quires.

1 16. The board of trustees shall classify the members in such group or
2 groups by occupation or sex as it may determine for actuarial purposes.

3 The board shall further classify the membership by benefit rates as Class
4 A or Class B members, as follows:

5 "Class A" shall include those members whose annuity shall be based on
6 a per centum of salary, computed to be sufficient, with regular interest, to
7 procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$
8 of his final compensation for each year of service as a member.

9 "Class B" shall include those members who have elected or who shall
10 hereafter elect to contribute to the annuity savings fund at a higher rate per
11 centum, computed to be sufficient, with regular interest, to procure for the
12 member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final com-
13 pensation for each year of service as a member.

14 On and after the effective date of this section, each new member shall be
15 placed in "Class B."

1 17. The general administration and responsibility for the proper opera-
2 tion of the Public Employees' Retirement System and for making effective
3 the provisions of this act shall be vested in the board of trustees. Subject to
4 the limitations of the law, the board shall, from time to time, establish rules
5 and regulations for the administration and transaction of its business and
6 for the control of the funds created by this subtitle and shall perform any
7 other functions required for the execution of this act. The membership of the
8 board shall consist of the following:

9 a. Two trustees appointed by the Governor, who shall serve at the
10 pleasure of the Governor and until their successors are appointed.

11 b. The State Treasurer.

12 c. Three trustees elected for a term of 3 years from among and by the
13 member employees of the State in a manner prescribed by the board of
14 trustees.

15 d. One trustee elected for a term of 3 years from among and by the
16 member employees of counties and the same method of holding an election
17 from time to time used for the State employees' representatives shall be fol-
18 lowed in elections held for county representatives.

19 e. Two trustees elected for a term of 3 years from among and by the mem-
20 ber employees of municipalities and the same method of holding an election
21 from time to time used for the State employees' representatives shall be fol-
22 lowed in elections held for municipal representatives; provided, however, at
23 the first election for municipal representation, 1 trustee shall be elected to
24 serve for a term of 2 years and the other trustee shall be elected to serve for
25 a term of 3 years.

26 A vacancy occurring during a term shall be filled for the unexpired term
27 by the appointment or election of a successor in the same manner as his
28 predecessor.

29 Each member of the board shall, upon appointment or election, take an
30 oath of office that, so far as it devolves upon him, he will diligently and hon-
31 estly administer the board's affairs, and that he will not knowingly violate
32 or willfully permit to be violated any provision of law applicable to this act.
33 The oath shall be subscribed to by the member making it, certified by the of-
34 ficer before whom it is taken and filed immediately in the office of the Secre-
35 tary of State.

36 Each trustee shall be entitled to 1 vote in the board and a majority of
37 all the votes of the entire board shall be necessary for a decision by the trus-
38 tees at a meeting of the board. The board shall keep a record of all its pro-
39 ceedings, which shall be open to public inspection.

40 The members of the board shall serve without compensation but shall be
41 reimbursed from the expense fund for any necessary expenditures. No em-
42 ployee shall suffer loss of salary or wages through the serving on the board.
43 The compensation for all persons employed by the board shall be fixed by
44 it, within the limits of appropriations made available to the board.

45 For the purpose of organizing the Public Employees' Retirement Sys-
46 tem, the members of the board of trustees of the former "State Employees'
47 Retirement System," as of the effective date of the repeal of that system,
48 shall constitute the initial membership of the board of trustees of the Public
49 Employees' Retirement System, for the remainder of the terms for which
50 they were appointed or elected as the case may be.

1 18. The board shall elect from its membership a chairman and may also
2 elect a vice-chairman, who shall have all the power and authority of the
3 chairman in the event of the death, absence or disability of the chairman.
4 It shall appoint, subject to the provisions of sections 11:4-2 and 11:4-3 of
5 the Revised Statutes, a secretary, an actuary and any technical employees
6 as may be necessary for the transaction of the business of the retirement
7 system.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act
10 and shall perform such other duties as are required in connection therewith.

11 The Attorney-General shall be the legal adviser of the retirement
12 system.

1 19. The actuary appointed by the board shall recommend, and the board
2 shall keep in convenient form, such data as shall be necessary for actuarial
3 valuation of the various funds created by this act. Once in every 5-year
4 period after the effective date of this section, the actuary shall make an
5 actuarial investigation into the mortality, service and compensation or sal-
6 ary experience of the members and beneficiaries as defined in this chap-
7 ter and shall make a valuation of the assets and liabilities of the various
8 funds created by this act. Upon the basis of such investigation and valua-
9 tion the board shall:

10 a. Adopt for the retirement system such mortality, service and other
11 tables as shall be deemed necessary;

12 b. Certify the rates of deduction from compensation computed to be
13 necessary to pay the annuities authorized under the provisions of this act;
14 and;

15 c. Certify the rates of contribution, expressed as a proportion of the
16 compensation of members which shall be made by the State to the contin-
17 gent reserve fund.

1 20. The retirement system shall, for the purposes of this act, possess
2 the powers and privileges of a corporation.

1 21. The board shall publish annually a report showing a valuation of
2 the assets and liabilities of the funds created by this act, certifying as to
3 the accumulated cash and securities of the funds and stating any other facts,
4 recommendations and data which may be of use in the advancement of
5 knowledge concerning employees' pensions and annuities. The board shall
6 submit the report to the Governor and furnish a copy to the officers of each
7 State department for use of the employees and the public.

1 22. Under this act there shall be the contingent reserve fund, annuity
2 savings fund, retirement reserve fund, and the members' death benefit fund.

1 23. The expenses of administration of the retirement system on behalf
2 of State employee members shall be paid by the State of New Jersey.

3 The administration fees hereafter paid by participating employers other
4 than the State, shall be used to pay the expenses of administration of the re-
5 tirement system on behalf of all members other than State employees.

1 24. The contingent reserve fund shall be the fund in which shall be
2 credited contributions made by the State.

3 a. Upon the basis of such tables as the board adopts, and regular inter-
4 est, the actuary of the board shall compute annually the amount of contri-
5 bution, expressed as a proportion of the compensation paid to all employees,
6 which if paid monthly during the entire prospective service of the employees,
7 will be sufficient to provide for the pension reserves required at the time of
8 discontinuance of active service to cover all pensions to which they may be
9 entitled or which are payable on their account and to provide for the amount
10 of the death benefits payable on their account by the State, which are not
11 covered by accrued liability contributions, to be made as provided in para-
12 graph b. hereof, and the funds in hand available for such benefits.

13 b. Upon the basis of such tables as the board adopts, and regular inter-
14 est, the actuary of the board shall compute, annually, the amount of the
15 liability which has accrued by reason of allowances to be granted on account
16 of services rendered by State employee veteran members as provided in sec-
17 tion 60 of this act prior to the establishment of the retirement system, which
18 has not already been covered by State contributions to the former "State
19 Employees' Retirement System." Using the total amount of this liability re-
20 maining as a basis, he shall compute the amount of the flat annual payment,
21 which, if paid in each succeeding fiscal year commencing with July 1, 1956,
22 for a period of 30 years, will provide for this liability.

23 c. Any accumulated reserves in the contingent reserve fund of the for-
24 mer "State Employees' Retirement System," which have not been set aside
25 in a trust fund designated as Fund B as provided in section 5 of this act
26 shall be transferred to the contingent reserve fund of the retirement system.

27-29 d. The board shall estimate and certify annually the aggregate amount
30 payable to the contingent reserve fund in the ensuing year, which amount
31 shall be equal to the sum of the proportion of the earnable compensation of
32 all members, computed as described in paragraph a. hereof and of the
33 State's accrued liability contribution, payable in the ensuing fiscal year, as
34 described in paragraph b. hereof. The State shall pay into the contingent
35 reserve fund during the ensuing year the amount so determined. The cash
36 death benefits, payable as a result of contribution by the State under the pro-
37 visions of this chapter upon the death of a member in active service, shall be
38-41 paid from the contingent reserve fund.

42 e. Any other provision of this act notwithstanding, no payment shall be
43 made by the State to the contingent reserve fund on behalf of service of
44 State employee veteran members until the fiscal year commencing July 1,
45 1956. This shall not affect the payment of benefits to, and on behalf of, State
46 employee veteran members prior to said date, and any such disbursements
47 for benefits not covered by reserves in the system on account of veterans shall
48 be met by direct contributions of the State.

1 25. The annuity savings fund shall be the fund in which shall be ac-
2 cumulated deductions from the compensation of members to provide for
3 their annuities and withdrawal allowances. Upon the basis of such tables
4 as the board adopts, and regular interest, the actuary of the board shall de-
5 termine for each member the proportion of compensation, exclusive of the
6 rate for any additional death benefit provided under section 57 of this act,
7 which, when deducted from each payment of his prospective earnable com-
8 pensation prior to service retirement and accumulated at regular interest
9 until he retires, shall be computed to be sufficient to provide, at that time, an
10 annuity equal to $\frac{1}{2}$ of the retirement allowance then allowable for service as
11 a member after the establishment of the retirement system.

12-13 Any member who was contributing to the former "State Employees'
14 Retirement System" shall continue to pay the proportion of compensation

15 applicable to the age at enrollment, which proportion shall not be increased
16 during the continuation of membership other than as provided in section 58,
17 and shall make any special payments either as lump sums or as installment
18 payments required as a result of election by the member to obtain additional
19 service credit. Members enrolling on and after the effective date of this sec-
20 tion shall contribute at the proportions applicable to group 2 members of the
21 former "State Employees' Retirement System" as of June 30, 1949, except
22 that the board of trustees may from time to time adopt for employees becom-
23 ing members thereafter, new proportions of compensation to be determined
24 as provided in the preceding paragraph. No member shall be required dur-
25 ing the continuation of his membership to increase the proportion of compen-
26 sation certified at the time of becoming a member as payable by him other
26A than as provided in section 58.

27 The board of trustees shall certify to each State department or subdivi-
28 sion thereof, and to the head of each branch of the State service not included
29 in a State department, the proportion of each member's compensation to be
30 deducted in accordance with rules and regulations established by the board,
31 and to facilitate the making of deductions the board of trustees may modify
32 the deduction required by a member by such an amount as shall not exceed
33 $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to
34 be made.

35 Every employee to whom this act applies shall be deemed to consent and
36 agree to any deduction from his compensation required by this act and to all
37 other provisions of this act. Notwithstanding any other law, rule or regula-
38 tion affecting the salary, pay, compensation, other perquisites, or tenure
39 of a person to whom this act applies, or shall apply, and notwithstanding
40 that the minimum salary, pay, or compensation or other perquisite pro-
41 vided by law for him shall be reduced thereby, payment, less such deduc-
42 tions, shall be a full and complete discharge and acquittance of all claims and
43 demands for service rendered by him during the period covered by such
44 payment.

1 26. Any contributions made by a member of the former "State Em-
2 ployees' Retirement System" prior to June 30, 1953, which are in excess of
3 those required shall be refundable with regular interest to the member on
4 demand or used at retirement to provide an annuity of equivalent actuarial
5 value which shall be in addition to his regular retirement allowance. The
6 actuarial equivalent of any shortage in required contributions at the time
7 of retirement on account of misstatement of age, leave of absence, or clerical
8 error, shall be deducted from the retirement allowance otherwise payable.

1 27. The retirement reserve fund shall be the fund from which all retire-
2 ment allowances shall be paid. Upon the retirement of a member the accu-
3 mulated deductions of the member shall be transferred to the retirement re-
4 serve fund from the annuity savings fund. The reserve needed to produce
5 the balance of the retirement allowance shall be transferred from the contin-
6 gent reserve fund. If the pension or the annuity of a member who has been
7 retired is subsequently cancelled, the appropriate reserve shall be transferred
8 to the annuity savings fund and the contingent reserve fund. If the pension
9 of a disability beneficiary is reduced as a result of an increase in his earning
10 capacity, the amount of the annual reduction in his pension shall be paid an-
11 nually into the contingent reserve fund during the period of the reduction.

12-20 Any surplus or deficit developing in the retirement reserve fund shall be
21 adjusted from time to time by transfer to or from the contingent reserve
22 fund by appropriate action of the board of trustees.

1 28. The members' death benefit fund shall be a fund in which shall be ac-
2 cumulated contributions from the compensation of members to provide for
3 their additional death benefits under the provisions of section 57. Upon the
4 death of a member electing the additional death benefit, the additional death
5 benefit payable shall be paid from the member's death benefit fund.

1 29. Upon the employment of a person to whom this act may apply, his
2 employer shall inform him of his duties and obligations under this act as a
3 condition of his employment.

1 30. In accordance with the regular rate of contribution and the extra
2 salary deductions certified by the retirement system, each department head
3 and the head of any branch of State service not within a department shall
4 certify to the State Treasurer the regular and extra deductions to be made
5 for the retirement system. The State Treasurer shall pay each of the amounts
6 so deducted to the retirement system, and he shall transfer to the board of
7 trustees monthly or at such intervals as the board designates a detailed
8 statement of all amounts so paid. The secretary of the board shall cause each
9 of the amounts so deducted to be credited to the account of the member from
10 whose compensation the deduction was made.

1 31. Each State department and branch of the State service not included
2 in a department shall keep such records and, from time to time, furnish such
3 information as the board of trustees in the discharge of its duties may
4 require.

1 32. The board of trustees shall be and are hereby constituted trustees
2 of the various funds and accounts established by this act; provided how-
3 ever, that all functions, powers and duties relating to the investment or re-
4 investment of moneys of, and purchase, sale, or exchange of any investments
5 or securities, of or for any fund or account established under this act, shall
6 be exercised and performed by the Director of the Division of Investment
7 in accordance with the provisions of chapter 270, P. L. 1950, as amended
8 and supplemented. Before any such investment, reinvestment, purchase,
9 sale or exchange shall be made by said director for or on behalf of the board
10 of trustees, the Director of the Division of Investment shall submit the de-
11 tails thereof to such board of trustees, which shall, within 48 hours, exclu-
12 sive of Sundays and public holidays, after such submission to it, file with the
13 director its written acceptance or rejection of such proposed investment, re-
14 investment, purchase, sale or exchange; and the director shall have authority
15 to make such investment, reinvestment, purchase, sale or exchange for or on
16 behalf of such board of trustees, unless there shall have been filed with him
17 a written rejection thereof by such board of trustees as herein provided.

18 A member of the board of trustees to be designated by a majority vote
19 thereof shall serve on the State Investment Council as a representative of
20 said board of trustees, for a term of 1 year and until his successor is elected
21 and qualified.

1 33. The board of trustees at the end of each fiscal year shall allow in-
2 terest on the balance of the annuity savings fund, contingent reserve fund, the
3 retirement reserve fund and the members' death benefit fund as of the
4 beginning of the fiscal year at the regular interest rate applicable thereto
5 to cover the interest creditable to the respective funds for the year. The
6 amount so allowed shall be due and payable to said funds and shall be
7 credited annually thereto by the board.

1 34. Any member who has at least 3 years of service as a member to
2 his credit may borrow from the retirement system, with the approval of
3 the retirement board, an amount equal to not more than 50% of the amount
4 of his accumulated deductions, but not less than \$50.00; provided, that the
5 amount so borrowed, together with interest thereon, can be repaid by addi-
6 tional deductions from compensations, not in excess of 25% of the member's
7 compensation, made at the same time compensation is paid to the member,
8 but not after the attainment of age 60. The amount so borrowed, together
9 with interest at the rate of 4% per annum on any unpaid balance thereof,
10 shall be repaid to the retirement system in equal installments by deduction
11 from the compensation of the member at the time the compensation is paid
12 and in such amounts as the retirement board shall approve, but such install-
13 ments shall be at least equal to the member's contribution to the retire-
14 ment system and at least sufficient to repay the amount borrowed with
15 interest thereon by the time the member attains age 60. Not more than 2
16 loans may be granted to any member in any fiscal year. Notwithstanding
17 any other law affecting the salary or compensation of any person or per-
18 sons to whom this act applies or shall apply, the additional deductions re-
19 quired to repay the loan shall be made. Any unpaid balance of a loan at the

20 time any benefit may become payable before the attainment of age 60, shall
21 be deducted from the benefit otherwise payable.

22 The board of trustees is hereby authorized to set aside moneys within
23 the contingent reserve fund from which loans to members shall be made, and
24 such moneys shall be the only source from which loans shall be made to
25 members. The interest earned on such loans shall be treated in the same
26 manner as interest earned from investments of the retirement system.

27 No loans to members shall be granted until 3 months after the estab-
28 lishment of the Public Employees' Retirement System; provided, however,
29 that loans outstanding as of the effective date of the repeal of the former
30 "State Employees' Retirement System" shall have the identical status in
31 the Public Employees' Retirement System and that the repayment of loans
32 from the former "State Employees' Retirement System" shall continue to
33 be made to the Public Employees' Retirement System in accordance with
34 rules established by the board of trustees.

1 35. The State Treasurer shall be the custodian of the funds created
2 by this act.

3 All payments from the funds shall be made by him only upon voucher
4 signed by the chairman and countersigned by the secretary of the board of
5 trustees. No voucher shall be drawn, except upon the authority of the
6 board duly entered in the record of its proceedings.

1 36. Except as otherwise herein provided, no trustee and no employee of
2 the board of trustees shall have any direct interest in the gains or profits of
3 any investments made by the board of trustees; nor shall any trustee or em-
4 ployee of the board directly or indirectly, for himself or as an agent in any
5 manner use the moneys of the retirement system, except to make such cur-
6 rent and necessary payments as are authorized by the board of trustees; nor
7 shall any trustee or employee of the board of trustees become an endorser or
8 surety, or in any manner an obligor for moneys loaned to or borrowed from
9 the board of trustees.

1 37. Regular interest charges payable, the creation and maintenance of re-
2 serves in the contingent reserve fund, the maintenance of retirement reserves
3 as provided for in this act and the payment of all retirement allowances and
4 other benefits granted by the board of trustees under the provisions of this
5 act are hereby made obligations of the State. All income, interest and divi-
6 dends derived from deposits and investments authorized by this act shall
7 be used for the payment of these obligations of the State.

8 Upon the basis of each actuarial determination and appraisal provided
9 for in this act, the board of trustees shall prepare and submit to the Gover-
10 nor in each year an itemized estimate of the amounts necessary to be appro-
11 priated by the State to the various funds to provide for payment in full dur-
12 ing the ensuing fiscal year of the obligations of the State accruing during
13 that year. The Legislature shall make an appropriation sufficient to provide
14 for such obligations of the State. The amounts so appropriated shall be
15 paid into the various funds created by this act.

1 38. Should a member of the Public Employees' Retirement System, after
2 having completed 20 years of service, be separated voluntarily or involun-
3 tarily from the service, before reaching service retirement age, and not by
4 removal for cause on charges of misconduct or delinquency, such person may
5 elect to receive: (a) the payments provided for in section 41 (2) of this act,
6 if he so qualifies under said section, or; (b) a deferred retirement allowance,
7 beginning at the retirement age, which shall be made up of an annuity de-
8 rived from the accumulated deductions standing to the credit of the individual
9 member's account in the annuity savings fund at the time of his severance
10 from the service, and a pension which when added to the annuity will produce
11 a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of
12 service credited as Class A service and $\frac{1}{60}$ of his final compensation for each
13 year of service credited as Class B service, calculated in accordance with sec-
14 tion 48 of this act, with optional privileges provided for in section 50 of this
15 act; provided, also that such election is communicated by such member to the

16 board of trustees in writing stating at what time subsequent to the execution
17 and filing thereof he desires to be retired; and provided further, that such
18 member, as referred to in subsection (b) may later elect: (a) to receive the
19 payments provided for in section 41 b. of this act, if he had qualified under
20 that section at the time of leaving service, or; (b) to withdraw his accumu-
21 lated deductions or, if such member shall die before attaining service re-
22 tirement age then his accumulated deductions shall be paid to such person, if
23 living, as he shall have nominated by written designation duly executed and
24 filed with the board of trustees otherwise to the executor or administrator of
25 the member's estate.

1 39. In computing for retirement purposes the total service of a member
2 about to be retired, the board of trustees shall credit him with the time of
3 all service rendered by him to the State since he last became a member, and
4 in addition if a service certificate heretofore issued to him is in full force
5 and effect, with all the service certified on the certificate, and with no other
6 service. Except as otherwise provided in this act, a service certificate or
7 modified service certificate, shall be final and conclusive for retirement
8 purposes as to service certified therein, unless in any 4-year period which
9 elapses subsequent to its issuance the member to whom it was issued fails
10 to render to the State 2 additional years of service, in which case it shall
10A be void.

11 For the purpose of computing service for retirement purposes, the board
12 shall fix and determine by appropriate rules and regulations how much service
13 in any year shall equal a year of service and part of a year of service. Not
14 more than 1 year shall be credited for all service in a calendar year. In com-
15 puting the service or in computing final compensation, no time during which
16 a member was absent on leave without pay shall be credited, unless such
17 leave of absence was for 3 months or less, or unless the service was allowed
18 for retirement purposes, both by the head of the department, or other branch
19 of the State service not included in a department in which the member was
20 employed, and the board of trustees. Any such member shall be required to

21 contribute, either in a lump sum or by installment payments, an amount cal-
22 culated, in accordance with the rules and regulations of the board of trustees,
23 to cover the contributions he would have paid for any service or compensation
24 credited for the period of such official leave of absence without pay.

1 40. When heretofore there has been or hereafter shall be effected a trans-
2 fer to the service of the State of a department or unit, from the service of a
3 municipality or county within this State, the period of such service in the
4 county or municipality shall, for the purpose of this chapter, be computed
5 as if the whole period of employment of such officers or employees had been
6 in the service of the State.

1 41. a. A member who withdraws from service or ceases to be an em-
2 ployee for any cause other than death or retirement shall receive all, or such
3 part as he demands, of the accumulated deductions standing to the credit of
4 his individual account in the annuity savings fund, except any loan outstand-
5 ing except that for any period after June 30, 1944, prior to the effective
6 date of this section, the interest payable shall be such proportion of the
7 interest determined at the regular rate as 2% per annum bears to the regu-
7A lar rate of interest. Except as provided for in sections 8 and 38 of
8 this act, he shall cease to be a member 2 years from the date he discontinued
9 service as an employee, or, if prior thereto, upon the date when payment to
10 him on demand of his accumulated deductions exceeds $\frac{1}{2}$ of the accumulated
11 deductions. The board of trustees may, in its discretion, withhold, for not
12 more than 1 year after a member ceases to be an employee, all or part of his
13 accumulated deductions, if he previously withdrew from the annuity savings
14 fund all or part of his accumulated deductions and failed to redeposit that
15 amount to the credit of his individual account in the fund. No veteran mem-
16 ber shall be entitled to withdraw the amount of his accumulated deductions
17 contributed by his employer covering his military leave unless he shall have
18 returned to the payroll and contributed to the retirement system for a period
19 of 90 days.

20 b. Should a member resign after having completed 25 years of service,
21 before reaching service retirement age, he may elect to receive, in lieu of the
22 payment provided for above, an annuity which is the actuarial equivalent of
23 his accumulated deductions, and in addition a pension which when added to
24 the annuity will produce a total retirement allowance of $1/70$ of his final
25 compensation for each year of service credited as Class A service and $1/60$
26 of his final compensation for each year of service credited as Class B serv-
27 ice, reduced by $1/2$ of 1% for each month that the member lacks of being age
28 60, except that in the case of a member who has not attained age 53 the re-
29 duction is equal to 42% plus $1/6$ of 1% for each month the member lacks of
30 being age 53, and with the optional privileges provided for in section 50 of
31 this act.

32 c. Upon the receipt of proper proof of the death of a member in service
33 on account of which no accidental death benefit is payable under section 49
34 there shall be paid to such person, if living, as he shall have nominated by
35 written designation duly executed and filed with the board of trustees, other-
36 wise to the executor or administrator of the member's estate:

37 (1) His accumulated deductions at the time of death together with
37A regular interest; and

38 (2) An amount equal to $1\frac{1}{2}$ times the compensation received by the
39 member in the last year of creditable service.

40 d. A member may file with the board of trustees, and alter from time
41 to time during his lifetime, as desired, a duly attested written
41A new nomination of the payee of the death benefit provided under
42 this section. Such member may also file, and alter from time to
43 time during his lifetime, as desired, a request with the board of
44 trustees directing payment of said benefit in 1 sum or in equal annual install-
45 ments over a period of years or as a life annuity. Upon the death of such a
46 member, a beneficiary to whom a benefit is payable in 1 sum may elect to re-
47 ceive the amount payable in equal annual installments over a period of years
48 or as a life annuity.

1 42. A member, who shall have been an employee in each of the 10 years
2 next preceding his retirement, shall, upon the application of the head of the
3 department in which he shall have been employed or upon his own applica-
4 tion or the application of one acting in his behalf, be retired for ordinary
5 disability by the board of trustees, on a regular disability allowance if he
6 is under 60 years of age and on a service allowance if he has reached or
7 passed that age. The physician or physicians designated by the board shall
8 have first made a medical examination of him at his residence or at any
9 other place mutually agreed upon and shall have certified to the board that
10 the member is physically or mentally incapacitated for the performance of
11 duty and should be retired.

1 43. A member who has not attained age 70 shall, upon the application
2 of the head of the department in which he is employed or upon his own ap-
3 plication or the application of one acting in his behalf, be retired by the
4 board of trustees, if said employee is disabled as the result of per-
4A sonal injuries sustained in or from an accident arising out of and in
4B the course of his employment, on an accidental disability allowance.
5 No such application shall be valid or acted upon unless a report of the
6 accident, in a form acceptable to the board of trustees is filed in the office
7 of the retirement system within 60 days next following the accident; no such
8 application shall be valid or acted upon unless it is filed in the office of the
9 retirement system within 2 years of the date of the accident; provided, how-
10 ever, that the board of trustees may waive strict compliance with either or
11 both time limitations, if the board is satisfied: (1) that a report of the acci-
12 dent from which the disability is claimed to have resulted was filed with the
13 appointing authority with reasonable promptitude and in no event later than
14 60 days after the accident, and (2) the applicant shall show that his failure
15 to file a report with the board of trustees or to file his application for re-
16 tirement within the time limited by law was due to mistake, inadvertence,
17 ignorance of fact or law, inability, or to the fraud, misrepresentation or de-
18 ceit of any person, or to a delay in the manifestation of the incapacity, or to

19 any other reasonable cause or excuse, and (3) that the application for retire-
20 ment was filed in good faith and the circumstances justify its favorable con-
21 sideration.

22 Before consideration of the application by the board of trustees, the
23 physician or physicians designated by the board shall have first made a
24 medical examination of the member at his residence or at any other place
25 mutually agreed upon and shall have certified to the board that he is physi-
26 cally or mentally incapacitated for the performance of duty, and should be
27 retired, and the appointing authority shall have certified to the board that
28 an accident arising out of and in the course of his employment was the nat-
29 ural and proximate cause of the disability, the time and place where the
30 duty causing the disability was performed, that the disability was not the
31 result of his willful negligence and that the member should be retired.

32 This section shall apply to all applicants for disability retirement here-
33 after filed and in addition thereto the retirement board is expressly author-
34 ized to reconsider any application for accident disability allowance which
35 application had been previously denied upon the ground that a report of the
36 accident in a form acceptable to the retirement board was not filed within
37 60 days next following the accident.

1 44. Once each year the board of trustees may, and upon his application
2 shall, require any disability beneficiary who is under the age of 60 years to
3 undergo medical examination by a physician or physicians designated by the
4 board. The examination shall be made at the residence of the beneficiary or
5 any other place mutually agreed upon. If the physician or physicians there-
6 upon report and certify to the board that the disability beneficiary is not to-
7 tally incapacitated either physically or mentally for the performance of duty
8 and that he is engaged in or is able to engage in a gainful occupation, and if
9 the board concurs in the report, then the amount of his pension shall be re-
10 duced to an amount which, when added to the amount then earnable by him,
11 shall not exceed the amount of his final compensation. If subsequent medical
12 examination of such a beneficiary shows that his earning capacity has changed

13 since the date of his last examination, then the amount of his pension may be
14 further altered; but the new pension shall not exceed the amount of pension
15 originally granted or an amount which, when added to the amount earnable
16 by the beneficiary, shall not exceed the amount of his final compensation.

17 If a disability beneficiary, while under age of 60 years, refuses to sub-
18 mit to at least 1 medical examination in any year by a physician or physi-
19 cians designated by the board, his pension shall be discontinued until with-
20 drawal of his refusal, and if his refusal continues for 1 year, all his rights
21 in and to the pension shall be forfeited.

22 Upon application to the head of the department in which he was employed
23 at the time of his retirement, any beneficiary, while under the age of 60
24 years, may, in the discretion of the head of the department, be restored to
25 active service as an employee. No disability beneficiary entering the employ
26 of the State shall be compelled or permitted to become a member of the re-
27 tirement system, or to receive any benefits other than those previously
28-29 awarded to him, as long as his annual rate of compensation is less than his
30 final compensation at the time of his retirement. Any beneficiary under the
31 age of 60 years, who is restored to active service at an annual rate of com-
32 pensation equal to or greater than his final compensation at the time of his
33 retirement, or whose annual rate of compensation is increased at any time
34 after his restoration to service, to a rate equal to or greater than his final
35 compensation at the time of his retirement, shall thereupon again become a
36 member of the retirement system. His retirement allowance shall be canceled,
37 and notwithstanding anything in this act to the contrary, his annuity reserve
38 shall be transferred from the retirement reserve fund to his individual ac-
39 count in the annuity savings fund. Deductions shall be made from his com-
40 pensation at the rate applicable to him prior to his retirement. Any service
41 certificate on the basis of which his service was computed at the time of his
42 retirement shall be restored to full force and effect, and he shall be credited
43 with all service as a member standing to his credit at the time of his retire-
44 ment; except that such a beneficiary again becoming a member after having

45 attained the age of 50 years shall receive a pension on subsequent retire-
46 ment based on all his service as a member since his last return to member-
47 ship, and in addition he shall receive a pension equal to the pension on which
48 he was retired at the time of his last retirement, but the total pension upon
49 subsequent retirement shall not be a greater proportion of his final compen-
50 sation than the proportion to which he would have been entitled had he re-
51 mained in service during the period of his prior retirement.

1 45. Subject to the provisions of section 59 of this act, a member upon re-
2 tirement for ordinary disability shall receive a retirement allowance, which
3 shall consist of:

4 a. An annuity which shall be the actuarial equivalent of his accumulated
5 deductions at the time of his retirement;

6 b. A pension which, when added to the annuity, will produce a total re-
7 tirement allowance of $\frac{9}{10}$ of the sum of $\frac{1}{70}$ of his final compensation for
8 each year of service credited as Class A service and $\frac{1}{60}$ of his final com-
9 pensation for each year of service credited as Class B service; provided,
10 however, that in no event shall the allowance be based upon less than 17 years
11 of service, unless the member would have had less than 17 years of service
12 at age 60, in which event he shall be given credit for the years to age 60.

13 c. Upon the receipt of proper proofs of the death of a member who has
14 retired on an ordinary disability retirement allowance, there shall be paid to
15 such person, if living, as he shall have nominated by written designation
16 duly executed and filed with the board of trustees, otherwise to the executor
17 or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the com-
18 pensation received by the member in the last year of creditable service.

1 46. Subject to the provisions of section 59 of this act, a member upon
2 retirement for accident disability shall receive a service retirement allow-
3 ance if he has attained the age of 70; otherwise he shall receive a retire-
4 ment allowance which shall consist of:

5 a. An annuity which shall be the actuarial equivalent of his accumulated
6 deductions at the time of his retirement; and

7 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
8 pensation for which contributions were being made at the time of the
9 occurrence of the accident.

10 c. Upon the receipt of proper proofs of the death of a member who has
11 retired on an accident disability retirement allowance, there shall be paid to
12 such person, if living, as he shall have nominated by written designation
13 duly executed and filed with the board of trustees, otherwise to the executor
14 or administrator of the member's estate, an amount equal to $\frac{1}{16}$ of the com-
15 pensation received by the member in the last year of creditable service.

1 47. Retirement from service shall be as follows:

2 a. A member who shall have reached 60 years of age may retire from
3 service by filing with the board of trustees a written statement, duly at-
4 tested, stating at which time subsequent to the execution and filing thereof
5 he desires to be retired. The board of trustees shall retire him at the time
6 specified or at such other time within 30 days after the date so specified
7 as the board finds advisable.

8 b. A member who shall have reached 70 years of age shall be retired by
9 the board for service forthwith, or at such time within 90 days thereafter
10 as it deems advisable, except that an employee reaching 70 years of age may
11 be continued in service from time to time upon written notice to the board of
12 trustees by the head of the department where the employee is employed.

1 48. Subject to the provisions of section 59 of this act, a member, upon
2 retirement for service, shall receive a retirement allowance consisting of:

3 a. An annuity which shall be the actuarial equivalent of his accumulated
4 deductions at the time of his retirement;

5 b. A pension which, when added to the annuity, will produce a retirement
6 allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as
7 Class A service and $\frac{1}{60}$ of his final compensation for each year of service
8 credited as Class B service.

9 c. If in the case of a member who was age 60 or over on June 30, 1953,
10 who if he had retired immediately would have had an annuity in excess of

11 $\frac{1}{140}$ of his final compensation for each year of membership service credited
12 as a Class A member and $\frac{1}{120}$ of his final compensation for each year of
13 membership service credited as a Class B member, the amount of such
14 excess annuity determined as of such date shall not be used in determining
15 the pension on immediate or subsequent retirement.

16 d. Upon the receipt of proper proofs of the death of a member who has
17 retired on a service retirement allowance, there shall be paid to such person,
18 if living, as he shall have nominated by written designation duly executed
19 and filed with the board of trustees, otherwise to the executor or adminis-
20 trator of the member's estate, an amount equal to $\frac{3}{16}$ of the compensation
21 received by the member in the last year of creditable service.

1 49. Upon the death of a member in active service as the result of an
2 accident arising out of and in the course of his employment and not as the
3 result of his willful negligence, an accident death benefit shall be payable, if
4 a report, in a form acceptable to the board of trustees, of the accident is
5 filed in the office of the retirement system within 60 days next following the
6 accident, but the board of trustees may waive such time limit, for a reason-
7 able period, if in the judgment of the board the circumstances warrant such
8 action. Evidence must be submitted to the board of trustees proving that
9 the natural and proximate cause of his death was due to an accident arising
10 out of and in the course of employment at some definite time and place.

11 Upon application by or on behalf of the dependents of such deceased
12 member, the board of trustees, in addition to the payment of his accumulated
13 deductions as provided in section 41 of this act, shall grant an allowance of
14 $\frac{1}{2}$ of the final compensation of such employee, if the member was a male
15 employee, as a pension to his widow, to continue during her widowhood; or,
16 if no widow, or in case the widow dies or remarried before the youngest
17 child of such deceased member attains age 18, or if the member was a
18 married female employee, then to the child or children of such member under
19 age 18, divided in such manner as the board in its discretion shall deter-
20 mine to continue until the youngest surviving child dies or attains age 18.

21 If there be no widow or child under age 18 surviving such member, or if
22 the member was never married, then there shall be paid a cash sum equal
22A to 1½ times the amount of his or her final compensation to his or her
23 estate or to such person having an insurable interest in his or her life
24 as he or she shall have nominated by written designation duly acknowledged
25 and filed with the board.

26 No such application shall be valid or acted upon unless it is filed in the
27 office of the retirement system within 2 years of the date of the accident;
28 but the retirement board may waive such time limit, for a reasonable period,
29 if in the judgment of the board the circumstances warrant such action.

1 50. Subject to the provisions of section 59 of this act, at the time of his
2 retirement any member may elect to receive his benefits in a retirement al-
3 lowance payable throughout life, or he may on retirement elect to receive
4 the actuarial equivalent at the time of his annuity, his pension or his retire-
5 ment allowance, in a lesser annuity, or a lesser pension, or a lesser retirement
6 allowance, payable throughout life, with the provision that:

7 Option 1. If he dies before he has received in payments the present value
8 of his annuity, his pension or his retirement allowance as it was at the time
9 of his retirement, the balance shall be paid to his legal representatives or to
10 such person having an insurable interest in his life as he shall nominate by
11 written designation acknowledged and filed with the board of trustees at the
12 time of his retirement.

13 Option 2. Upon his death, his annuity, his pension or his retirement al-
14 lowance shall be continued throughout the life of and paid to such person
15 having an insurable interest in his life as he shall nominate by written des-
16 ignation duly acknowledged and filed with the board of trustees at the time
17 of his retirement.

18 Option 3. Upon his death, ½ of his annuity, his pension or retirement
19 allowance shall be continued throughout the life of and paid to such person
20 having an insurable interest in his life as he shall nominate by written desig-

21 nation duly acknowledged and filed with the board of trustees at the time of
22 his retirement.

23 Option 4. Some other benefit or benefits shall be paid either to the mem-
24 ber or to whomever he nominates, if such other benefit or benefits, together
25 with the lesser annuity, or lesser pension, or lesser retirement allowance,
26 shall be certified by the actuary to be of equivalent actuarial value and shall
27 be approved by the board of trustees.

28 No optional selection shall be effective in case a beneficiary dies within
29 30 days after retirement and such a beneficiary shall be considered an active
30 member at the time of death until the first payment on account of any benefit
31 becomes normally due.

1 51. A pension, an annuity or a retirement allowance granted under the
2 provisions of this act shall be paid in equal monthly installments and shall
3 not be decreased, increased, revoked or repealed, except as otherwise pro-
4 vided in this act; provided, however, that at the time any benefit becomes
5 payable any unpaid balance of a loan or arrearage outstanding shall be de-
6 ducted from any benefit otherwise payable.

1 52. The various funds created by this act shall be subject to periodic
2 examination by the State Department of Banking and Insurance.

1 53. The right of a person to a pension, an annuity, or a retirement al-
2 lowance, to the return of contributions, any benefit or right accrued or ac-
3 cruing to a person under the provisions of this act and the moneys in the
4 various funds created under this act, shall be exempt from any State or
5 municipal tax and from levy and sale, garnishment, attachment or any other
6 process arising out of any State or Federal court and, except as in this act
7 otherwise provided, shall be unassignable.

1 54. If any change or error in records results in an employee or benefi-
2 ary receiving from the retirement system more or less than he would have
3 been entitled to receive had the records been correct, then on discovery of
4 the error, the board of trustees shall correct it and, so far as practicable,

5 adjust the payments in such a manner that the actuarial equivalent of the
6 benefit to which he was correctly entitled shall be paid.

1 55. A person who knowingly makes a false statement, or falsifies or per-
2 mits to be falsified any record of this retirement system, in an attempt to
3 defraud the system as a result of such act shall be guilty of a misdemeanor.

1 56. No public employee veteran eligible for membership in the Public
2 Employees' Retirement System shall be eligible for, or receive, retirement
3 benefits under sections 43:4-1, 43:4-2 and 43:4-3 of the Revised Statutes.

4 All other employees in the classified civil service of the State who are not
5 veterans and who are entitled to receive pensions under the provisions of
6 any law of this State providing for the payment of pensions to State employ-
7 ees may, by written application to the board of trustees created under this
8 act, renounce the benefits as therein provided for, in the manner prescribed
9 by the board of trustees, and may be admitted to membership in the fund
10 created under this act in the same manner as other State employees.

1 57. a. Within 1 year after the effective date of this section or after the
2 effective date of membership, whichever date is later, each member shall have
3 the right to select additional death benefit coverage as follows:

4 (1) Upon the receipt of proper proofs of the death of a member selecting
5 coverage under this section who has retired on a service retirement allowance,
6 there shall be paid to such person, if living, as he shall have nominated by
7 written designation duly executed and filed with the board of trustees, other-
8 wise to the executor or administrator of the member's estate, an amount equal
9 to $\frac{3}{16}$ of the compensation received by the member in the last year of credit-
10 able service.

11 (2) Upon the receipt of proper proofs of the death of a member select-
12 ing coverage under this section who has retired on an ordinary or accident
13 disability retirement allowance, there shall be paid to such person, if living,
14 as he shall have nominated by written designation duly executed and filed
15 with the board of trustees, otherwise to the executor or administrator of the

16 member's estate, an amount equal to $\frac{3}{16}$ of the compensation received by
17 the member in the last year of creditable service.

18 (3) Upon the receipt of proper proof of the death in service of a mem-
19-20 ber who selected coverage under this section, there shall be paid to such
21 person, if living, as he shall have nominated by written designation duly ex-
22 ecuted and filed with the board of trustees, otherwise to the executor or ad-
23 ministrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
24 pensation received by the member in the last year of creditable service.

25 b. Each member selecting the additional death benefit coverage under
26 this section shall agree to the deduction of a percentage of his compensation
27 in addition to that required under section 25. The actuary of the retirement
28 system shall determine the percentage of contribution which, if deducted from
29 each payment of the prospective earnable compensation throughout active
30 service of all members selecting coverage under this section, is computed to
31 be sufficient to provide for all benefits of this section.

32 c. The percentage rate of contribution payable by members selecting
33 coverage under this section shall be subject to adjustment from time to time
34 by the board of trustees on the basis of annual actuarial valuations and ex-
35 perience investigations as provided under section 19, so that the value of
36 future contributions of members selecting the additional death benefit cov-
37 erage under this section when taken with present assets held for such addi-
38 tional death benefits shall be equal to the value of prospective benefit pay-
39 ments.

40 d. All other provisions of this section notwithstanding, this section and
41 the benefits provided under this section shall not come into effect until a re-
42 quired percentage of the members shall have applied for the additional death
43 benefit coverage under this section. This required percentage shall be fixed
44 by the board of trustees. Such application shall be made with the secretary
45 of the board of trustees in such manner and upon such forms as the board of
46 trustees shall provide.

47 e. Any other provision of this act notwithstanding, the additional con-
48 tributions of members selecting the additional death benefit coverage under
49 this section shall not be returnable to the member or his beneficiary in any
50 manner, or for any reason whatsoever, nor shall such contributions be in-
51 cluded in any annuity payable to any such member or his beneficiary.

52 f. A member selecting the additional death benefit coverage under this
53 section may file with the board of trustees, and alter from time to time during
54 his lifetime, as desired, a duly attested, written new nomination of the payee
55 of the death benefit provided under this section. Such member may also file
56 and alter from time to time during his lifetime, as desired, a request with the
57 board of trustees directing payment of said benefit in 1 sum or in equal an-
58 nual installments over a period of years or as a life annuity. Upon the death
59 of such a member, a beneficiary to whom a benefit is payable in 1 sum may
60 elect to receive the amount payable in equal annual installments over a
61 period of years or as a life annuity.

1 58. Prior to January 1, 1960, contributions to the Social Security Fund
2 by members of the retirement system shall be deducted from the contribu-
3 tions required to be paid to the retirement system by such members as pro-
4 vided in section 25 of this act.

5 Contributions by members of the retirement system to the Social Se-
6 curity Fund shall be made in the manner prescribed by the State Agency
7 for Social Security. Contributions to the Social Security Fund shall not be
8 subject to any provisions of this act, dealing with the withdrawal of con-
9 tributions, loans, or the payment of any annuities, pensions, disability or
10 death benefits. Any change in the rate of contribution to the Social Security
11 Fund after December 31, 1959, shall result in a corresponding change in the
12 amount of contributions payable by the members.

1 59. Upon attainment of age 65 by a retired member or upon retirement
2 of a member after the attainment of age 65, the board of trustees shall re-
3 duce such member's retirement allowance by the amount of the old age insur-
4 ance benefit under Title II of the Social Security Act payable to him. Mem-

5 bership in the retirement system shall presume the member's acceptance of
6 and consent to, such reduction. However, such reduction shall be subject to
7 the following limitations:

8 a. The amount of the old age insurance benefit shall be computed in the
9 same manner as computed by the Federal Social Security Administration, ex-
10 cept that in determining such benefit amount only wages or compensation for
11 services performed in the employ of the State, 1 or more of its instrumentali-
12 ties, 1 or more of its political subdivisions, or 1 or more instrumentalities
12A of its political subdivisions, shall be included.

13 b. The retirement allowance shall not be reduced below the amount of
14 the annuity portion of the retirement allowance being paid at the time of his
15 retirement.

16 c. The reduction shall apply in the following cases only:

17 (1) Retirement for age.

18 (2) Retirement for disability.

19 (3) Retirement for age on a deferred retirement allowance, as pro-
20 vided in section 38 of this act.

21 (4) Where an allowance is being paid upon resignation after 25
22 years of service, as provided in section 41 of this act.

23 d. Any increase in the amount of the old age insurance benefit under
24 Title II of the Social Security Act to take effect after December 31, 1959, shall
25 be disregarded in determining the amount of reduction from the retirement
26 allowance of a member.

27 e. Whenever the amount of reduction from the retirement allowance
28 shall have been once determined, it shall remain fixed for the duration of
29 a retirement allowance, except that any decrease in the amount of the old age
30 insurance benefit under Title II of the Social Security Act shall result in a
31 corresponding decrease in the amount of reduction from the retirement al-
32 lowance, and except that any error may be corrected, as provided in section
33 54 of this act.

1 60. a. Each public employee veteran member shall have returned to him
2 his accumulated deductions as of the effective date of this section. All serv-
3 ice rendered in office, position, or employment of this State or of a county,
4 municipality, or school district or board of education by such veteran member
5 previous to the effective date of this section, for which evidence satisfac-
6 tory to the board of trustees is presented within 6 months of the effective
7 date of this section, shall be credited to him as a "Class B" member and
8 such credit shall be known as prior service credit and the obligation of the
9 employer on account of such credit shall be known as the accrued liability on
10 behalf of such veteran member.

11 b. The accrued liability on behalf of State employee veteran members
12 shall be paid by the State as provided in section 24. The accrued liability
13 on behalf of other public employee veteran members shall be paid by their
14 employers, as of the effective date of this section, in the same manner as
15 provided in the case of State employee veteran members in section 24. The
16 board of trustees shall certify to the chief fiscal officer of the employer the
17 accrued liability contribution payable by such employer on behalf of veteran
18 members as if they were State employees.

19 c. Each public employee veteran member shall make contributions to
20 the retirement system at the proportions applicable to Class B members of
21 group 2 of the former "State Employees' Retirement System" as of June
22 30, 1949, except that the board of trustees may from time to time adopt for
23 employees becoming members after the effective date of this section new pro-
24 portions of compensation to be determined as provided in section 25. Each
25 public employee veteran member shall pay the proportion of compensation
26 applicable to his age at the commencement of employment, position or office
27 with the State, any county, municipality or school district or board of edu-
28 cation, except that where such service has not been continuous the public
29 employee veteran member shall pay the proportion of compensation ap-
30 plicable to the age resulting from the subtraction of his years of service from
31 his age as of the effective date of this section. No public employee veteran

32 member shall be required during the continuation of his membership to in-
33 crease the proportion of compensation certified at the time of becoming a
34 member as payable to him, except as required by changes in the rate of con-
35 tributions to the Social Security Fund.

36 d. In the event that a public employee veteran who prior to the effective
37 date of this section rendered service in office, position or employment of
38 this State or of a county, municipality, or school district or board of educa-
39 tion but who is not in such office, position or employment on the effective
40 date of this section shall later become a member of the retirement system,
41 such public employee veteran shall receive prior service credit for service
42 rendered prior to the effective date of this section, for which evidence satis-
43 factory to the board of trustees is presented, in the same manner as received
44 by other public employee veteran members and shall pay the proportion of
45 compensation applicable to the age resulting from the subtraction of his
46 years of such prior service from his age on the date of his becoming a mem-
47 ber of the retirement system. The employer of such public employee veteran
48 on the date of his becoming a member shall pay the accrued liability on behalf
49 of such prior service and such accrued liability shall be paid in such a man-
50 ner that the total obligation will be met within the period of time fixed for the
51 liquidation of all accrued liabilities of the employer.

1 61. a. Any public employee veteran member in service who has or shall
2 have attained the age of 62 years and who has or shall have been for 20 years
3 continuously or in the aggregate in office, position or employment of this State
4 or of a county, municipality or school district or board of education, satis-
5 factory evidence of which service has been presented to the board of trus-
6 tees, shall have the privilege of retiring and of receiving a retirement allow-
7 ance of $\frac{1}{2}$ of the compensation received during the last year of employment
8 for which contributions are made with the optional privileges provided for
8A in section 50 of this act.

9 b. Any public employee veteran member who has been for 20 years con-
10 tinuously or in the aggregate in office, position or employment of this State

11 or of a county, municipality or school district or board of education as of
12 the effective date of this section shall have the privilege of retiring for ordi-
13 nary disability and of receiving a retirement allowance of $\frac{1}{2}$ of the compen-
14 sation received during the last year of employment for which contributions
15 are made with the optional privileges provided for in section 50 of this act.
16 Such retirement shall be subject to the provisions governing ordinary disa-
17 bility retirement in sections 42 and 44 of this act.

1 62. a. Where any county or municipality of the State has previously
2 been covered by the former "State Employees' Retirement System," such
3 county or municipality shall be covered under the provisions of this act and
4 the employees of such county or municipality shall have the same rights
5 and obligations with regard to becoming members of the Public Employees'
6 Retirement System as they had with regard to the former "State Employees'
7 Retirement System." Any veteran becoming an employee of such county,
8 municipality or public agency after the effective date of this section, and
9 every public employee veteran in the employ of such county, municipal-
10 ity or public agency on the effective date of this section who shall not have
11 notified the board of trustees, within 30 days of such date, that he does not
12 desire to become a member, shall become a member of the Public Em-
13 ployees' Retirement System.

14 b. Where any public agency of the State, as defined in section 71 of
15 this act, has previously been covered by the former "State Employees'
16 Retirement System" such public agency shall be covered under the provi-
17 sions of this act and the employees of such public agency shall have the
18 same rights and obligations with regard to becoming members of the Pub-
19 lic Employees' Retirement System as they had with regard to the former
20 "State Employees' Retirement System."

1 63. Any public employee veteran of a county, municipality or school dis-
2 trict or board of education who on the effective date of this section is in a
3 position not covered by a retirement system to which both he and his em-
4 ployer make monetary contributions, other than the old-age and survivors

5 insurance provisions of Title II of the Federal Social Security Act, unless
6 he shall have notified the board of trustees that he does not desire to become
7 a member, shall be a member of the Public Employees' Retirement System
8 as of the effective date of this section; and any veteran becoming an employee
9 of a county, municipality or school district or board of education in such a
10 position, after the effective date of this section, shall be a member of the
11 Public Employees' Retirement System. The employer of such public em-
12 ployee veterans shall make such contributions to the retirement system on
13 behalf of all service rendered by such employees in office, position, or em-
14 ployment of this State or of any county, municipality or school district as
15 are required of employers under the provisions of this act.

1 64. Any other provision of this act notwithstanding, any member of the
2 retirement system who is not covered under the old-age and survivors in-
3 surance provisions of Title II of the Federal Social Security Act as a pub-
4 lic employee, or his designated beneficiary, shall not be eligible for the death
5 benefit provisions of sections 41, 45(c), 46(c), and 48(d).

1 65. All employees of any public agency or organization of this State,
2 which employs persons engaged in service to the public, shall be eligible to
3 participate in the Public Employees' Retirement System provided, the em-
4 ployer consents thereto by resolution and files a certified copy of such resolu-
5 tion with the board of trustees of the Public Employees' Retirement System
6 and the board of trustees approves thereof by resolution. Such organization
7 shall be referred to in this act as the employer. If the participation of such
8 employees is so approved then the employer shall contribute to the contin-
9 gent reserve fund on account of its members at the same rate per centum
10 as would be paid by the State if the members were State employees.

1 66. If the employer shall so consent to the enrollment of its employees
2 and the board of trustees shall so approve, participation in the retirement
3 system shall become effective on the date fixed by such board but not later
4 than 6 months following such approval by the board of trustees of the re-
5 tirement system. All service rendered to the employer by its employees pre-

6 vious to the effective date of such participation shall be credited to its em-
7 ployees who file application for membership within 1 year from such effective
8 date, and such credit to its employees shall be known as prior service credit,
9 and the obligation of the employer on account of such credit shall be known
10 as the accrued liability. Membership shall be compulsory for all employees
11 entering the service of the employer after such effective date.

1 67. The chief fiscal officer of the employer so consenting to the enroll-
2 ment of its employees shall submit to the board of trustees such information
3 and shall cause to be performed in respect to each of the employees of the
4 employer such duties as would be performed in the State service by the head
5 of a department of the State employing members of the retirement system.

1 68. The board of trustees of the Public Employees' Retirement System
2 shall certify to the chief fiscal officer of the employer so consenting the rates
3 of contributions payable by members, as if they were State employees. The
4 board shall further certify the contributions, including the accrued liability
5 contribution similar to the State accrued liability contribution, payable by
6 the employer to the Contingent Reserve Fund on behalf of these members,
7 as if they were State employees, and a pro rata share of the cost of the ad-
8 ministration of the retirement system, based upon the payroll of the members
9 who are employees of the employer. The initial actuarial expense incident
10 to the determination of the accrued liability contribution, payable by the em-
11 ployer so consenting, shall be paid by the employer. The amount certified by
12 the board of trustees as payable by such employer to the Contingent Reserve
13 Fund shall be included in the next budget subsequent to the certification by
14 the board of trustees. The treasurer or corresponding officer shall pay on
15 December 27 in each year to the State Treasurer the amount of the employ-
16 er's charges so certified, and shall pay to the State Treasurer the amount of
17 the deductions from the compensation of the members who are employees of
18 the employer in accordance with the rules and regulations established by the
19 board of trustees. The State Treasurer shall credit these amounts to the
20 appropriate fund or account.

1 69. An employee of such employer who, by reason of his service, is a
2 member of any other governmental retirement system shall not participate in
3 this retirement system on that part of his compensation so covered. Should
4 such employer for any reason become financially unable to make the normal
5 and accrued liability contributions payable on account of its employees' mem-
6 bership in the retirement system then such employer shall be deemed to be in
7 default and a certificate to this effect shall be sent by the board of trustees
8 to the employer and to the State Commissioner of Banking and Insurance.
9 All members of the retirement system, who were employees of such em-
10 ployer at the time of default, shall thereupon be entitled to discontinue mem-
11 bership in the retirement system and to a refund of their previous contribu-
12 tions upon demand made within 90 days thereafter. As of a date 90 days
13 following the date of such certificate of default, the actuary of the retire-
14 ment system shall determine by actuarial valuation the amount of the
15 reserves held on account of each active member and pensioner of such em-
16 ployer and shall credit to each such member and pensioner the amount of re-
17 serve so held. The reserve so credited, together with the amount of the ac-
18 cumulated deductions of each active member shall be used to provide a
19 paid up deferred annuity beginning at age 60 for him, and the reserve of each
20 pensioner shall be used in providing such part of his existing pension as the
21 reserve so held will provide, which pension, together with his annuity, shall
22 thereafter be payable to him. The rights and privileges of both active mem-
23 bers and pensioners of such employer shall thereupon terminate except as to
24 the payment of the deferred annuities so provided for the previous active
25 members and the annuities and the pensions, or parts thereof, provided for
26 the pensioners.

1 70. Notwithstanding anything to the contrary, the retirement system shall
2 not be liable for the payment of any pensions or other benefits on account of
3 the employees or pensioners of any employer under this article, for which re-
4 serves have not been previously created from funds, contributed by such em-
5 ployer or its employees for such benefits.

1 71. The words "public agency or organization" as used in this act shall
2 be construed to mean and include any agency or organization which oper-
3 ates public works or is engaged in service to the public for 1 or more munici-
4 palities, local boards of health, or counties, and whose revenue is derived
5 from other than State funds, but shall not be construed to include any sub-
6 division of any county, municipality, school district, privately owned public
7 utility or service or any religious, educational or charitable organization.

1 72. Whenever any member of the Public Employees' Retirement System
2 of New Jersey who has retired or shall retire from active service shall, in
3 writing, request the board of trustees to make deductions from his retirement
4 allowance for the payment of premiums for any hospital service plan or
5 medical surgical plan or both, the board of trustees may make such deduc-
6 tions and transmit the sum so deducted to the company carrying the policy
7 or policies. Any such written authorization may be withdrawn by any mem-
8 ber upon filing notice of such withdrawal with the board of trustees.

1 73. The board of trustees of the Public Employees' Retirement System
2 is hereby authorized and directed to enroll in the public employees' retire-
3 ment system employees of the New Jersey Turnpike Authority, the New Jer-
4 sey Highway Authority, Palisades Interstate Park Commission, Interstate
5 Sanitation Commission and the Delaware River Joint Toll Bridge Commis-
6 sion who consent and file application for membership in the said retirement
6A system.

7 In the case of the Delaware River Joint Toll Bridge Commission, the
8 employees shall be only those who are employed on the free bridges across
9 the Delaware river, under the control of said commission.

10 Upon such enrollment, the said employees shall be subject to the same
11 contribution and benefit provisions of the retirement system as State em-
12 ployees.

1 74. Except as otherwise provided in the case of public employee veterans
2 this act shall not become effective in any county or municipality which has
3 not previously been covered by the former "State Employees' Retirement

4 System'' until its governing body shall, by resolution, have directed that the
5 question of adoption by that county or municipality shall be submitted to the
6 qualified voters thereof at a general election and a majority of the voters
7 voting on the question at such election shall have voted in favor of its adop-
8 tion. This act shall be effective without referendum in any county or mu-
9 nicipality in which chapter 15 of Title 43 of the Revised Statutes has been
10 adopted.

1 75. If this act is so adopted it shall become effective in the county or
2 municipality adopting it on June 30 of the following year. Membership in the
3 Public Employees' Retirement System shall be optional with the employees
4 of the county or municipality in the service on the day the act so becomes
5 effective in such county or municipality except in the case of public employee
6 veterans who on such date are members. An employee who elects to become
7 a member within 1 year after this act so takes effect shall be entitled to a
8 prior service certificate covering service rendered to the county or munici-
9 pality prior to the date this act so becomes effective. Any person who prior
10 to July 1, 1955, has filed an application covering service rendered to the
11 county or municipality prior to the date this act so becomes effective shall be
12 entitled to a prior service certificate covering such service. Membership
13 shall be compulsory for all employees entering the service of the county or
14 municipality after the date this act becomes effective. Where any such em-
15 ployee entering the service of the county or municipality after the date of
16 this act so becomes effective has had prior service for which evidence sat-
17 isfactory to the board of trustees is presented, as an employee in such
18 county or municipality before the date upon which this act so becomes effec-
19 tive such employee shall be entitled to a prior service certificate covering
20 service rendered to the county or municipality prior to the date this act so
21 becomes effective.

1 76. Any employee of any county or municipality whose voters have
2 adopted or shall hereafter adopt the retirement act as provided in this act,
3 who was or shall hereafter be inducted into the military or naval service of

4 the United States before making application for enrollment in the retirement
5 system, shall be accepted as a member upon his filing application, and his reg-
6 ular salary deductions as determined by the board of trustees shall be paid
7 to the retirement system by his employer, as provided by chapter 252 of the
8 laws of 1942, as amended by chapter 326 of the laws of 1942. This provision
9 shall not apply to any employee whose appointment is temporary or sea-
10 sonal.

11 In addition to any prior service credit authorized in this act, such mem-
12 ber shall be entitled to prior service credit from the date of his induction
13 to the effective date of this section.

1 77. Every employee of any school district including school districts in
2 counties of the first class the boundaries of which are coterminous with
3 those of a municipality, or more than 1 municipality, in which chapter 15 of
4 Title 43 of the Revised Statutes has been adopted, or in which this act is
5 adopted, who is not a member of or eligible to join the Teachers' Pension
6 and Annuity Fund, except an employee required upon employment or appoint-
7 ment to become a member of some other pension fund, shall be entitled to re-
8 ceive the same benefits as employees of such municipality or municipalities
9 are entitled to receive and the school district shall have the same obligations
10 with respect to such employees as the municipality has to its own employees
11 under this act; provided, such employee has been admitted to receive the
12 benefits of the fund established under chapter 15 of Title 43 of the Revised
13 Statutes, or shall make application to be admitted to such benefits within
14 6 months from January 1, 1955, or within 1 year from the effective date of
15 said chapter 15 of Title 43 of the Revised Statutes in such municipality or
16 municipalities, whichever is later.

1 78. All county attendance officers who have been appointed, or hereafter
2 shall be appointed, by the terms of section 18:14-47 of the Revised Statutes,
3 in counties in which chapter 15 of Title 43 of the Revised Statutes has been,
4 or in which this act is, adopted, shall be entitled to receive the same benefits
5 in the Public Employees' Retirement System as employees of the county are

6 entitled to receive, and the county superintendent of schools and the county
7 treasurer shall be charged with the duty of paying out of State school moneys
8 apportioned to the county the contributions of such county attendance offi-
9 cers to the Public Employees' Retirement System in the same manner as the
10 county pays such contributions for its employees under this act.

11 The county superintendent shall include in the apportionment made
12 under the terms of section 18:14-48 of the Revised Statutes a sufficient sum
13 of money to meet the obligations incurred in this act.

1 79. All employees of the State whose compensation is paid by any county
2 or municipality in which chapter 15 of Title 43 of the Revised Statutes has
3 been, or in which this act is, adopted shall be entitled to receive the same
4 benefits as employees of such county or municipality are entitled to receive
5 and the county or municipality paying such compensation shall have the same
6 obligations with respect to such employees of the State as it has to its own
7 employees under this act.

1 80. The chief fiscal officer of the county or municipality adopting this
2 act shall submit to the board of trustees of the Public Employees' Retire-
3 ment System such information and shall cause to be performed in respect to
4 each of the employees of the county or municipality such duties as would be
5 performed in the State service by the head of a department of the State em-
6 ploying members of the retirement system.

1 81. The board of trustees of the Public Employees' Retirement System
2 shall certify to the chief fiscal officer of the county or municipality adopting
3 this act the rates of contributions payable by members who are county or
4 municipal employees, as if they were State employees. The board shall fur-
5 ther certify the contributions, including the accrued liability contribution
6 similar to the State accrued liability contribution, payable by the county or
7 municipality to the Contingent Reserve Fund on behalf of these members, as
8 if they were State employees, and a pro rata share of the cost of the admin-
9 istration of the retirement system, based upon the payroll of the members
10 who are employees of the county or municipality. The initial actuarial ex-

11 pense incident to the determination of the accrued liability contribution, pay-
12 able by the county or municipality adopting this act, shall be paid by the
13 county or municipality. The amount certified by the board of trustees as pay-
14 able by the county or municipality to the Contingent Reserve Fund shall be
15 included in the next budget subsequent to the certification by the board of
16 trustees and levied and collected as any other taxes are levied and collected.
17 The treasurer or corresponding officer of any county or municipality shall
18 pay on December 27 in each year to the State Treasurer the amount of the
19 county or municipal charges so certified, and shall pay to the State Treasurer
20 the amount of the deductions from the compensation of the members who are
21 employees of the county or municipality in accordance with the rules and
22 regulations established by the board of trustees. The State Treasurer shall
23 credit these amounts to the appropriate fund or account.

1 82. Public employees of the counties or municipalities on behalf of whom
2 contributions are so paid, shall be entitled to benefits under the Public Em-
3 ployees' Retirement System as though they were State employees.

ARTICLE IV

1 83. Nothing contained in this act shall affect any policeman, fireman or
2 county or municipal employee contributing to any pension fund operating
3 under any other law.

1 84. This act shall be known and may be cited as the "Public Employees'
2 Retirement-Social Security Integration Act."

1 85. If any provision of this act, or the application thereof to any person
2 or circumstance, is held invalid, the remainder of this act and the applica-
3 tion of such provision to other persons or circumstances shall not be affected
4 thereby.

1 86. This section and sections 1, 2 and 3 of this act shall take effect im-
2 mediately. Sections 4 and 5 of this act shall take effect December 31, 1954.
3 All other sections of this act shall take effect January 2, 1955.

STATEMENT

This bill provides for:

1. The repeal of the State Employees' Retirement System;
2. The extension of Federal Social Security coverage to the former members of the retirement system, and to certain other public employees in positions not covered by an existing retirement system; and
3. The establishment of Public Employees' Retirement System, with a membership consisting of the membership of the former retirement system and public employee veterans in positions not covered by any other retirement system.

The above procedure conforms to the requirements of the Federal Social Security Act governing the extension of Social Security coverage to public employees.

This bill would improve the retirement and death benefits of veteran and nonveteran public employees, while, at the same time resolving the financial problems attached to the present noncontributory Veterans' Retirement Act. The benefits of Federal Social Security would be integrated with those of the new retirement system, so that public employees would receive substantial increase in survivorship benefits. In addition the bill provides for increased death benefits under the retirement system, and the vesting of the members' interest in the State's contributions after 20 years of service. Public employee veterans would receive free credit in the retirement system for past service.

The cost to the employer on behalf of the existing membership would fall within the present cost of the retirement system. The obligations on behalf of public employee veterans would be met over a 30-year period. These total obligations would be no greater than those under the present free Veterans' Retirement Act.

This bill conforms to the recommendations contained in "A Report on the Improvement of the Economic Security Benefits of New Jersey State Employees," dated November, 1953.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 304

STATE OF NEW JERSEY

ADOPTED JUNE 10, 1954

Amend page 4, Analysis section 73, line 100, after "of" insert "New Jersey Turnpike Authority, New Jersey Highway Authority,".

Amend page 8, section 3, line 2, omit "January 1, 1955", insert "December 31, 1954".

Amend page 12, section 6, subdivision 1, line 42, after "sailor," insert "airman,".

Amend page 12, section 6, subdivision 1, line 43, after "army" insert ", air force".

Amend page 12, section 6, subdivision 1, line 45, after "army" insert ", air force".

Amend page 14, section 7, subdivision a, line 4, after "enrolled" insert "as such".

Amend page 14, section 7, subdivision a, line 4, after "as of" omit "the effective date of this act;"; insert "December 29, 1954,".

Amend page 14, section 7, subdivision a, line 6, after "section" omit the period, insert a semicolon.

Amend page 7, section 2, line 20, omit "a", insert "(1)".

Amend page 7, section 2, line 24, omit "b", insert "(2)".

Amend page 7, section 2, line 33, omit "c", insert "(3)".

Amend page 30, section 38, line 5, after "section" delete "41 (2)", insert "41. b.".

Amend page 32, section 41, line 5, before "except" insert ",".

Amend page 40, section 50, line 12, before the "." insert ", either in a lump sum or by equal payments over a period of years at the option of the payee".

Amend page 46, section 60, line 10, after "member," insert "Service by a veteran member as a member of the Congress of the United States from the State of New Jersey, if any, pursuant to election or appointment as a United States Senator or member of the United States House of Representatives shall be included within the calculation of prior service, as though such service had been rendered in office, position or employment of this State."

Amend page 47, section 60, line 34, after "payable" delete "to", insert "by".

Amend page 47, section 61, line 1, omit "in service", insert "in office, position or employment of this State or of a county, municipality, or school district or board of education on January 1, 1955, who remains in such service thereafter and".

Amend page 47, section 61, line 2, omit "62", insert "60".

Amend page 47, section 61, line 2, omit "for", insert "upon"; after "contributions" insert "to the annuity saving fund and contingent reserve fund".

Amend page 47, section 61, after line 8a, insert:

"b. Any veteran becoming a member after January 1, 1955, shall, upon attaining 62 years of age and presentation to the board of trustees of satisfactory evidence of 20 years of continuous or aggregate service in office, position or employment of this State or of a county, municipality or school district or board of education, shall have the privilege of retiring and of receiving a retirement allowance of $\frac{1}{2}$ of the compensation received during the last year of employment upon which contributions to the annuity savings fund and contingent reserve fund are made with the optional privileges provided for in section 50 of this act."

Amend page 47, section 61, line 9, omit "b", insert "c".

Amend page 48, section 61, line 14, omit "for", insert "upon"; after "contributions" insert "to the annuity savings fund and contingent reserve fund".

Amend page 52, section 73, line 1, after "73.", insert "a."

Amend page 52, section 73, line 12, after ".", add a new paragraph to read as follows:

"b. The State University of New Jersey, as an instrumentality of the State, shall, for all purposes of this act, be deemed an employer and its employees, both veterans and non-veterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees."

Amend page 56, section 86, line 2, omit "31", insert "30".

Amend page 56, section 86, line 3, omit "2", insert "1".

[OFFICIAL COPY REPRINT]

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

1 ARTICLE I—Social Security

Section

- 2 1. Extension to governmental units having no retirement
3 system.
4 2. Extension to employers of former members of State Em-
5 ployees' Retirement System.
6 3. Effective date of agreements.

7 ARTICLE II—Repealers and disposition of funds, protection of rights and
8 benefits.

Section

- 9 4. Repeal of acts establishing State Employees' Retirement
10 System.
11 5. Disposition of funds, benefits, etc.

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

12 ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

- 13 6. Definitions.
- 14 7. Membership of retirement system.
- 15 8. Restoration to membership of members discontinued from
16 service; conditions.
- 17 9. Nonmember State employee may join upon payment of ar-
18 rears.
- 19 10. State employees inducted into military or naval service be-
20 fore applying for enrollment.
- 21 11. Contributions covering temporary service.
- 22 12. Members serving State or Federal Government during war
23 emergency; restoration of retirement rights.
- 24 13. Special benefits continued.
- 25 14. Transfer of membership from teachers' fund to retirement
26 system.
- 27 15. Information required from department heads.
- 28 16. Classification of members.
- 29 17. Board of trustees.
- 30 18. Officers and employees; actuary; legal adviser.
- 31 19. Actuarial information and investigation; tables; rates of de-
32 duction and contribution.
- 33 20. Corporate powers.
- 34 21. Annual report.
- 35 22. Funds.
- 36 23. Expense fund.
- 37 24. Contingent reserve fund.
- 38 25. Annuity savings fund; deduction by department heads;
39 recomputation of contribution rate; supplemental annuity.
- 40 26. Excess refundable; shortage deducted.

Section

- | | | |
|-------|-----|--|
| 41 | 27. | Retirement reserve fund. |
| 42 | 28. | Members' death benefit fund. |
| 43 | 29. | Relation of new employees to fund. |
| 44 | 30. | Deductions for annuity purposes certified on payroll; cred- |
| 45-46 | | ited to fund. |
| 47 | 31. | Records kept by State departments. |
| 48 | 32. | Management of funds. |
| 49 | 33. | Interest. |
| 50 | 34. | Borrowing from fund by members. |
| 51 | 35. | Custodian of fund; payments; vouchers. |
| 52 | 36. | Interest in fund by trustee or employee prohibited. |
| 53 | 37. | Obligations of State; basis of State's appropriation. |
| 54 | 38. | Vesting. |
| 55 | 39. | Service creditable toward allowances; rules and regulations; |
| 56 | | preserving annuity credit for period of leave of absence. |
| 57 | 40. | Transfer to State of municipal or county department; serv- |
| 58 | | ice of transferee computed. |
| 59 | 41. | Withdrawal; 25 year resignation; nonservice connected death |
| 60 | | benefit. |
| 61 | 42. | Ordinary disability retirement. |
| 62 | 43. | Accident disability retirement. |
| 63 | 44. | Annual examination of disability beneficiary; alteration of |
| 64 | | pension; refusal to be examined; restoration to service. |
| 65 | 45. | Allowance on ordinary disability retirement. |
| 66 | 46. | Allowance on accident disability retirement. |
| 67 | 47. | Retirement for age. |
| 68 | 48. | Allowance on service retirement. |
| 69 | 49. | Accidental death; allowance to dependents. |
| 70 | 50. | Member's option on retirement. |
| 71 | 51. | Monthly payments. |

	<i>Section</i>
72	52. Supervision of funds.
73	53. Benefits under chapter exempt from taxation and process;
74	except repayment of loans.
75	54. Correction of errors.
76	55. Fraud against system a misdemeanor.
77	56. Renouncing other pension benefits.
78	57. Optional death benefit coverage.
79	58. Social Security contributions.
80	59. Social Security benefit offset.
81	60. Contributions and credits of veteran members.
82	61. Special retirement privileges of veteran members.
83	62. Effect upon political subdivisions previously under State
84	Employees' Retirement System.
85	63. Membership of certain veteran public employees.
86	64. Effect of lack of Social Security coverage.
87	65. All employees of public agencies eligible to participate in re-
88	retirement system; contributions.
89	66. Effective date of participation.
90	67. Duties of employer's chief fiscal officer.
91	68. Information as to rates, et cetera, certified to chief fiscal of-
92	ficer; payment of charge and contributions.
93	69. Member of any other governmental retirement system may
94	not participate; default of employer; discontinuance of mem-
95	bership; application of reserve.
96	70. Limitation on liability of retirement system.
97	71. "Public agency or organization" defined.
98	72. Deductions from retirement allowance for hospital and medi-
99	cal insurance premiums.
100	73. Employees of <i>New Jersey Turnpike Authority, New Jersey</i>
101	<i>Highway Authority, Palisades Interstate Park Commission,</i>
102	<i>Interstate Sanitation Commission and Delaware River Joint</i>
102A	<i>Toll Bridge Commission.</i>

Section

- 103 74. State Retirement System extended to county and municipal
104 employees; referendum.
- 105 75. Effective date; membership; prior service.
- 106 76. County or municipal employees inducted into military or
107 naval service before applying for enrollment.
- 108 77. Employees of school district coterminous with municipality
109 adopting law in first-class counties.
- 110 78. County attendance officers entitled to benefits under retire-
111 ment system.
- 112 79. State employees paid by county or municipality in which
113 chapter is adopted.
- 114 80. Information required.
- 115 81. Rates of contributions; budget requirements; payments to
116 State Treasurer.
- 117 82. Benefits.

118 ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

- 119 83. Other pension laws not affected.
- 120 84. Short title.
- 121 85. Effect of invalidity.
- 122 86. Effective dates.

ARTICLE I

1 1. The State agency, established under chapter 253, laws of 1951, as
2 amended, with the approval of the Governor, is hereby authorized and
3 directed to enter, on behalf of the State, and of any county,
3A municipality or school district and of any public department, board,
4 body, commission, institution, agency, instrumentality or authority of, or in,
5 the State and of, or in, any county, municipality or school district in the State,
6 into an agreement with the U. S. Department of Health, Education, and Wel-
7 fare for the purpose of extending the provisions of the Federal Old-Age and

8 Survivors Insurance system to all services performed by employees as mem-
9 bers of any coverage group as defined in section 218 (b) (5) of the Social
10 Security Act unless such services are already covered by an agreement under
11 this act. The agreement shall conform with the terms and provisions of
12 this act. Each employer subject to the provisions of this section shall be
13 deemed to have submitted a plan in accordance with the provisions of sec-
14 tion 5 of chapter 253, laws of 1951, as amended, except that:

15 a. Such employer shall have the option of including or excluding from
16 coverage all employees in elective offices and positions. The employer shall
17 notify the State agency of his decision within 10 days after the date of this
18 enactment. If no notice has been received within the specified time, he shall
19 be deemed to have decided not to cover employees in such elective offices and
20 positions.

21 b. Such employer shall furnish the State agency within 10 days after
22 the date of this enactment, the title of the official responsible for the local ad-
23 ministration of the Social Security Program for the coverage group. If the
24 employer fails to furnish this information within the specified time, the State
25 agency shall deem that the employer has designated its chief fiscal officer to
26 be the responsible official.

27 c. The agreement shall not be made applicable to services in such posi-
28 tions so long as said positions are barred from coverage by the provisions
29 of the Social Security Act.

1 2. The State agency, with the approval of the Governor, is hereby author-
2 ized and directed to enter on behalf of the State into an agreement with the
3 Secretary of the U. S. Department of Health, Education, and Welfare for the
4 purposes of extending the provisions of the Federal Old-Age and Survivors
5 Insurance system to services performed by employees in positions formerly
6 covered by the provisions of chapters 14 and 15 of Title 43 of the Revised
7 Statutes, hereinafter referred to as the State Employees' Retirement System,
8 provided, however:

9 a. That such employees are members of a coverage group as defined
10 in section 218 (b) (5) of the Social Security Act;

11 b. The agreement shall not be made applicable to services in such posi-
12 tions so long as said positions are barred from coverage by the provisions of
13 the Social Security Act.

14 The agreement made under this section shall be consistent with the
15 terms and provisions of this act. It shall cover all employment for each em-
16 ployer in the State participating in the State Employees' Retirement Sys-
17 tem on the date of this enactment and each such employer shall be deemed
18 to have submitted a plan in accordance with the provisions of section 5 of
19 chapter 253, laws of 1951, as amended, except that:

20 **[a.]** (1) Where the employer has covered the services of at least 1 em-
21 ployee in any elective office or position under the provisions of the State
22 Employees' Retirement System, all employees in such elective positions shall
23 be included in the Social Security Coverage Group.

24 **[b.]** (2) Where the employer has covered none of the services of employ-
25 ees in any elective office or position under the provisions of the State Employ-
26 ees' Retirement System, such employers shall have the option of either in-
27 cluding or excluding the services of all such employees from Social Secu-
28 rity coverage. The employer shall notify the State agency of his decision
29 within 10 days after the date of this enactment. If no notice has been re-
30 ceived by the State agency within the specified time, the employer shall be
31 deemed to have decided to exclude the services of employees in elective of-
32 fices and positions.

33 **[c.]** (3) Each employer in the State subject to the provisions of this sec-
34 tion shall furnish the State agency the title of the official responsible for the
35 local administration of the Social Security Program for the coverage group
36 within 10 days after the date of this enactment. If the employer fails to fur-
37 nish this information within the specified time, the State agency shall deem
38 that such employer has designated its chief fiscal officer to be the responsible
39 official.

1 3. The effective date of the Social Security agreements under the pro-
2 visions of sections 1 and 2 above shall be [January 1, 1955] *December 31,*
3 *1954.*

ARTICLE II

1 4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amend-
2 ments and supplements thereto, designated as the "State Employees' Retire-
3 ment System of New Jersey" are repealed as of the effective date of this
4 section.

1 5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes
2 of the State of New Jersey and all amendments and supplements thereto is
3 subject to the following provisos:

4 (a) Any person retired for service under any of the provisions of either
5 of said chapters and receiving or entitled to receive benefits thereunder
6 prior to their repeal shall continue to receive the same benefits or shall
7 continue to be entitled to receive the same benefits to the same extent and in
8 the same manner as if such chapters had not been repealed. If any such
9 person shall have elected to take his retirement benefit under one of the
10 options of such chapters, his beneficiary shall, upon the death of the retirant,
11 receive such amount as was provided under such chapters, as if such chap-
11A ters had not been repealed.

12 (b) Any beneficiary receiving an allowance as a result of an election
13 made by a person retiring under such chapters shall continue to receive such
14 allowance as provided under such chapters.

15 (c) Any person electing to have deductions for medical and hospitaliza-
16 tion insurance subtracted from his retirement allowance shall continue to have
17 such deductions subtracted as if such chapters had not been repealed.

18 (d) Any person retired for disability under such chapters and receiv-
19 ing benefits or entitled to receive benefits thereunder and any person receiv-
20 ing accidental death benefits as the result of the death of a member in
21 service under such chapters, prior to their repeal, including any person
22 covered by R. S. 43:14-30 to R. S. 43:14-34, R. S. 43:14-37 and R. S. 43:15-5,
23 shall, so long as he continues to meet the tests therefor prescribed in such

23A chapters, continue to receive the same or shall continue to be entitled to
23B receive to the same extent and in the same manner as if such chapters
24 had not been repealed. At such time as he shall cease to meet such require-
25 ments his benefits shall cease and as to him the chapters shall have no
26 further application. If any person retired for disability under such chapters
27 and receiving benefits thereunder prior to their repeal shall have elected to
28 take his retirement benefit under one of the options of such chapters, his
29 beneficiary shall, upon the death of the retirant, receive such amount as was
30 provided under such chapters.

31 (e) Any person who, as of the effective date of this section meets the
32 requirements for retirement under chapters 14 and 15 of Title 43 of the
33 Revised Statutes but who has not made application for benefits under such
34 chapters may make such application and be retired on or before the effective
35 date of this section, as if such chapters had not been repealed. He shall
36 thereafter receive benefits to the same extent and in the same manner as if
37 such chapters had not been repealed.

38 (f) If any person having made contributions under such chapters dies
39 prior to their repeal but before retiring, his accumulated deductions shall be
40 paid out as he shall have directed in writing; provided, however, that in the
41 case of a contributor who dies with credit for 20 or more years of total
42 service, the provisions of R. S. 43:14-29 shall apply. In the absence of
43 such written direction, his accumulated deductions shall be paid to his estate.
43A This paragraph shall apply also to any person dying subsequent to repeal
43B but before receiving his contributions.

44 (g) Any person who contracted for a loan under such chapters shall
45 continue to repay the loan as if such chapters had not been repealed.

46 (h) Interest on members' accumulated deductions shall cease as of the
47 effective date of this section.

48 (i) The accumulated deductions of the members constituting the Annuity
49 Savings Fund shall be set aside in a trust fund designated as Fund A to be
50 held for refund, upon demand, to the respective persons or beneficiaries

51 entitled thereto; no further interest shall be allowed after the effective date
52 of this section. Until refunded or otherwise disposed of, such funds, inter-
53 ests therein, and rights thereto shall not be subject to judicial process.

54 (j) The accumulated reserves in the Contingent Reserve Fund estab-
55 lished under such chapters which are required to meet pension and death
56 benefits allowable, shall be set aside in the State treasury as a trust fund
57 and expended for no other purpose except for the payment of such benefits.
57A Such fund shall be designated as Fund B.

58 (k) The accumulated reserves constituting the Retirement Reserve Fund
59 shall be set aside in a trust fund designated as Fund C to be held for pay-
60 ment of all pension and death benefits allowed. Such funds, interests therein
61 and rights thereto, shall not be subject to judicial process.

62 (l) All moneys in the Expense Fund shall be set aside in a trust fund
63 designated as Fund D, to be held for the purpose of administering the pay-
64 ment of benefits under the provisions of this section. Such moneys, interest
65 therein and rights thereto shall not be subject to judicial process.

66 (m) The State Treasurer through such agency, division, or bureau of
67 his department as he may direct is hereby authorized and directed to
68 administer the payment of benefits and the return of accumulated deduc-
69 tions under the State Employees' Retirement System abolished by this act.

70 The State Treasurer is hereby constituted the custodian of the securities,
71 funds and investments of the former "State Employees' Retirement System
72 of New Jersey." For the purpose of this section only, the title "State Em-
73 ployees' Retirement System of New Jersey" may be used in order to hold
74 title to, sell, assign, transfer or otherwise dispose of any such securities,
75 funds or investments. All functions, powers and duties relating to the
76 investment or reinvestment of moneys of, and purchase, sale or exchange of
77 any of such securities, funds or investments, shall be exercised and performed
78 by the Director of the Division of Investment in accordance with the provi-
79 sions of chapter 270, P. L. 1950, as amended and supplemented; provided,
80 however, that before any such investment, reinvestment, purchase, sale or

81 exchange may be made by said director pursuant to the provisions of this
82 section, he shall submit the details thereof to the State Treasurer, who shall,
83 within 48 hours, exclusive of Sundays and public holidays, after such sub-
84 mission to him, file with the director a written acceptance or rejection of such
85 proposed investment, reinvestment, purchase, sale or exchange; and the
86 director shall have authority to make such investment, reinvestment, pur-
87 chase, sale or exchange, for, on behalf of, and with respect to such fund,
88 unless there shall have been filed with him a written rejection thereof by
89 the State Treasurer as herein provided.

ARTICLE III

1 6. As used in this act:

2 a. "Accumulated deductions" means the sum of all the amounts, de-
3 ducted from the compensation of a member or contributed by him, standing
4 to the credit of his individual account in the annuity savings fund.

5 b. "Annuity" means payments for life derived from contributions made
6 by a member as provided in this act.

7 c. "Annuity reserve" means the present value of all payments to be
8 made on account of any annuity or benefit in lieu of an annuity, granted
9 under the provisions of this act, computed on the basis of such mortality ta-
10 bles as the board of trustees adopts, with regular interest.

11 d. "Beneficiary" means any person receiving a retirement allowance or
12 other benefit as provided in this act.

13 e. "Final compensation" means the average annual compensation for
14 which contributions are made by a member for the 5 years immediately pre-
15 ceding his retirement, or, at the option of such member, it shall mean the
16 average annual compensation for which contributions are made by a member
17 during any 5 consecutive years of his or her membership, within which period
18 of 5 consecutive years he was entitled to retirement for service, said 5 years
19 to be selected by the applicant prior to the date of retirement.

20 f. "Fiscal year" means any year commencing with July 1 and ending
21 with June 30 next following.

22 g. "Pension" means payments for life derived from appropriations
23 made by the employer as formerly provided in chapters 14 and 15 of Title
24 43 of the Revised Statutes, or in this act.

25 h. "Pension reserve" means the present value of all payments to be
26 made on account of any pension or benefit in lieu of a pension formerly
27 granted under the provisions of chapters 14 and 15 of Title 43 of the Revised
28 Statutes, or as provided in this act, computed on the basis of such mortality
29 tables as the board of trustees adopts, with regular interest.

30 i. "Public Employees' Retirement System of New Jersey," hereinafter
31 referred to as the "retirement system," is the corporate name of the ar-
32 rangement for the payment of retirement allowances and other benefits un-
33 der the provisions of this act and for the system including the several funds
34 created and placed under the management of the board of trustees of said
35 system. By that name all of its business shall be transacted, its funds in-
36 vested, warrants for money drawn and payments made and all of its cash
37 and securities and other property held.

38 j. "Regular interest" shall mean interest as determined from time to time
39 by the board of trustees. The regular interest rate shall be limited to a
40 minimum of 3% and a maximum of 4%.

41 k. "Retirement allowance" means the pension plus the annuity.

42 l. "Veteran" means any honorably discharged officer, soldier, sailor,
43 *airman*, marine or nurse who served in any army, *air force* or navy of the
44 allies of the United States in World War I, between July 14, 1914, and
45 November 11, 1918, or who served in any army, *air force* or navy of the
46 allies of the United States in World War II, between September 1, 1939,
47 and September 2, 1945, and who was inducted into such service through
48 voluntary enlistment, and was a citizen of the United States at the time
49 of such enlistment, and who did not, during or by reason of such service,
50 renounce or lose his United States citizenship, and any officer, soldier,
50A sailor, marine, airman, nurse or army field clerk, who has served in the
51 active military or naval service of the United States and has or shall be
52 discharged or released therefrom under conditions other than dishonorable,

53 in any of the following wars, uprisings, insurrections, expeditions, or
54 emergencies, and who has presented to the board of trustees evidence of
55 such record of service in form and content satisfactory to said board of trus-
55A tees:

56 (1) The Indian wars and uprisings during any of the periods
57 recognized by the War Department of the United States as periods of
58 active hostility;

59 (2) The Spanish-American War between April 20, 1898, and April
60 11, 1899;

61 (3) The Philippine insurrections and expeditions during the periods
62 recognized by the War Department of the United States as of active
63 hostility from February 4, 1899, to the end of 1913;

64 (4) The Peking relief expedition between June 20, 1900, and May
65 27, 1902;

66 (5) The army of Cuban occupation between July 18, 1898, and May
67 20, 1902;

68 (6) The army of Cuban pacification between October 6, 1906, and
69 April 1, 1909;

70 (7) The Mexican punitive expedition between March 14, 1916, and
71 February 7, 1917;

72 (8) The Mexican border patrol, having actually participated in
73 engagements against Mexicans between April 12, 1911, and June 16, 1919;

74 (9) World War I, between April 6, 1917, and November 11, 1918;

75 (10) World War II, between September 16, 1940, and September
76 2, 1945, who shall have served at least 90 days in such active service,
77 exclusive of any period he was assigned (1) for a course of education
78 or training under the Army Specialized Training Program or the Navy
79 College Training Program which course was a continuation of his
80 civilian course and was pursued to completion, or (2) as a cadet or
81 midshipman at one of the service academies any part of which 90 days
82 was served between said dates; provided, that any person receiving an

83 actual service incurred injury or disability shall be classed as a veteran
84 whether or not he has completed the 90-day service as herein provided.

85 (11) Emergency, at any time after June 23, 1950, and prior to the
86 date of termination, suspension or revocation of the proclamation of the
87 existence of a national emergency issued by the President of the United
88 States on December 16, 1950, or date of termination of the existence of
89 such national emergency by appropriate action of the President or the
90 Congress of the United States, who shall have served at least 90 days in
91 such active service, exclusive of any period he was assigned (1) for a
92 course of education or training under the Army Specialized Training
93 Program or the Navy College Training Program which course was a con-
94 tinuation of his civilian course and was pursued to completion, or (2)
95 as a cadet or midshipman at one of the service academies, any part of
96 which 90 days was served between said dates; provided, that any person
97 receiving an actual service incurred injury or disability shall be classed
98 as a veteran whether or not he has completed the 90-day service as
99 herein provided.

1 7. There is hereby established the Public Employees' Retirement Sys-
2 tem of New Jersey. The membership of the retirement system shall include:

3 a. The members of the former "State Employees' Retirement Sys-
4 tem of New Jersey" enrolled *as such* as of [the effective date of this act]
5 *December 29, 1954*; who shall not have claimed for refund their accumulated
6 deductions in said system as provided in this section [.] ;

7 b. Any person becoming a permanent employee of the State after the
8 effective date of this section; and

9 c. Every State employee veteran in the employ of the State on the effec-
10 tive date of this section who shall not have notified the board of trustees
11 within 30 days of such date that he does not desire to become a member.

12 The board may deny the right to become members of the retirement sys-
13 tem to any class of elected officials or to any class of persons other than vet-
14 erans not within the classified civil service, but any person who has been a

15 member of the former "State Employees' Retirement System" for 1 or
16 more years and who has been or may hereafter be appointed to an office or
17 position in the unclassified service shall be eligible to become a member of
18 the retirement system and entitled to all the rights and privileges thereun-
19 der, if he so elects. The board of trustees may deny the right to become
20 members of the retirement system to any class of persons whose compensa-
21 tion is only partly paid by the State, or it may, in its discretion, make op-
22 tional with persons in any such class their individual entrance into mem-
23 bership. State employees who become members of any other retirement
24 system supported wholly or partly by the State as a condition of employment
25 shall not be eligible to membership in this retirement system. Notwithstand-
26 ing any other law to the contrary all other persons accepting permanent em-
27 ployment in the classified service of the State shall be required to enroll in the
28 retirement system as a condition of their employment, regardless of age.

29 Membership of any person in the retirement system shall cease if, in
30 any 4-year period which elapses after his last becoming a member, he ren-
31 ders to the State less than 2 years of service, but not otherwise except as
32 provided in this act.

33 The accumulated deductions of the members of the former "State Em-
34 ployees' Retirement System" which have been set aside in a trust fund des-
35 ignated as Fund A as provided in section 5 of this act and which have not
36 been claimed for refund within 30 days after the effective date of this section
37 shall be transferred from said Fund A to the annuity savings fund of the re-
38 tirement system, provided for in section 25 of this act. Each member whose
39 accumulated deductions are so transferred shall receive the same prior serv-
40 ice credit, pension credit, and membership credit in the retirement system as
41 he previously had in the former "State Employees' Retirement System"
42 and shall have such accumulated deductions credited to his individual ac-
43 count in the annuity savings fund. Any outstanding obligation of such mem-
44 ber shall be continued.

1 8. If a member of the former "State Employees' Retirement System"
2 or the retirement system has been discontinued from service and he has with-
3 drawn his accumulated deductions in either of said systems, his prior service
4 credit and membership credit, at the time of leaving service shall be restored
5 in full, if such member returns to service and deposits in the retirement sys-
6 tem the total amount as the board of trustees shall determine to be due in
7 order to give to such person the same credit for such service as he had at the
8 time of leaving service. Subject to the rules and regulations of the board
9 such deposit may be paid in regular installments. Subsequent normal con-
10 tributions shall be at the rate determined by the board of trustees.

11-12 If such member has not withdrawn his accumulated contributions his
13 membership may continue in the retirement system, notwithstanding any
14 provisions of this act, but such continuance shall not extend beyond a period
15 of 5 years from the date of his discontinuance from service.

16 No credit for pension purposes shall be allowed to such member, covering
17 the period of his lay-off or discontinuance, unless leave of absence was
18 granted by the head of his department and the board, as provided for in
19 section 39 of this act.

20 Should an employee who has withdrawn his accumulated deductions from
21 the former "State Employees' Retirement System" or the retirement sys-
22 tem as provided in section 41 of this act be re-enrolled as a member of the
23 retirement system and pay into the annuity savings fund the total amount as
24 the board of trustees shall determine to be due in order to give to such per-
25 son the same credit for such service as he had at the time of leaving service,
26 there shall be restored his annuity credit, and in addition, upon completion
27 of 1 year thereafter and the payment of at least $\frac{1}{2}$ of such obligation, his
28 pension credit shall be restored as it was at the time of his withdrawal. Sub-
29 sequent normal contributions shall be at the rate determined by the board of
30 trustees.

1 9. Any person other than a veteran who was in the employ of the State
2 prior to the effective date of this act, and who did not join the former

3 "State Employees' Retirement System," may join the retirement system at
4 any time upon paying into the retirement system such arrears over a period
5 of not more than 10 years in regular installments, with interest, as the board
6 of trustees shall determine to be due, in order to give to such person the
7 same standing as a member of the retirement system as other members who
8 joined the former "State Employees' Retirement System" when the law
9 providing for such retirement system first applied to them, or he shall have
10 the option of joining as a new member upon proper application to the board
11-17 of trustees, with no credit for previous service.

18 In the case of any person coming under the provisions of this section,
19 full annuity credit for the period of employment for which arrears are being
20 paid shall be given upon the payment of the total amount due, and full pen-
21 sion credit for such period of employment shall be given upon the payment of
22 at least $\frac{1}{2}$ of the total arrearage obligation and the completion of 1 year of
23 making arrears payments, except in the case of retirement for service, in
24 which case the total membership credit for such service shall be in direct
25 proportion to the amount paid of the total amount of the arrearage obliga-
26 tion, upon the completion of 1 year of making arrears payments.

1 10. Any State employee who had entered or shall hereafter enter into
2 the active air, military or naval service of the United States before making
3 application for enrollment in the retirement system shall be accepted as a
4 member upon his filing application, provided such application is made within
5 3 months after entry into such active air, military or naval service, and his
6 regular salary deductions as determined by the board of trustees shall be
7 paid to the retirement system by the employing department as provided by
8 chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of
9 1942. This provision shall not apply to any employee whose appointment is
10 temporary or seasonal.

1 11. Any person employed temporarily by the State and whose tempo-
2 rary employment resulted in permanent employment shall be permitted to
3 make contributions covering this temporary service in accordance with the

4 rules and regulations of the board of trustees and receive the same annuity
5 and pension credits as if he had been a member during his temporary
6 service.

1 12. Any State employee who was a member of the former "State Em-
2 ployees' Retirement System" and whose services were or have been made
3 available by this State to the Federal Government may, if and when he or
4 she has returned or shall return to service with this State, or if he or she
5 has retired or been retired under the said system, contribute to the annuity
6 savings fund provided for in section 25 of this act, such sum or sums, either
7 in 1 payment or in installments, as determined by the board of trustees to
8 be sufficient to cover the amount which would have been contributed by such
9 individual had he or she remained a member of said system, together with
10 such interest thereon as shall be determined to be just by the board of trus-
11 tees; any board, body or commission of this State which has, had, or shall
12 have, moneys contributed by the Federal Government for that purpose
13 shall pay into such system such amount or amounts as would have been
14 contributed by it on account of said services had not such services been
15 made available to the Federal Government, together with such interest as
16 shall be determined to be just by the board of trustees. The board of trus-
17 tees is hereby authorized and required to receive said contributions, both for
18 annuity and pension purposes, it being the intention hereby to restore, if and
19 where possible, all retirement rights of such members lapsed or lost while
20 rendering services to the Federal Government in and during the emergency
21 of World War II.

1 13. The special benefits payable under the former "State Employees'
2 Retirement System" under acts repealed by this act as they were in effect on
3 June 30, 1953, which acts granted special privileges to certain employees,
4 shall be continued for members or beneficiaries of the retirement system as
5 of the effective date of this section as if such acts had not been repealed.

1 14. A person who has been a member of the teachers' retirement fund
2 and who has taken or shall take office, position or employment in the State

3 service in any capacity and is a member of the Public Employees' Retirement
4 System shall be entitled, upon application therefor, to prior service credit for
5 the length of his membership in such fund in the Public Employees' Retirement
6 System or who shall become a member of the Teachers' Pension and
7 Annuity Fund, and who has taken or shall take office, position or employment
8 in the State service in any capacity, shall be entitled, upon application there-
9 for, to membership in the retirement system, upon transferring his interests
10 from the Teachers' Pension and Annuity Fund to the retirement system. If
11 he has withdrawn his interests from the Teachers' Pension and Annuity Fund,
12 he shall be entitled to membership in the retirement system upon paying into
13 the latter fund such sum as shall be required by the trustees therefor for
14 that purpose. For the purpose of carrying out the provisions of this section,
15 the board of trustees may make all necessary rules and regulations.

1 15. The head of a department or branch of the State service not included
2 in a department employing a member shall submit to the board of trustees
3 a statement showing the name, title, compensation, duties, date of birth and
4 length of service of the member and any other information the board re-
5 quires.

1 16. The board of trustees shall classify the members in such group or
2 groups by occupation or sex as it may determine for actuarial purposes.

3 The board shall further classify the membership by benefit rates as Class
4 A or Class B members, as follows:

5 "Class A" shall include those members whose annuity shall be based on
6 a per centum of salary, computed to be sufficient, with regular interest, to
7 procure for the member, on retirement for service, an annuity equal to $\frac{1}{140}$
8 of his final compensation for each year of service as a member.

9 "Class B" shall include those members who have elected or who shall
10 hereafter elect to contribute to the annuity savings fund at a higher rate per
11 centum, computed to be sufficient, with regular interest, to procure for the
12 member, on retirement for service, an annuity equal to $\frac{1}{120}$ of his final com-
13 pensation for each year of service as a member.

14 On and after the effective date of this section, each new member shall be
15 placed in "Class B."

1 17. The general administration and responsibility for the proper opera-
2 tion of the Public Employees' Retirement System and for making effective
3 the provisions of this act shall be vested in the board of trustees. Subject to
4 the limitations of the law, the board shall, from time to time, establish rules
5 and regulations for the administration and transaction of its business and
6 for the control of the funds created by this subtitle and shall perform any
7 other functions required for the execution of this act. The membership of the
8 board shall consist of the following:

9 a. Two trustees appointed by the Governor, who shall serve at the
10 pleasure of the Governor and until their successors are appointed.

11 b. The State Treasurer.

12 c. Three trustees elected for a term of 3 years from among and by the
13 member employees of the State in a manner prescribed by the board of
14 trustees.

15 d. One trustee elected for a term of 3 years from among and by the
16 member employees of counties and the same method of holding an election
17 from time to time used for the State employees' representatives shall be fol-
18 lowed in elections held for county representatives.

19 e. Two trustees elected for a term of 3 years from among and by the mem-
20 ber employees of municipalities and the same method of holding an election
21 from time to time used for the State employees' representatives shall be fol-
22 lowed in elections held for municipal representatives; provided, however, at
23 the first election for municipal representation, 1 trustee shall be elected to
24 serve for a term of 2 years and the other trustee shall be elected to serve for
25 a term of 3 years.

26 A vacancy occurring during a term shall be filled for the unexpired term
27 by the appointment or election of a successor in the same manner as his
28 predecessor.

29 Each member of the board shall, upon appointment or election, take an
30 oath of office that, so far as it devolves upon him, he will diligently and hon-
31 estly administer the board's affairs, and that he will not knowingly violate
32 or willfully permit to be violated any provision of law applicable to this act.
33 The oath shall be subscribed to by the member making it, certified by the of-
34 ficer before whom it is taken and filed immediately in the office of the Secre-
35 tary of State.

36 Each trustee shall be entitled to 1 vote in the board and a majority of
37 all the votes of the entire board shall be necessary for a decision by the trus-
38 tees at a meeting of the board. The board shall keep a record of all its pro-
39 ceedings, which shall be open to public inspection.

40 The members of the board shall serve without compensation but shall be
41 reimbursed from the expense fund for any necessary expenditures. No em-
42 ployee shall suffer loss of salary or wages through the serving on the board.
43 The compensation for all persons employed by the board shall be fixed by
44 it, within the limits of appropriations made available to the board.

45 For the purpose of organizing the Public Employees' Retirement Sys-
46 tem, the members of the board of trustees of the former "State Employees'
47 Retirement System," as of the effective date of the repeal of that system,
48 shall constitute the initial membership of the board of trustees of the Public
49 Employees' Retirement System, for the remainder of the terms for which
50 they were appointed or elected as the case may be.

1 18. The board shall elect from its membership a chairman and may also
2 elect a vice-chairman, who shall have all the power and authority of the
3 chairman in the event of the death, absence or disability of the chairman.
4 It shall appoint, subject to the provisions of sections 11:4-2 and 11:4-3 of
5 the Revised Statutes, a secretary, an actuary and any technical employees
6 as may be necessary for the transaction of the business of the retirement
7 system.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act
10 and shall perform such other duties as are required in connection therewith.

11 The Attorney-General shall be the legal adviser of the retirement
12 system.

1 19. The actuary appointed by the board shall recommend, and the board
2 shall keep in convenient form, such data as shall be necessary for actuarial
3 valuation of the various funds created by this act. Once in every 5-year
4 period after the effective date of this section, the actuary shall make an
5 actuarial investigation into the mortality, service and compensation or sal-
6 ary experience of the members and beneficiaries as defined in this chap-
7 ter and shall make a valuation of the assets and liabilities of the various
8 funds created by this act. Upon the basis of such investigation and valua-
9 tion the board shall:

10 a. Adopt for the retirement system such mortality, service and other
11 tables as shall be deemed necessary;

12 b. Certify the rates of deduction from compensation computed to be
13 necessary to pay the annuities authorized under the provisions of this act;
14 and;

15 c. Certify the rates of contribution, expressed as a proportion of the
16 compensation of members which shall be made by the State to the contin-
17 gent reserve fund.

1 20. The retirement system shall, for the purposes of this act, possess
2 the powers and privileges of a corporation.

1 21. The board shall publish annually a report showing a valuation of
2 the assets and liabilities of the funds created by this act, certifying as to
3 the accumulated cash and securities of the funds and stating any other facts,
4 recommendations and data which may be of use in the advancement of
5 knowledge concerning employees' pensions and annuities. The board shall
6 submit the report to the Governor and furnish a copy to the officers of each
7 State department for use of the employees and the public.

1 22. Under this act there shall be the contingent reserve fund, annuity
2 savings fund, retirement reserve fund, and the members' death benefit fund.

1 23. The expenses of administration of the retirement system on behalf
2 of State employee members shall be paid by the State of New Jersey.

3 The administration fees hereafter paid by participating employers other
4 than the State, shall be used to pay the expenses of administration of the re-
5 tirement system on behalf of all members other than State employees.

1 24. The contingent reserve fund shall be the fund in which shall be
2 credited contributions made by the State.

3 a. Upon the basis of such tables as the board adopts, and regular inter-
4 est, the actuary of the board shall compute annually the amount of contri-
5 bution, expressed as a proportion of the compensation paid to all employees,
6 which if paid monthly during the entire prospective service of the employees,
7 will be sufficient to provide for the pension reserves required at the time of
8 discontinuance of active service to cover all pensions to which they may be
9 entitled or which are payable on their account and to provide for the amount
10 of the death benefits payable on their account by the State, which are not
11 covered by accrued liability contributions, to be made as provided in para-
12 graph b. hereof, and the funds in hand available for such benefits.

13 b. Upon the basis of such tables as the board adopts, and regular inter-
14 est, the actuary of the board shall compute, annually, the amount of the
15 liability which has accrued by reason of allowances to be granted on account
16 of services rendered by State employee veteran members as provided in sec-
17 tion 60 of this act prior to the establishment of the retirement system, which
18 has not already been covered by State contributions to the former "State
19 Employees' Retirement System." Using the total amount of this liability re-
20 maining as a basis, he shall compute the amount of the flat annual payment,
21 which, if paid in each succeeding fiscal year commencing with July 1, 1956,
22 for a period of 30 years, will provide for this liability.

23 c. Any accumulated reserves in the contingent reserve fund of the for-
24 mer "State Employees' Retirement System," which have not been set aside
25 in a trust fund designated as Fund B as provided in section 5 of this act
26 shall be transferred to the contingent reserve fund of the retirement system.

27-29 d. The board shall estimate and certify annually the aggregate amount
30 payable to the contingent reserve fund in the ensuing year, which amount
31 shall be equal to the sum of the proportion of the earnable compensation of
32 all members, computed as described in paragraph a. hereof and of the
33 State's accrued liability contribution, payable in the ensuing fiscal year, as
34 described in paragraph b. hereof. The State shall pay into the contingent
35 reserve fund during the ensuing year the amount so determined. The cash
36 death benefits, payable as a result of contribution by the State under the pro-
37 visions of this chapter upon the death of a member in active service, shall be
38-41 paid from the contingent reserve fund.

42 e. Any other provision of this act notwithstanding, no payment shall be
43 made by the State to the contingent reserve fund on behalf of service of
44 State employee veteran members until the fiscal year commencing July 1,
45 1956. This shall not affect the payment of benefits to, and on behalf of, State
46 employee veteran members prior to said date, and any such disbursements
47 for benefits not covered by reserves in the system on account of veterans shall
48 be met by direct contributions of the State.

1 25. The annuity savings fund shall be the fund in which shall be ac-
2 cumulated deductions from the compensation of members to provide for
3 their annuities and withdrawal allowances. Upon the basis of such tables
4 as the board adopts, and regular interest, the actuary of the board shall de-
5 termine for each member the proportion of compensation, exclusive of the
6 rate for any additional death benefit provided under section 57 of this act,
7 which, when deducted from each payment of his prospective earnable com-
8 pensation prior to service retirement and accumulated at regular interest
9 until he retires, shall be computed to be sufficient to provide, at that time, an
10 annuity equal to $\frac{1}{2}$ of the retirement allowance then allowable for service as
11 a member after the establishment of the retirement system.

12-13 Any member who was contributing to the former "State Employees'
14 Retirement System" shall continue to pay the proportion of compensation

15 applicable to the age at enrollment, which proportion shall not be increased
16 during the continuation of membership other than as provided in section 58,
17 and shall make any special payments either as lump sums or as installment
18 payments required as a result of election by the member to obtain additional
19 service credit. Members enrolling on and after the effective date of this sec-
20 tion shall contribute at the proportions applicable to group 2 members of the
21 former "State Employees' Retirement System" as of June 30, 1949, except
22 that the board of trustees may from time to time adopt for employees becom-
23 ing members thereafter, new proportions of compensation to be determined
24 as provided in the preceding paragraph. No member shall be required dur-
25 ing the continuation of his membership to increase the proportion of compen-
26 sation certified at the time of becoming a member as payable by him other
26A than as provided in section 58.

27 The board of trustees shall certify to each State department or subdivi-
28 sion thereof, and to the head of each branch of the State service not included
29 in a State department, the proportion of each member's compensation to be
30 deducted in accordance with rules and regulations established by the board,
31 and to facilitate the making of deductions the board of trustees may modify
32 the deduction required by a member by such an amount as shall not exceed
33 $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to
34 be made.

35 Every employee to whom this act applies shall be deemed to consent and
36 agree to any deduction from his compensation required by this act and to all
37 other provisions of this act. Notwithstanding any other law, rule or regula-
38 tion affecting the salary, pay, compensation, other perquisites, or tenure
39 of a person to whom this act applies, or shall apply, and notwithstanding
40 that the minimum salary, pay, or compensation or other perquisite pro-
41 vided by law for him shall be reduced thereby, payment, less such deduc-
42 tions, shall be a full and complete discharge and acquittance of all claims and
43 demands for service rendered by him during the period covered by such
44 payment.

1 26. Any contributions made by a member of the former "State Em-
2 ployees' Retirement System" prior to June 30, 1953, which are in excess of
3 those required shall be refundable with regular interest to the member on
4 demand or used at retirement to provide an annuity of equivalent actuarial
5 value which shall be in addition to his regular retirement allowance. The
6 actuarial equivalent of any shortage in required contributions at the time
7 of retirement on account of misstatement of age, leave of absence, or clerical
8 error, shall be deducted from the retirement allowance otherwise payable.

1 27. The retirement reserve fund shall be the fund from which all retire-
2 ment allowances shall be paid. Upon the retirement of a member the accu-
3 mulated deductions of the member shall be transferred to the retirement re-
4 serve fund from the annuity savings fund. The reserve needed to produce
5 the balance of the retirement allowance shall be transferred from the contin-
6 gent reserve fund. If the pension or the annuity of a member who has been
7 retired is subsequently cancelled, the appropriate reserve shall be transferred
8 to the annuity savings fund and the contingent reserve fund. If the pension
9 of a disability beneficiary is reduced as a result of an increase in his earning
10 capacity, the amount of the annual reduction in his pension shall be paid an-
11 nually into the contingent reserve fund during the period of the reduction.

12-20 Any surplus or deficit developing in the retirement reserve fund shall be
21 adjusted from time to time by transfer to or from the contingent reserve
22 fund by appropriate action of the board of trustees.

1 28. The members' death benefit fund shall be a fund in which shall be ac-
2 cumulated contributions from the compensation of members to provide for
3 their additional death benefits under the provisions of section 57. Upon the
4 death of a member electing the additional death benefit, the additional death
5 benefit payable shall be paid from the member's **death benefit fund**.

1 29. Upon the employment of a person to whom this act may apply, his
2 employer shall inform him of his duties and obligations under this act as a
3 condition of his employment.

1 30. In accordance with the regular rate of contribution and the extra
2 salary deductions certified by the retirement system, each department head
3 and the head of any branch of State service not within a department shall
4 certify to the State Treasurer the regular and extra deductions to be made
5 for the retirement system. The State Treasurer shall pay each of the amounts
6 so deducted to the retirement system, and he shall transfer to the board of
7 trustees monthly or at such intervals as the board designates a detailed
8 statement of all amounts so paid. The secretary of the board shall cause each
9 of the amounts so deducted to be credited to the account of the member from
10 whose compensation the deduction was made.

1 31. Each State department and branch of the State service not included
2 in a department shall keep such records and, from time to time, furnish such
3 information as the board of trustees in the discharge of its duties may
4 require.

1 32. The board of trustees shall be and are hereby constituted trustees
2 of the various funds and accounts established by this act; provided how-
3 ever, that all functions, powers and duties relating to the investment or re-
4 investment of moneys of, and purchase, sale, or exchange of any investments
5 or securities, of or for any fund or account established under this act, shall
6 be exercised and performed by the Director of the Division of Investment
7 in accordance with the provisions of chapter 270, P. L. 1950, as amended
8 and supplemented. Before any such investment, reinvestment, purchase,
9 sale or exchange shall be made by said director for or on behalf of the board
10 of trustees, the Director of the Division of Investment shall submit the de-
11 tails thereof to such board of trustees, which shall, within 48 hours, exclu-
12 sive of Sundays and public holidays, after such submission to it, file with the
13 director its written acceptance or rejection of such proposed investment, re-
14 investment, purchase, sale or exchange; and the director shall have authority
15 to make such investment, reinvestment, purchase, sale or exchange for or on
16 behalf of such board of trustees, unless there shall have been filed with him
17 a written rejection thereof by such board of trustees as herein provided.

18 A member of the board of trustees to be designated by a majority vote
19 thereof shall serve on the State Investment Council as a representative of
20 said board of trustees, for a term of 1 year and until his successor is elected
21 and qualified.

1 33. The board of trustees at the end of each fiscal year shall allow in-
2 terest on the balance of the annuity savings fund, contingent reserve fund, the
3 retirement reserve fund and the members' death benefit fund as of the
4 beginning of the fiscal year at the regular interest rate applicable thereto
5 to cover the interest creditable to the respective funds for the year. The
6 amount so allowed shall be due and payable to said funds and shall be
7 credited annually thereto by the board.

1 34. Any member who has at least 3 years of service as a member to
2 his credit may borrow from the retirement system, with the approval of
3 the retirement board, an amount equal to not more than 50% of the amount
4 of his accumulated deductions, but not less than \$50.00; provided, that the
5 amount so borrowed, together with interest thereon, can be repaid by addi-
6 tional deductions from compensations, not in excess of 25% of the member's
7 compensation, made at the same time compensation is paid to the member,
8 but not after the attainment of age 60. The amount so borrowed, together
9 with interest at the rate of 4% per annum on any unpaid balance thereof,
10 shall be repaid to the retirement system in equal installments by deduction
11 from the compensation of the member at the time the compensation is paid
12 and in such amounts as the retirement board shall approve, but such install-
13 ments shall be at least equal to the member's contribution to the retire-
14 ment system and at least sufficient to repay the amount borrowed with
15 interest thereon by the time the member attains age 60. Not more than 2
16 loans may be granted to any member in any fiscal year. Notwithstanding
17 any other law affecting the salary or compensation of any person or per-
18 sons to whom this act applies or shall apply, the additional deductions re-
19 quired to repay the loan shall be made. Any unpaid balance of a loan at the

20 time any benefit may become payable before the attainment of age 60, shall
21 be deducted from the benefit otherwise payable.

22 The board of trustees is hereby authorized to set aside moneys within
23 the contingent reserve fund from which loans to members shall be made, and
24 such moneys shall be the only source from which loans shall be made to
25 members. The interest earned on such loans shall be treated in the same
26 manner as interest earned from investments of the retirement system.

27 No loans to members shall be granted until 3 months after the estab-
28 lishment of the Public Employees' Retirement System; provided, however,
29 that loans outstanding as of the effective date of the repeal of the former
30 "State Employees' Retirement System" shall have the identical status in
31 the Public Employees' Retirement System and that the repayment of loans
32 from the former "State Employees' Retirement System" shall continue to
33 be made to the Public Employees' Retirement System in accordance with
34 rules established by the board of trustees.

1 35. The State Treasurer shall be the custodian of the funds created
2 by this act.

3 All payments from the funds shall be made by him only upon voucher
4 signed by the chairman and countersigned by the secretary of the board of
5 trustees. No voucher shall be drawn, except upon the authority of the
6 board duly entered in the record of its proceedings.

1 36. Except as otherwise herein provided, no trustee and no employee of
2 the board of trustees shall have any direct interest in the gains or profits of
3 any investments made by the board of trustees; nor shall any trustee or em-
4 ployee of the board directly or indirectly, for himself or as an agent in any
5 manner use the moneys of the retirement system, except to make such cur-
6 rent and necessary payments as are authorized by the board of trustees; nor
7 shall any trustee or employee of the board of trustees become an endorser or
8 surety, or in any manner an obligor for moneys loaned to or borrowed from
9 the board of trustees.

1 37. Regular interest charges payable, the creation and maintenance of re-
2 serves in the contingent reserve fund, the maintenance of retirement reserves
3 as provided for in this act and the payment of all retirement allowances and
4 other benefits granted by the board of trustees under the provisions of this
5 act are hereby made obligations of the State. All income, interest and divi-
6 dends derived from deposits and investments authorized by this act shall
7 be used for the payment of these obligations of the State.

8 Upon the basis of each actuarial determination and appraisal provided
9 for in this act, the board of trustees shall prepare and submit to the Gover-
10 nor in each year an itemized estimate of the amounts necessary to be appro-
11 priated by the State to the various funds to provide for payment in full dur-
12 ing the ensuing fiscal year of the obligations of the State accruing during
13 that year. The Legislature shall make an appropriation sufficient to provide
14 for such obligations of the State. The amounts so appropriated shall be
15 paid into the various funds created by this act.

1 38. Should a member of the Public Employees' Retirement System, after
2 having completed 20 years of service, be separated voluntarily or involun-
3 tarily from the service, before reaching service retirement age, and not by re-
4 moval for cause on charges of misconduct or delinquency, such person may elect
5 to receive: (a) the payments provided for in section [41 (2)] 41. b. of this act,
6 if he so qualifies under said section, or; (b) a deferred retirement allowance,
7 beginning at the retirement age, which shall be made up of an annuity de-
8 rived from the accumulated deductions standing to the credit of the individual
9 member's account in the annuity savings fund at the time of his severance
10 from the service, and a pension which when added to the annuity will produce
11 a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of
12 service credited as Class A service and $\frac{1}{60}$ of his final compensation for each
13 year of service credited as Class B service, calculated in accordance with sec-
14 tion 48 of this act, with optional privileges provided for in section 50 of this
15 act; provided, also that such election is communicated by such member to the

16 board of trustees in writing stating at what time subsequent to the execution
17 and filing thereof he desires to be retired; and provided further, that such
18 member, as referred to in subsection (b) may later elect: (a) to receive the
19 payments provided for in section 41 b. of this act, if he had qualified under
20 that section at the time of leaving service, or; (b) to withdraw his accumu-
21 lated deductions or, if such member shall die before attaining service re-
22 tirement age then his accumulated deductions shall be paid to such person, if
23 living, as he shall have nominated by written designation duly executed and
24 filed with the board of trustees otherwise to the executor or administrator of
25 the member's estate.

1 39. In computing for retirement purposes the total service of a member
2 about to be retired, the board of trustees shall credit him with the time of
3 all service rendered by him to the State since he last became a member, and
4 in addition if a service certificate heretofore issued to him is in full force
5 and effect, with all the service certified on the certificate, and with no other
6 service. Except as otherwise provided in this act, a service certificate or
7 modified service certificate, shall be final and conclusive for retirement
8 purposes as to service certified therein, unless in any 4-year period which
9 elapses subsequent to its issuance the member to whom it was issued fails
10 to render to the State 2 additional years of service, in which case it shall
10A be void.

11 For the purpose of computing service for retirement purposes, the board
12 shall fix and determine by appropriate rules and regulations how much service
13 in any year shall equal a year of service and part of a year of service. Not
14 more than 1 year shall be credited for all service in a calendar year. In com-
15 puting the service or in computing final compensation, no time during which
16 a member was absent on leave without pay shall be credited, unless such
17 leave of absence was for 3 months or less, or unless the service was allowed
18 for retirement purposes, both by the head of the department, or other branch
19 of the State service not included in a department in which the member was
20 employed, and the board of trustees. Any such member shall be required to

21 contribute, either in a lump sum or by installment payments, an amount cal-
22 culated, in accordance with the rules and regulations of the board of trustees,
23 to cover the contributions he would have paid for any service or compensation
24 credited for the period of such official leave of absence without pay.

1 40. When heretofore there has been or hereafter shall be effected a trans-
2 fer to the service of the State of a department or unit, from the service of a
3 municipality or county within this State, the period of such service in the
4 county or municipality shall, for the purpose of this chapter, be computed
5 as if the whole period of employment of such officers or employees had been
6 in the service of the State.

1 41. a. A member who withdraws from service or ceases to be an em-
2 ployee for any cause other than death or retirement shall receive all, or such
3 part as he demands, of the accumulated deductions standing to the credit of
4 his individual account in the annuity savings fund, except any loan outstand-
5 ing, except that for any period after June 30, 1944, prior to the effective
6 date of this section, the interest payable shall be such proportion of the
7 interest determined at the regular rate as 2% per annum bears to the regu-
7A lar rate of interest. Except as provided for in sections 8 and 38 of
8 this act, he shall cease to be a member 2 years from the date he discontinued
9 service as an employee, or, if prior thereto, upon the date when payment to
10 him on demand of his accumulated deductions exceeds $\frac{1}{2}$ of the accumulated
11 deductions. The board of trustees may, in its discretion, withhold, for not
12 more than 1 year after a member ceases to be an employee, all or part of his
13 accumulated deductions, if he previously withdrew from the annuity savings
14 fund all or part of his accumulated deductions and failed to redeposit that
15 amount to the credit of his individual account in the fund. No veteran mem-
16 ber shall be entitled to withdraw the amount of his accumulated deductions
17 contributed by his employer covering his military leave unless he shall have
18 returned to the payroll and contributed to the retirement system for a period
19 of 90 days.

20 b. Should a member resign after having completed 25 years of service,
21 before reaching service retirement age, he may elect to receive, in lieu of the
22 payment provided for above, an annuity which is the actuarial equivalent of
23 his accumulated deductions, and in addition a pension which when added to
24 the annuity will produce a total retirement allowance of $1/70$ of his final
25 compensation for each year of service credited as Class A service and $1/60$
26 of his final compensation for each year of service credited as Class B serv-
27 ice, reduced by $\frac{1}{2}$ of 1% for each month that the member lacks of being age
28 60, except that in the case of a member who has not attained age 53 the re-
29 duction is equal to 42% plus $1/6$ of 1% for each month the member lacks of
30 being age 53, and with the optional privileges provided for in section 50 of
31 this act.

32 c. Upon the receipt of proper proof of the death of a member in service
33 on account of which no accidental death benefit is payable under section 49
34 there shall be paid to such person, if living, as he shall have nominated by
35 written designation duly executed and filed with the board of trustees, other-
36 wise to the executor or administrator of the member's estate:

37 (1) His accumulated deductions at the time of death together with
37A regular interest; and

38 (2) An amount equal to $1\frac{1}{2}$ times the compensation received by the
39 member in the last year of creditable service.

40 d. A member may file with the board of trustees, and alter from time
41 to time during his lifetime, as desired, a duly attested written
41A new nomination of the payee of the death benefit provided under
42 this section. Such member may also file, and alter from time to
43 time during his lifetime, as desired, a request with the board of
44 trustees directing payment of said benefit in 1 sum or in equal annual install-
45 ments over a period of years or as a life annuity. Upon the death of such a
46 member, a beneficiary to whom a benefit is payable in 1 sum may elect to re-
47 ceive the amount payable in equal annual installments over a period of years
48 or as a life annuity.

1 42. A member, who shall have been an employee in each of the 10 years
2 next preceding his retirement, shall, upon the application of the head of the
3 department in which he shall have been employed or upon his own applica-
4 tion or the application of one acting in his behalf, be retired for ordinary
5 disability by the board of trustees, on a regular disability allowance if he
6 is under 60 years of age and on a service allowance if he has reached or
7 passed that age. The physician or physicians designated by the board shall
8 have first made a medical examination of him at his residence or at any
9 other place mutually agreed upon and shall have certified to the board that
10 the member is physically or mentally incapacitated for the performance of
11 duty and should be retired.

1 43. A member who has not attained age 70 shall, upon the application
2 of the head of the department in which he is employed or upon his own ap-
3 plication or the application of one acting in his behalf, be retired by the
4 board of trustees, if said employee is disabled as the result of per-
4A sonal injuries sustained in or from an accident arising out of and in
4B the course of his employment, on an accidental disability allowance.
5 No such application shall be valid or acted upon unless a report of the
6 accident, in a form acceptable to the board of trustees is filed in the office
7 of the retirement system within 60 days next following the accident; no such
8 application shall be valid or acted upon unless it is filed in the office of the
9 retirement system within 2 years of the date of the accident; provided, how-
10 ever, that the board of trustees may waive strict compliance with either or
11 both time limitations, if the board is satisfied: (1) that a report of the acci-
12 dent from which the disability is claimed to have resulted was filed with the
13 appointing authority with reasonable promptitude and in no event later than
14 60 days after the accident, and (2) the applicant shall show that his failure
15 to file a report with the board of trustees or to file his application for re-
16 tirement within the time limited by law was due to mistake, inadvertence,
17 ignorance of fact or law, inability, or to the fraud, misrepresentation or de-
18 ceit of any person, or to a delay in the manifestation of the incapacity, or to

19 any other reasonable cause or excuse, and (3) that the application for retire-
20 ment was filed in good faith and the circumstances justify its favorable con-
21 sideration.

22 Before consideration of the application by the board of trustees, the
23 physician or physicians designated by the board shall have first made a
24 medical examination of the member at his residence or at any other place
25 mutually agreed upon and shall have certified to the board that he is physi-
26 cally or mentally incapacitated for the performance of duty, and should be
27 retired, and the appointing authority shall have certified to the board that
28 an accident arising out of and in the course of his employment was the nat-
29 ural and proximate cause of the disability, the time and place where the
30 duty causing the disability was performed, that the disability was not the
31 result of his willful negligence and that the member should be retired.

32 This section shall apply to all applicants for disability retirement here-
33 after filed and in addition thereto the retirement board is expressly author-
34 ized to reconsider any application for accident disability allowance which
35 application had been previously denied upon the ground that a report of the
36 accident in a form acceptable to the retirement board was not filed within
37 60 days next following the accident.

1 44. Once each year the board of trustees may, and upon his application
2 shall, require any disability beneficiary who is under the age of 60 years to
3 undergo medical examination by a physician or physicians designated by the
4 board. The examination shall be made at the residence of the beneficiary or
5 any other place mutually agreed upon. If the physician or physicians there-
6 upon report and certify to the board that the disability beneficiary is not to-
7 tally incapacitated either physically or mentally for the performance of duty
8 and that he is engaged in or is able to engage in a gainful occupation, and if
9 the board concurs in the report, then the amount of his pension shall be re-
10 duced to an amount which, when added to the amount then earnable by him,
11 shall not exceed the amount of his final compensation. If subsequent medical
12 examination of such a beneficiary shows that his earning capacity has changed

13 since the date of his last examination, then the amount of his pension may be
14 further altered; but the new pension shall not exceed the amount of pension
15 originally granted or an amount which, when added to the amount earnable
16 by the beneficiary, shall not exceed the amount of his final compensation.

17 If a disability beneficiary, while under age of 60 years, refuses to sub-
18 mit to at least 1 medical examination in any year by a physician or physi-
19 cians designated by the board, his pension shall be discontinued until with-
20 drawal of his refusal, and if his refusal continues for 1 year, all his rights
21 in and to the pension shall be forfeited.

22 Upon application to the head of the department in which he was employed
23 at the time of his retirement, any beneficiary, while under the age of 60
24 years, may, in the discretion of the head of the department, be restored to
25 active service as an employee. No disability beneficiary entering the employ
26 of the State shall be compelled or permitted to become a member of the re-
27 tirement system, or to receive any benefits other than those previously
28-29 awarded to him, as long as his annual rate of compensation is less than his
30 final compensation at the time of his retirement. Any beneficiary under the
31 age of 60 years, who is restored to active service at an annual rate of com-
32 pensation equal to or greater than his final compensation at the time of his
33 retirement, or whose annual rate of compensation is increased at any time
34 after his restoration to service, to a rate equal to or greater than his final
35 compensation at the time of his retirement, shall thereupon again become a
36 member of the retirement system. His retirement allowance shall be canceled,
37 and notwithstanding anything in this act to the contrary, his annuity reserve
38 shall be transferred from the retirement reserve fund to his individual ac-
39 count in the annuity savings fund. Deductions shall be made from his com-
40 pensation at the rate applicable to him prior to his retirement. Any service
41 certificate on the basis of which his service was computed at the time of his
42 retirement shall be restored to full force and effect, and he shall be credited
43 with all service as a member standing to his credit at the time of his retire-
44 ment; except that such a beneficiary again becoming a member after having

45 attained the age of 50 years shall receive a pension on subsequent retire-
46 ment based on all his service as a member since his last return to member-
47 ship, and in addition he shall receive a pension equal to the pension on which
48 he was retired at the time of his last retirement, but the total pension upon
49 subsequent retirement shall not be a greater proportion of his final compen-
50 sation than the proportion to which he would have been entitled had he re-
51 mained in service during the period of his prior retirement.

1 45. Subject to the provisions of section 59 of this act, a member upon re-
2 tirement for ordinary disability shall receive a retirement allowance, which
3 shall consist of:

4 a. An annuity which shall be the actuarial equivalent of his accumulated
5 deductions at the time of his retirement;

6 b. A pension which, when added to the annuity, will produce a total re-
7 tirement allowance of $\frac{9}{10}$ of the sum of $\frac{1}{70}$ of his final compensation for
8 each year of service credited as Class A service and $\frac{1}{60}$ of his final com-
9 pensation for each year of service credited as Class B service; provided,
10 however, that in no event shall the allowance be based upon less than 17 years
11 of service, unless the member would have had less than 17 years of service
12 at age 60, in which event he shall be given credit for the years to age 60.

13 c. Upon the receipt of proper proofs of the death of a member who has
14 retired on an ordinary disability retirement allowance, there shall be paid to
15 such person, if living, as he shall have nominated by written designation
16 duly executed and filed with the board of trustees, otherwise to the executor
17 or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the com-
18 pensation received by the member in the last year of creditable service.

1 46. Subject to the provisions of section 59 of this act, a member upon
2 retirement for accident disability shall receive a service retirement allow-
3 ance if he has attained the age of 70; otherwise he shall receive a retire-
4 ment allowance which shall consist of:

5 a. An annuity which shall be the actuarial equivalent of his accumulated
6 deductions at the time of his retirement; and

7 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
8 pension for which contributions were being made at the time of the
9 occurrence of the accident.

10 c. Upon the receipt of proper proofs of the death of a member who has
11 retired on an accident disability retirement allowance, there shall be paid to
12 such person, if living, as he shall have nominated by written designation
13 duly executed and filed with the board of trustees, otherwise to the executor
14 or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the com-
15 pension received by the member in the last year of creditable service.

1 47. Retirement from service shall be as follows:

2 a. A member who shall have reached 60 years of age may retire from
3 service by filing with the board of trustees a written statement, duly at-
4 tested, stating at which time subsequent to the execution and filing thereof
5 he desires to be retired. The board of trustees shall retire him at the time
6 specified or at such other time within 30 days after the date so specified
7 as the board finds advisable.

8 b. A member who shall have reached 70 years of age shall be retired by
9 the board for service forthwith, or at such time within 90 days thereafter
10 as it deems advisable, except that an employee reaching 70 years of age may
11 be continued in service from time to time upon written notice to the board of
12 trustees by the head of the department where the employee is employed.

1 48. Subject to the provisions of section 59 of this act, a member, upon
2 retirement for service, shall receive a retirement allowance consisting of:

3 a. An annuity which shall be the actuarial equivalent of his accumulated
4 deductions at the time of his retirement;

5 b. A pension which, when added to the annuity, will produce a retirement
6 allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as
7 Class A service and $\frac{1}{60}$ of his final compensation for each year of service
8 credited as Class B service.

9 c. If in the case of a member who was age 60 or over on June 30, 1953,
10 who if he had retired immediately would have had an annuity in excess of

11 $\frac{1}{140}$ of his final compensation for each year of membership service credited
12 as a Class A member and $\frac{1}{120}$ of his final compensation for each year of
13 membership service credited as a Class B member, the amount of such
14 excess annuity determined as of such date shall not be used in determining
15 the pension on immediate or subsequent retirement.

16 d. Upon the receipt of proper proofs of the death of a member who has
17 retired on a service retirement allowance, there shall be paid to such person,
18 if living, as he shall have nominated by written designation duly executed
19 and filed with the board of trustees, otherwise to the executor or adminis-
20 trator of the member's estate, an amount equal to $\frac{3}{16}$ of the compensation
21 received by the member in the last year of creditable service.

1 49. Upon the death of a member in active service as the result of an
2 accident arising out of and in the course of his employment and not as the
3 result of his willful negligence, an accident death benefit shall be payable, if
4 a report, in a form acceptable to the board of trustees, of the accident is
5 filed in the office of the retirement system within 60 days next following the
6 accident, but the board of trustees may waive such time limit, for a reason-
7 able period, if in the judgment of the board the circumstances warrant such
8 action. Evidence must be submitted to the board of trustees proving that
9 the natural and proximate cause of his death was due to an accident arising
10 out of and in the course of employment at some definite time and place.

11 Upon application by or on behalf of the dependents of such deceased
12 member, the board of trustees, in addition to the payment of his accumulated
13 deductions as provided in section 41 of this act, shall grant an allowance of
14 $\frac{1}{2}$ of the final compensation of such employee, if the member was a male
15 employee, as a pension to his widow, to continue during her widowhood; or,
16 if no widow, or in case the widow dies or remarried before the youngest
17 child of such deceased member attains age 18, or if the member was a
18 married female employee, then to the child or children of such member under
19 age 18, divided in such manner as the board in its discretion shall deter-
20 mine to continue until the youngest surviving child dies or attains age 18.

21 If there be no widow or child under age 18 surviving such member, or if
22 the member was never married, then there shall be paid a cash sum equal
22A to $1\frac{1}{2}$ times the amount of his or her final compensation to his or her
23 estate or to such person having an insurable interest in his or her life
24 as he or she shall have nominated by written designation duly acknowledged
25 and filed with the board.

26 No such application shall be valid or acted upon unless it is filed in the
27 office of the retirement system within 2 years of the date of the accident;
28 but the retirement board may waive such time limit, for a reasonable period,
29 if in the judgment of the board the circumstances warrant such action.

1 50. Subject to the provisions of section 59 of this act, at the time of his
2 retirement any member may elect to receive his benefits in a retirement al-
3 lowance payable throughout life, or he may on retirement elect to receive
4 the actuarial equivalent at the time of his annuity, his pension or his retire-
5 ment allowance, in a lesser annuity, or a lesser pension, or a lesser retirement
6 allowance, payable throughout life, with the provision that:

7 Option 1. If he dies before he has received in payments the present value
8 of his annuity, his pension or his retirement allowance as it was at the time
9 of his retirement, the balance shall be paid to his legal representatives or to
10 such person having an insurable interest in his life as he shall nominate by
11 written designation acknowledged and filed with the board of trustees at the
12 time of his retirement, either in a lump sum or by equal payments over a pe-
12A riod of years at the option of the payee.

13 Option 2. Upon his death, his annuity, his pension or his retirement al-
14 lowance shall be continued throughout the life of and paid to such person
15 having an insurable interest in his life as he shall nominate by written des-
16 ignation duly acknowledged and filed with the board of trustees at the time
17 of his retirement.

18 Option 3. Upon his death, $\frac{1}{2}$ of his annuity, his pension or retirement
19 allowance shall be continued throughout the life of and paid to such person
20 having an insurable interest in his life as he shall nominate by written desig-

21 nation duly acknowledged and filed with the board of trustees at the time of
22 his retirement.

23 Option 4. Some other benefit or benefits shall be paid either to the mem-
24 ber or to whomever he nominates, if such other benefit or benefits, together
25 with the lesser annuity, or lesser pension, or lesser retirement allowance,
26 shall be certified by the actuary to be of equivalent actuarial value and shall
27 be approved by the board of trustees.

28 No optional selection shall be effective in case a beneficiary dies within
29 30 days after retirement and such a beneficiary shall be considered an active
30 member at the time of death until the first payment on account of any benefit
31 becomes normally due.

1 51. A pension, an annuity or a retirement allowance granted under the
2 provisions of this act shall be paid in equal monthly installments and shall
3 not be decreased, increased, revoked or repealed, except as otherwise pro-
4 vided in this act; provided, however, that at the time any benefit becomes
5 payable any unpaid balance of a loan or arrearage outstanding shall be de-
6 ducted from any benefit otherwise payable.

1 52. The various funds created by this act shall be subject to periodic
2 examination by the State Department of Banking and Insurance.

1 53. The right of a person to a pension, an annuity, or a retirement al-
2 lowance, to the return of contributions, any benefit or right accrued or ac-
3 cruing to a person under the provisions of this act and the moneys in the
4 various funds created under this act, shall be exempt from any State or
5 municipal tax and from levy and sale, garnishment, attachment or any other
6 process arising out of any State or Federal court and, except as in this act
7 otherwise provided, shall be unassignable.

1 54. If any change or error in records results in an employee or benefi-
2 cary receiving from the retirement system more or less than he would have
3 been entitled to receive had the records been correct, then on discovery of
4 the error, the board of trustees shall correct it and, so far as practicable,

5 adjust the payments in such a manner that the actuarial equivalent of the
6 benefit to which he was correctly entitled shall be paid.

1 55. A person who knowingly makes a false statement, or falsifies or per-
2 mits to be falsified any record of this retirement system, in an attempt to
3 defraud the system as a result of such act shall be guilty of a misdemeanor.

1 56. No public employee veteran eligible for membership in the Public
2 Employees' Retirement System shall be eligible for, or receive, retirement
3 benefits under sections 43:4-1, 43:4-2 and 43:4-3 of the Revised Statutes.

4 All other employees in the classified civil service of the State who are not
5 veterans and who are entitled to receive pensions under the provisions of
6 any law of this State providing for the payment of pensions to State employ-
7 ees may, by written application to the board of trustees created under this
8 act, renounce the benefits as therein provided for, in the manner prescribed
9 by the board of trustees, and may be admitted to membership in the fund
10 created under this act in the same manner as other State employees.

1 57. a. Within 1 year after the effective date of this section or after the
2 effective date of membership, whichever date is later, each member shall have
3 the right to select additional death benefit coverage as follows:

4 (1) Upon the receipt of proper proofs of the death of a member selecting
5 coverage under this section who has retired on a service retirement allowance,
6 there shall be paid to such person, if living, as he shall have nominated by
7 written designation duly executed and filed with the board of trustees, other-
8 wise to the executor or administrator of the member's estate, an amount equal
9 to $\frac{3}{16}$ of the compensation received by the member in the last year of credit-
10 able service.

11 (2) Upon the receipt of proper proofs of the death of a member select-
12 ing coverage under this section who has retired on an ordinary or accident
13 disability retirement allowance, there shall be paid to such person, if living,
14 as he shall have nominated by written designation duly executed and filed
15 with the board of trustees, otherwise to the executor or administrator of the

16 member's estate, an amount equal to $\frac{3}{16}$ of the compensation received by
17 the member in the last year of creditable service.

18 (3) Upon the receipt of proper proof of the death in service of a mem-
19-20 ber who selected coverage under this section, there shall be paid to such
21 person, if living, as he shall have nominated by written designation duly ex-
22 ecuted and filed with the board of trustees, otherwise to the executor or ad-
23 ministrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
24 pensation received by the member in the last year of creditable service.

25 b. Each member selecting the additional death benefit coverage under
26 this section shall agree to the deduction of a percentage of his compensation
27 in addition to that required under section 25. The actuary of the retirement
28 system shall determine the percentage of contribution which, if deducted from
29 each payment of the prospective earnable compensation throughout active
30 service of all members selecting coverage under this section, is computed to
31 be sufficient to provide for all benefits of this section.

32 c. The percentage rate of contribution payable by members selecting
33 coverage under this section shall be subject to adjustment from time to time
34 by the board of trustees on the basis of annual actuarial valuations and ex-
35 perience investigations as provided under section 19, so that the value of
36 future contributions of members selecting the additional death benefit cov-
37 erage under this section when taken with present assets held for such addi-
38 tional death benefits shall be equal to the value of prospective benefit pay-
39 ments.

40 d. All other provisions of this section notwithstanding, this section and
41 the benefits provided under this section shall not come into effect until a re-
42 quired percentage of the members shall have applied for the additional death
43 benefit coverage under this section. This required percentage shall be fixed
44 by the board of trustees. Such application shall be made with the secretary
45 of the board of trustees in such manner and upon such forms as the board of
46 trustees shall provide.

47 e. Any other provision of this act notwithstanding, the additional con-
48 tributions of members selecting the additional death benefit coverage under
49 this section shall not be returnable to the member or his beneficiary in any
50 manner, or for any reason whatsoever, nor shall such contributions be in-
51 cluded in any annuity payable to any such member or his beneficiary.

52 f. A member selecting the additional death benefit coverage under this
53 section may file with the board of trustees, and alter from time to time during
54 his lifetime, as desired, a duly attested, written new nomination of the payee
55 of the death benefit provided under this section. Such member may also file
56 and alter from time to time during his lifetime, as desired, a request with the
57 board of trustees directing payment of said benefit in 1 sum or in equal an-
58 nual installments over a period of years or as a life annuity. Upon the death
59 of such a member, a beneficiary to whom a benefit is payable in 1 sum may
60 elect to receive the amount payable in equal annual installments over a
61 period of years or as a life annuity.

1 58. Prior to January 1, 1960, contributions to the Social Security Fund
2 by members of the retirement system shall be deducted from the contribu-
3 tions required to be paid to the retirement system by such members as pro-
4 vided in section 25 of this act.

5 Contributions by members of the retirement system to the Social Se-
6 curity Fund shall be made in the manner prescribed by the State Agency
7 for Social Security. Contributions to the Social Security Fund shall not be
8 subject to any provisions of this act, dealing with the withdrawal of con-
9 tributions, loans, or the payment of any annuities, pensions, disability or
10 death benefits. Any change in the rate of contribution to the Social Security
11 Fund after December 31, 1959, shall result in a corresponding change in the
12 amount of contributions payable by the members.

1 59. Upon attainment of age 65 by a retired member or upon retirement
2 of a member after the attainment of age 65, the board of trustees shall re-
3 duce such member's retirement allowance by the amount of the old age insur-
4 ance benefit under Title II of the Social Security Act payable to him. Mem-

5 bership in the retirement system shall presume the member's acceptance of
6 and consent to, such reduction. However, such reduction shall be subject to
7 the following limitations:

8 a. The amount of the old age insurance benefit shall be computed in the
9 same manner as computed by the Federal Social Security Administration, ex-
10 cept that in determining such benefit amount only wages or compensation for
11 services performed in the employ of the State, 1 or more of its instrumentali-
12 ties, 1 or more of its political subdivisions, or 1 or more instrumentalities
12A of its political subdivisions, shall be included.

13 b. The retirement allowance shall not be reduced below the amount of
14 the annuity portion of the retirement allowance being paid at the time of his
15 retirement.

16 c. The reduction shall apply in the following cases only:

17 (1) Retirement for age.

18 (2) Retirement for disability.

19 (3) Retirement for age on a deferred retirement allowance, as pro-
20 vided in section 38 of this act.

21 (4) Where an allowance is being paid upon resignation after 25
22 years of service, as provided in section 41 of this act.

23 d. Any increase in the amount of the old age insurance benefit under
24 Title II of the Social Security Act to take effect after December 31, 1959, shall
25 be disregarded in determining the amount of reduction from the retirement
26 allowance of a member.

27 e. Whenever the amount of reduction from the retirement allowance
28 shall have been once determined, it shall remain fixed for the duration of
29 a retirement allowance, except that any decrease in the amount of the old age
30 insurance benefit under Title II of the Social Security Act shall result in a
31 corresponding decrease in the amount of the retirement allowance, and except that any error
32 in the amount of reduction from the retirement allowance, and except that any error
33 in the amount of reduction from the retirement allowance, shall be corrected, as provided in section
34 of this act.

1 60. a. Each public employee veteran member shall have returned to him
2 his accumulated deductions as of the effective date of this section. All serv-
3 ice rendered in office, position, or employment of this State or of a county,
4 municipality, or school district or board of education by such veteran member
5 previous to the effective date of this section, for which evidence satisfac-
6 tory to the board of trustees is presented within 6 months of the effective
7 date of this section, shall be credited to him as a "Class B" member and
8 such credit shall be known as prior service credit and the obligation of the
9 employer on account of such credit shall be known as the accrued liability on
9A behalf of such veteran member. Service by a veteran member as a member
9B of the Congress of the United States from the State of New Jersey, if any,
9C pursuant to election or appointment as a United States Senator or member
9D of the United States House of Representatives shall be included within the
9E calculation of prior service, as though such service had been rendered in
10 office, position or employment of this State.

11 b. The accrued liability on behalf of State employee veteran members
12 shall be paid by the State as provided in section 24. The accrued liability
13 on behalf of other public employee veteran members shall be paid by their
14 employers, as of the effective date of this section, in the same manner as
15 provided in the case of State employee veteran members in section 24. The
16 board of trustees shall certify to the chief fiscal officer of the employer the
17 accrued liability contribution payable by such employer on behalf of veteran
18 members as if they were State employees.

19 c. Each public employee veteran member shall make contributions to
20 the retirement system at the proportions applicable to Class B members of
21 group 2 of the former "State Employees' Retirement System" as of June
22 30, 1949, except that the board of trustees may from time to time adopt for
23 employees becoming members after the effective date of this section new pro-
24 portions of compensation to be determined as provided in section 25. Each
25 public employee veteran member shall pay the proportion of compensation
26 applicable to his age at the commencement of employment, position or office

27 with the State, any county, municipality or school district or board of edu-
28 cation, except that where such service has not been continuous the public
29 employee veteran member shall pay the proportion of compensation ap-
30 plicable to the age resulting from the subtraction of his years of service from
31 his age as of the effective date of this section. No public employee veteran
32 member shall be required during the continuation of his membership to in-
33 crease the proportion of compensation certified at the time of becoming a
34 member as payable [to] *by* him, except as required by changes in the rate
35 of contributions to the Social Security Fund.

36 d. In the event that a public employee veteran who prior to the effective
37 date of this section rendered service in office, position or employment of
38 this State or of a county, municipality, or school district or board of educa-
39 tion but who is not in such office, position or employment on the effective
40 date of this section shall later become a member of the retirement system,
41 such public employee veteran shall receive prior service credit for service
42 rendered prior to the effective date of this section, for which evidence satis-
43 factory to the board of trustees is presented, in the same manner as received
44 by other public employee veteran members and shall pay the proportion of
45 compensation applicable to the age resulting from the subtraction of his
46 years of such prior service from his age on the date of his becoming a mem-
47 ber of the retirement system. The employer of such public employee veteran
48 on the date of his becoming a member shall pay the accrued liability on behalf
49 of such prior service and such accrued liability shall be paid in such a man-
50 ner that the total obligation will be met within the period of time fixed for the
51 liquidation of all accrued liabilities of the employer.

1 61. a. Any public employee veteran member [in service] *in office, posi-*
2 *tion or employment of this State or of a county, municipality, or school*
3 *district or board of education on January 1, 1955, who remains in such service*
4 *thereafter and* who has or shall have attained the age of [62] 60 years and
5 who has or shall have been for 20 years continuously or in the aggregate in of-
6 fice, position or employment of this State or of a county, municipality or school

7 district or board of education, satisfactory evidence of which service has
8 been presented to the board of trustees, shall have the privilege of retiring
9 and of receiving a retirement allowance of $\frac{1}{2}$ of the compensation received
10 during the last year of employment [for] upon which contributions to the
11 annuity savings fund and contingent reserve fund are made with the optional
12 privileges provided for in section 50 of this act.

13 *b. Any veteran becoming a member after January 1, 1955 shall, upon*
14 *attaining 62 years of age and presentation to the board of trustees of satis-*
15 *factory evidence of 20 years of continuous or aggregate service in office,*
16 *position or employment of this State or of a county, municipality or school*
17 *district or board of education, shall have the privilege of retiring and of*
18 *receiving a retirement allowance of $\frac{1}{2}$ of the compensation received during*
19 *the last year of employment upon which contributions to the annuity savings*
20 *fund and contingent reserve fund are made with the optional privileges*
21 *provided for in section 50 of this act.*

22 **[b.]** *c. Any public employee veteran member who has been for 20 years*
23 *continuously or in the aggregate in office, position or employment of this*
24 *State or of a county, municipality or school district or board of education*
25 *as of the effective date of this section shall have the privilege of retiring*
26 *for ordinary disability and of receiving a retirement allowance of $\frac{1}{2}$ of the*
27 *compensation received during the last year of employment [for] upon which*
28 *contributions to the annuity savings fund and contingent reserve fund are*
29 *made with the optional privileges provided for in section 50 of this act.*
30 *Such retirement shall be subject to the provisions governing ordinary dis-*
31 *ability retirement in sections 42 and 44 of this act.*

1 62. a. Where any county or municipality of the State has previously
2 been covered by the former "State Employees' Retirement System," such
3 county or municipality shall be covered under the provisions of this act and
4 the employees of such county or municipality shall have the same rights
5 and obligations with regard to becoming members of the Public Employees'
6 Retirement System as they had with regard to the former "State Employees'

7 Retirement System.” Any veteran becoming an employee of such county,
8 municipality or public agency after the effective date of this section, and
9 every public employee veteran in the employ of such county, municipal-
10 ity or public agency on the effective date of this section who shall not have
11 notified the board of trustees, within 30 days of such date, that he does not
12 desire to become a member, shall become a member of the Public Em-
13 ployees’ Retirement System.

14 b. Where any public agency of the State, as defined in section 71 of
15 this act, has previously been covered by the former “State Employees’
16 Retirement System” such public agency shall be covered under the provi-
17 sions of this act and the employees of such public agency shall have the
18 same rights and obligations with regard to becoming members of the Pub-
19 lic Employees’ Retirement System as they had with regard to the former
20 “State Employees’ Retirement System.”

1 63. Any public employee veteran of a county, municipality or school dis-
2 trict or board of education who on the effective date of this section is in a
3 position not covered by a retirement system to which both he and his em-
4 ployer make monetary contributions, other than the old-age and survivors
5 insurance provisions of Title II of the Federal Social Security Act, unless
6 he shall have notified the board of trustees that he does not desire to become
7 a member, shall be a member of the Public Employees’ Retirement System
8 as of the effective date of this section; and any veteran becoming an employee
9 of a county, municipality or school district or board of education in such a
10 position, after the effective date of this section, shall be a member of the
11 Public Employees’ Retirement System. The employer of such public em-
12 ployee veterans shall make such contributions to the retirement system on
13 behalf of all service rendered by such employees in office, position, or em-
14 ployment of this State or of any county, municipality or school district as
15 are required of employers under the provisions of this act.

1 64. Any other provision of this act notwithstanding, any member of the
2 retirement system who is not covered under the old-age and survivors in-

3 surance provisions of Title II of the Federal Social Security Act as a pub-
4 lic employee, or his designated beneficiary, shall not be eligible for the death
5 benefit provisions of sections 41, 45(c), 46(c), and 48(d).

1 65. All employees of any public agency or organization of this State,
2 which employs persons engaged in service to the public, shall be eligible to
3 participate in the Public Employees' Retirement System provided, the em-
4 ployer consents thereto by resolution and files a certified copy of such resolu-
5 tion with the board of trustees of the Public Employees' Retirement System
6 and the board of trustees approves thereof by resolution. Such organization
7 shall be referred to in this act as the employer. If the participation of such
8 employees is so approved then the employer shall contribute to the contin-
9 gent reserve fund on account of its members at the same rate per centum
10 as would be paid by the State if the members were State employees.

1 66. If the employer shall so consent to the enrollment of its employees
2 and the board of trustees shall so approve, participation in the retirement
3 system shall become effective on the date fixed by such board but not later
4 than 6 months following such approval by the board of trustees of the re-
5 tirement system. All service rendered to the employer by its employees pre-
6 vious to the effective date of such participation shall be credited to its em-
7 ployees who file application for membership within 1 year from such effective
8 date, and such credit to its employees shall be known as prior service credit,
9 and the obligation of the employer on account of such credit shall be known
10 as the accrued liability. Membership shall be compulsory for all employees
11 entering the service of the employer after such effective date.

1 67. The chief fiscal officer of the employer so consenting to the enroll-
2 ment of its employees shall submit to the board of trustees such information
3 and shall cause to be performed in respect to each of the employees of the
4 employer such duties as would be performed in the State service by the head
5 of a department of the State employing members of the retirement system.

1 68. The board of trustees of the Public Employees' Retirement System
2 shall certify to the chief fiscal officer of the employer so consenting the rates

3 of contributions payable by members, as if they were State employees. The
4 board shall further certify the contributions, including the accrued liability
5 contribution similar to the State accrued liability contribution, payable by
6 the employer to the Contingent Reserve Fund on behalf of these members,
7 as if they were State employees, and a pro rata share of the cost of the ad-
8 ministration of the retirement system, based upon the payroll of the members
9 who are employees of the employer. The initial actuarial expense incident
10 to the determination of the accrued liability contribution, payable by the em-
11 ployer so consenting, shall be paid by the employer. The amount certified by
12 the board of trustees as payable by such employer to the Contingent Reserve
13 Fund shall be included in the next budget subsequent to the certification by
14 the board of trustees. The treasurer or corresponding officer shall pay on
15 December 27 in each year to the State Treasurer the amount of the employ-
16 er's charges so certified, and shall pay to the State Treasurer the amount of
17 the deductions from the compensation of the members who are employees of
18 the employer in accordance with the rules and regulations established by the
19 board of trustees. The State Treasurer shall credit these amounts to the
20 appropriate fund or account.

1 69. An employee of such employer who, by reason of his service, is a
2 member of any other governmental retirement system shall not participate in
3 this retirement system on that part of his compensation so covered. Should
4 such employer for any reason become financially unable to make the normal
5 and accrued liability contributions payable on account of its employees' mem-
6 bership in the retirement system then such employer shall be deemed to be in
7 default and a certificate to this effect shall be sent by the board of trustees
8 to the employer and to the State Commissioner of Banking and Insurance.
9 All members of the retirement system, who were employees of such em-
10 ployer at the time of default, shall thereupon be entitled to discontinue mem-
11 bership in the retirement system and to a refund of their previous contribu-
12 tions upon demand made within 90 days thereafter. As of a date 90 days
13 following the date of such certificate of default, the actuary of the retire-

14 ment system shall determine by actuarial valuation the amount of the
15 reserves held on account of each active member and pensioner of such em-
16 ployer and shall credit to each such member and pensioner the amount of re-
17 serve so held. The reserve so credited, together with the amount of the ac-
18 cumulated deductions of each active member shall be used to provide a
19 paid up deferred annuity beginning at age 60 for him, and the reserve of each
20 pensioner shall be used in providing such part of his existing pension as the
21 reserve so held will provide, which pension, together with his annuity, shall
22 thereafter be payable to him. The rights and privileges of both active mem-
23 bers and pensioners of such employer shall thereupon terminate except as to
24 the payment of the deferred annuities so provided for the previous active
25 members and the annuities and the pensions, or parts thereof, provided for
26 the pensioners.

1 70. Notwithstanding anything to the contrary, the retirement system shall
2 not be liable for the payment of any pensions or other benefits on account of
3 the employees or pensioners of any employer under this article, for which re-
4 serves have not been previously created from funds, contributed by such em-
5 ployer or its employees for such benefits.

1 71. The words "public agency or organization" as used in this act shall
2 be construed to mean and include any agency or organization which oper-
3 ates public works or is engaged in service to the public for 1 or more munici-
4 palities, local boards of health, or counties, and whose revenue is derived
5 from other than State funds, but shall not be construed to include any sub-
6 division of any county, municipality, school district, privately owned public
7 utility or service or any religious, educational or charitable organization.

1 72. Whenever any member of the Public Employees' Retirement System
2 of New Jersey who has retired or shall retire from active service shall, in
3 writing, request the board of trustees to make deductions from his retirement
4 allowance for the payment of premiums for any hospital service plan or
5 medical surgical plan or both, the board of trustees may make such deduc-
6 tions and transmit the sum so deducted to the company carrying the policy

7 or policies. Any such written authorization may be withdrawn by any mem-
8 ber upon filing notice of such withdrawal with the board of trustees.

1 73. *a.* The board of trustees of the Public Employees' Retirement System
2 is hereby authorized and directed to enroll in the public employees' retire-
3 ment system employees of the New Jersey Turnpike Authority, the New Jer-
4 sey Highway Authority, Palisades Interstate Park Commission, Interstate
5 Sanitation Commission and the Delaware River Joint Toll Bridge Commis-
6 sion who consent and file application for membership in the said retirement
6A system.

7 In the case of the Delaware River Joint Toll Bridge Commission, the
8 employees shall be only those who are employed on the free bridges across
9 the Delaware river, under the control of said commission.

10 Upon such enrollment, the said employees shall be subject to the same
11 contribution and benefit provisions of the retirement system as State em-
12 ployees.

13 *b.* *The State University of New Jersey, as an instrumentality of the*
14 *State, shall, for all purposes of this act, be deemed an employer and its em-*
15 *ployees, both veterans and nonveterans, shall be subject to the same mem-*
16 *bership, contribution and benefit provisions of the retirement system as are*
17 *applicable to State employees.*

1 74. Except as otherwise provided in the case of public employee veterans
2 this act shall not become effective in any county or municipality which has
3 not previously been covered by the former "State Employees' Retirement
4 System" until its governing body shall, by resolution, have directed that the
5 question of adoption by that county or municipality shall be submitted to the
6 qualified voters thereof at a general election and a majority of the voters
7 voting on the question at such election shall have voted in favor of its adop-
8 tion. This act shall be effective without referendum in any county or mu-
9 nicipality in which chapter 15 of Title 43 of the Revised Statutes has been
10 adopted.

1 75. If this act is so adopted it shall become effective in the county or
2 municipality adopting it on June 30 of the following year. Membership in the
3 Public Employees' Retirement System shall be optional with the employees
4 of the county or municipality in the service on the day the act so becomes
5 effective in such county or municipality except in the case of public employee
6 veterans who on such date are members. An employee who elects to become
7 a member within 1 year after this act so takes effect shall be entitled to a
8 prior service certificate covering service rendered to the county or munici-
9 pality prior to the date this act so becomes effective. Any person who prior
10 to July 1, 1955, has filed an application covering service rendered to the
11 county or municipality prior to the date this act so becomes effective shall be
12 entitled to a prior service certificate covering such service. Membership
13 shall be compulsory for all employees entering the service of the county or
14 municipality after the date this act becomes effective. Where any such em-
15 ployee entering the service of the county or municipality after the date of
16 this act so becomes effective has had prior service for which evidence sat-
17 isfactory to the board of trustees is presented, as an employee in such
18 county or municipality before the date upon which this act so becomes effec-
19 tive such employee shall be entitled to a prior service certificate covering
20 service rendered to the county or municipality prior to the date this act so
21 becomes effective.

1 76. Any employee of any county or municipality whose voters have
2 adopted or shall hereafter adopt the retirement act as provided in this act,
3 who was or shall hereafter be inducted into the military or naval service of
4 the United States before making application for enrollment in the retirement
5 system, shall be accepted as a member upon his filing application, and his reg-
6 ular salary deductions as determined by the board of trustees shall be paid
7 to the retirement system by his employer, as provided by chapter 252 of the
8 laws of 1942, as amended by chapter 326 of the laws of 1942. This provision
9 shall not apply to any employee whose appointment is temporary or sea-
10 sonal.

11 In addition to any prior service credit authorized in this act, such mem-
12 ber shall be entitled to prior service credit from the date of his induction
13 to the effective date of this section.

1 77. Every employee of any school district including school districts in
2 counties of the first class the boundaries of which are coterminous with
3 those of a municipality, or more than 1 municipality, in which chapter 15 of
4 Title 43 of the Revised Statutes has been adopted, or in which this act is
5 adopted, who is not a member of or eligible to join the Teachers' Pension
6 and Annuity Fund, except an employee required upon employment or appoint-
7 ment to become a member of some other pension fund, shall be entitled to re-
8 ceive the same benefits as employees of such municipality or municipalities
9 are entitled to receive and the school district shall have the same obligations
10 with respect to such employees as the municipality has to its own employees
11 under this act; provided, such employee has been admitted to receive the
12 benefits of the fund established under chapter 15 of Title 43 of the Revised
13 Statutes, or shall make application to be admitted to such benefits within
14 6 months from January 1, 1955, or within 1 year from the effective date of
15 said chapter 15 of Title 43 of the Revised Statutes in such municipality or
16 municipalities, whichever is later.

1 78. All county attendance officers who have been appointed, or hereafter
2 shall be appointed, by the terms of section 18:14-47 of the Revised Statutes,
3 in counties in which chapter 15 of Title 43 of the Revised Statutes has been,
4 or in which this act is, adopted, shall be entitled to receive the same benefits
5 in the Public Employees' Retirement System as employees of the county are
6 entitled to receive, and the county superintendent of schools and the county
7 treasurer shall be charged with the duty of paying out of State school moneys
8 apportioned to the county the contributions of such county attendance offi-
9 cers to the Public Employees' Retirement System in the same manner as the
10 county pays such contributions for its employees under this act.

11 The county superintendent shall include in the apportionment made

12 under the terms of section 18:14-48 of the Revised Statutes a sufficient sum
13 of money to meet the obligations incurred in this act.

1 79. All employees of the State whose compensation is paid by any county
2 or municipality in which chapter 15 of Title 43 of the Revised Statutes has
3 been, or in which this act is, adopted shall be entitled to receive the same
4 benefits as employees of such county or municipality are entitled to receive
5 and the county or municipality paying such compensation shall have the same
6 obligations with respect to such employees of the State as it has to its own
7 employees under this act.

1 80. The chief fiscal officer of the county or municipality adopting this
2 act shall submit to the board of trustees of the Public Employees' Retirement
3 System such information and shall cause to be performed in respect to
4 each of the employees of the county or municipality such duties as would be
5 performed in the State service by the head of a department of the State em-
6 ploying members of the retirement system.

1 81. The board of trustees of the Public Employees' Retirement System
2 shall certify to the chief fiscal officer of the county or municipality adopting
3 this act the rates of contributions payable by members who are county or
4 municipal employees, as if they were State employees. The board shall fur-
5 ther certify the contributions, including the accrued liability contribution
6 similar to the State accrued liability contribution, payable by the county or
7 municipality to the Contingent Reserve Fund on behalf of these members, as
8 if they were State employees, and a pro rata share of the cost of the admin-
9 istration of the retirement system, based upon the payroll of the members
10 who are employees of the county or municipality. The initial actuarial ex-
11 pense incident to the determination of the accrued liability contribution, pay-
12 able by the county or municipality adopting this act, shall be paid by the
13 county or municipality. The amount certified by the board of trustees as pay-
14 able by the county or municipality to the Contingent Reserve Fund shall be
15 included in the next budget subsequent to the certification by the board of
16 trustees and levied and collected as any other taxes are levied and collected.

17 The treasurer or corresponding officer of any county or municipality shall
18 pay on December 27 in each year to the State Treasurer the amount of the
19 county or municipal charges so certified, and shall pay to the State Treasurer
20 the amount of the deductions from the compensation of the members who are
21 employees of the county or municipality in accordance with the rules and
22 regulations established by the board of trustees. The State Treasurer shall
23 credit these amounts to the appropriate fund or account.

1 82. Public employees of the counties or municipalities on behalf of whom
2 contributions are so paid, shall be entitled to benefits under the Public Em-
3 ployees' Retirement System as though they were State employees.

ARTICLE IV

1 83. Nothing contained in this act shall affect any policeman, fireman or
2 county or municipal employee contributing to any pension fund operating
3 under any other law.

1 84. This act shall be known and may be cited as the "Public Employees'
2 Retirement-Social Security Integration Act."

1 85. If any provision of this act, or the application thereof to any person
2 or circumstance, is held invalid, the remainder of this act and the applica-
3 tion of such provision to other persons or circumstances shall not be affected
4 thereby.

1 86. This section and sections 1, 2 and 3 of this act shall take effect im-
2 mediately. Sections 4 and 5 of this act shall take effect December [31,]
3 30, 1954. All other sections of this act shall take effect January [2,] 1, 1955.

(CORRECTED COPY)

[OFFICIAL COPY REPRINT]

SENATE, No. 304

STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

AN ACT to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein.

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

Analysis

1 ARTICLE I—Social Security

Section

- 2 1. Extension to governmental units having no retirement
3 system.
4 2. Extension to employers of former members of State Em-
5 ployees' Retirement System.
6 3. Effective date of agreements.

7 ARTICLE II—Repealers and disposition of funds, protection of rights and
8 benefits.

Section

- 9 4. Repeal of acts establishing State Employees' Retirement
10 System.
11 5. Disposition of funds, benefits, etc.

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

12 ARTICLE III—Public Employees' Retirement System of New Jersey.

Section

- 13 6. Definitions.
- 14 7. Membership of retirement system.
- 15 8. Restoration to membership of members discontinued from
16 service; conditions.
- 17 9. Nonmember State employee may join upon payment of ar-
18 rears.
- 19 10. State employees inducted into military or naval service be-
20 fore applying for enrollment.
- 21 11. Contributions covering temporary service.
- 22 12. Members serving State or Federal Government during war
23 emergency; restoration of retirement rights.
- 24 13. Special benefits continued.
- 25 14. Transfer of membership from teachers' fund to retirement
26 system.
- 27 15. Information required from department heads.
- 28 16. Classification of members.
- 29 17. Board of trustees.
- 30 18. Officers and employees; actuary; legal adviser.
- 31 19. Actuarial information and investigation; tables; rates of de-
32 duction and contribution.
- 33 20. Corporate powers.
- 34 21. Annual report.
- 35 22. Funds.
- 36 23. Expense fund.
- 37 24. Contingent reserve fund.
- 38 25. Annuity savings fund; deduction by department heads;
39 recomputation of contribution rate; supplemental annuity.
- 40 26. Excess refundable; shortage deducted.

Section

- 41 27. Retirement reserve fund.
- 42 28. Members' death benefit fund.
- 43 29. Relation of new employees to fund.
- 44 30. Deductions for annuity purposes certified on payroll; cred-
45-46 ited to fund.
- 47 31. Records kept by State departments.
- 48 32. Management of funds.
- 49 33. Interest.
- 50 34. Borrowing from fund by members.
- 51 35. Custodian of fund; payments; vouchers.
- 52 36. Interest in fund by trustee or employee prohibited.
- 53 37. Obligations of State; basis of State's appropriation.
- 54 38. Vesting.
- 55 39. Service creditable toward allowances; rules and regulations;
56 preserving annuity credit for period of leave of absence.
- 57 40. Transfer to State of municipal or county department; serv-
58 ice of transferee computed.
- 59 41. Withdrawal; 25 year resignation; nonservice connected death
60 benefit.
- 61 42. Ordinary disability retirement.
- 62 43. Accident disability retirement.
- 63 44. Annual examination of disability beneficiary; alteration of
64 pension; refusal to be examined; restoration to service.
- 65 45. Allowance on ordinary disability retirement.
- 66 46. Allowance on accident disability retirement.
- 67 47. Retirement for age.
- 68 48. Allowance on service retirement.
- 69 49. Accidental death; allowance to dependents.
- 70 50. Member's option on retirement.
- 71 51. Monthly payments.

Section

- 72 52. Supervision of funds.
- 73 53. Benefits under chapter exempt from taxation and process;
74 except repayment of loans.
- 75 54. Correction of errors.
- 76 55. Fraud against system a misdemeanor.
- 77 56. Renouncing other pension benefits.
- 78 57. Optional death benefit coverage.
- 79 58. Social Security contributions.
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118 ARTICLE IV—Short Title, Effective Dates, Miscellaneous

Section

- 119 83. Other pension laws not affected.
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- 122 86. Effective dates.

ARTICLE I

1 1. The State agency, established under chapter 253, laws of 1951, as
2 amended, with the approval of the Governor, is hereby authorized and
3 directed to enter, on behalf of the State, and of any county,
3A municipality or school district and of any public department, board,
4 body, commission, institution, agency, instrumentality or authority of, or in,
5 the State and of, or in, any county, municipality or school district in the State,
6 into an agreement with the U. S. Department of Health, Education, and Wel-
7 fare for the purpose of extending the provisions of the Federal Old-Age and

8 Survivors Insurance system to all services performed by employees as mem-
9 bers of any coverage group as defined in section 218 (b) (5) of the Social
10 Security Act unless such services are already covered by an agreement under
11 this act. The agreement shall conform with the terms and provisions of
12 this act. Each employer subject to the provisions of this section shall be
13 deemed to have submitted a plan in accordance with the provisions of sec-
14 tion 5 of chapter 253, laws of 1951, as amended, except that:

15 a. Such employer shall have the option of including or excluding from
16 coverage all employees in elective offices and positions. The employer shall
17 notify the State agency of his decision within 10 days after the date of this
18 enactment. If no notice has been received within the specified time, he shall
19 be deemed to have decided not to cover employees in such elective offices and
20 positions.

21 b. Such employer shall furnish the State agency within 10 days after
22 the date of this enactment, the title of the official responsible for the local ad-
23 ministration of the Social Security Program for the coverage group. If the
24 employer fails to furnish this information within the specified time, the State
25 agency shall deem that the employer has designated its chief fiscal officer to
26 be the responsible official.

27 c. The agreement shall not be made applicable to services in such posi-
28 tions so long as said positions are barred from coverage by the provisions
29 of the Social Security Act.

1 2. The State agency, with the approval of the Governor, is hereby author-
2 ized and directed to enter on behalf of the State into an agreement with the
3 Secretary of the U.S. Department of Health, Education, and Welfare for the
4 purposes of extending the provisions of the Federal Old-Age and Survivors
5 Insurance system to services performed by employees in positions formerly
6 covered by the provisions of chapters 14 and 15 of Title 43 of the Revised
7 Statutes, hereinafter referred to as the State Employees' Retirement System,
8 provided, however:

9 a. That such employees are members of a coverage group as defined
10 in section 218 (b) (5) of the Social Security Act;

11 b. The agreement shall not be made applicable to services in such posi-
12 tions so long as said positions are barred from coverage by the provisions of
13 the Social Security Act.

14 The agreement made under this section shall be consistent with the
15 terms and provisions of this act. It shall cover all employment for each em-
16 ployer in the State participating in the State Employees' Retirement Sys-
17 tem on the date of this enactment and each such employer shall be deemed
18 to have submitted a plan in accordance with the provisions of section 5 of
19 chapter 253, laws of 1951, as amended, except that:

20 **[a.]** (1) Where the employer has covered the services of at least 1 em-
21 ployee in any elective office or position under the provisions of the State
22 Employees' Retirement System, all employees in such elective positions shall
23 be included in the Social Security Coverage Group.

24 **[b.]** (2) Where the employer has covered none of the services of employ-
25 ees in any elective office or position under the provisions of the State Employ-
26 ees' Retirement System, such employers shall have the option of either in-
27 cluding or excluding the services of all such employees from Social Secu-
28 rity coverage. The employer shall notify the State agency of his decision
29 within 10 days after the date of this enactment. If no notice has been re-
30 ceived by the State agency within the specified time, the employer shall be
31 deemed to have decided to exclude the services of employees in elective of-
32 fices and positions.

33 **[c.]** (3) Each employer in the State subject to the provisions of this sec-
34 tion shall furnish the State agency the title of the official responsible for the
35 local administration of the Social Security Program for the coverage group
36 within 10 days after the date of this enactment. If the employer fails to fur-
37 nish this information within the specified time, the State agency shall deem
38 that such employer has designated its chief fiscal officer to be the responsible
39 official.

1 3. The effective date of the Social Security agreements under the pro-
2 visions of sections 1 and 2 above shall be [January 1, 1955] *December 31,*
3 *1954.*

ARTICLE II

1 4. Chapters 14 and 15 of Title 43 of the Revised Statutes and all amend-
2 ments and supplements thereto, designated as the "State Employees' Retire-
3 ment System of New Jersey" are repealed as of the effective date of this
4 section.

1 5. The repeal of chapters 14 and 15 of Title 43 of the Revised Statutes
2 of the State of New Jersey and all amendments and supplements thereto is
3 subject to the following provisos:

4 (a) Any person retired for service under any of the provisions of either
5 of said chapters and receiving or entitled to receive benefits thereunder
6 prior to their repeal shall continue to receive the same benefits or shall
7 continue to be entitled to receive the same benefits to the same extent and in
8 the same manner as if such chapters had not been repealed. If any such
9 person shall have elected to take his retirement benefit under one of the
10 options of such chapters, his beneficiary shall, upon the death of the retirant,
11 receive such amount as was provided under such chapters, as if such chap-
11A ters had not been repealed.

12 (b) Any beneficiary receiving an allowance as a result of an election
13 made by a person retiring under such chapters shall continue to receive such
14 allowance as provided under such chapters.

15 (c) Any person electing to have deductions for medical and hospitaliza-
16 tion insurance subtracted from his retirement allowance shall continue to have
17 such deductions subtracted as if such chapters had not been repealed.

18 (d) Any person retired for disability under such chapters and receiv-
19 ing benefits or entitled to receive benefits thereunder and any person receiv-
20 ing accidental death benefits as the result of the death of a member in
21 service under such chapters, prior to their repeal, including any person
22 covered by R. S. 43:14-30 to R. S. 43:14-34, R. S. 43:14-37 and R. S. 43:15-5,
23 shall, so long as he continues to meet the tests therefor prescribed in such

23A chapters, continue to receive the same or shall continue to be entitled to
23B receive to the same extent and in the same manner as if such chapters
24 had not been repealed. At such time as he shall cease to meet such require-
25 ments his benefits shall cease and as to him the chapters shall have no
26 further application. If any person retired for disability under such chapters
27 and receiving benefits thereunder prior to their repeal shall have elected to
28 take his retirement benefit under one of the options of such chapters, his
29 beneficiary shall, upon the death of the retirant, receive such amount as was
30 provided under such chapters.

31 (e) Any person who, as of the effective date of this section meets the
32 requirements for retirement under chapters 14 and 15 of Title 43 of the
33 Revised Statutes but who has not made application for benefits under such
34 chapters may make such application and be retired on or before the effective
35 date of this section, as if such chapters had not been repealed. He shall
36 thereafter receive benefits to the same extent and in the same manner as if
37 such chapters had not been repealed.

38 (f) If any person having made contributions under such chapters dies
39 prior to their repeal but before retiring, his accumulated deductions shall be
40 paid out as he shall have directed in writing; provided, however, that in the
41 case of a contributor who dies with credit for 20 or more years of total
42 service, the provisions of R. S. 43:14-29 shall apply. In the absence of
43 such written direction, his accumulated deductions shall be paid to his estate.
43A This paragraph shall apply also to any person dying subsequent to repeal
43B but before receiving his contributions.

44 (g) Any person who contracted for a loan under such chapters shall
45 continue to repay the loan as if such chapters had not been repealed.

46 (h) Interest on members' accumulated deductions shall cease as of the
47 effective date of this section.

48 (i) The accumulated deductions of the members constituting the Annuity
49 Savings Fund shall be set aside in a trust fund designated as Fund A to be
50 held for refund, upon demand, to the respective persons or beneficiaries

51 entitled thereto; no further interest shall be allowed after the effective date
52 of this section. Until refunded or otherwise disposed of, such funds, inter-
53 ests therein, and rights thereto shall not be subject to judicial process.

54 (j) The accumulated reserves in the Contingent Reserve Fund estab-
55 lished under such chapters which are required to meet pension and death
56 benefits allowable, shall be set aside in the State treasury as a trust fund
57 and expended for no other purpose except for the payment of such benefits.
57A Such fund shall be designated as Fund B.

58 (k) The accumulated reserves constituting the Retirement Reserve Fund
59 shall be set aside in a trust fund designated as Fund C to be held for pay-
60 ment of all pension and death benefits allowed. Such funds, interests therein
61 and rights thereto, shall not be subject to judicial process.

62 (l) All moneys in the Expense Fund shall be set aside in a trust fund
63 designated as Fund D, to be held for the purpose of administering the pay-
64 ment of benefits under the provisions of this section. Such moneys, interest
65 therein and rights thereto shall not be subject to judicial process.

66 (m) The State Treasurer through such agency, division, or bureau of
67 his department as he may direct is hereby authorized and directed to
68 administer the payment of benefits and the return of accumulated deduc-
69 tions under the State Employees' Retirement System abolished by this act.

70 The State Treasurer is hereby constituted the custodian of the securities,
71 funds and investments of the former "State Employees' Retirement System
72 of New Jersey." For the purpose of this section only, the title "State Em-
73 ployees' Retirement System of New Jersey" may be used in order to hold
74 title to, sell, assign, transfer or otherwise dispose of any such securities,
75 funds or investments. All functions, powers and duties relating to the
76 investment or reinvestment of moneys of, and purchase, sale or exchange of
77 any of such securities, funds or investments, shall be exercised and performed
78 by the Director of the Division of Investment in accordance with the provi-
79 sions of chapter 270, P. L. 1950, as amended and supplemented; provided,
80 however, that before any such investment, reinvestment, purchase, sale or

81 exchange may be made by said director pursuant to the provisions of this
82 section, he shall submit the details thereof to the State Treasurer, who shall,
83 within 48 hours, exclusive of Sundays and public holidays, after such sub-
84 mission to him, file with the director a written acceptance or rejection of such
85 proposed investment, reinvestment, purchase, sale or exchange; and the
86 director shall have authority to make such investment, reinvestment, pur-
87 chase, sale or exchange, for, on behalf of, and with respect to such fund,
88 unless there shall have been filed with him a written rejection thereof by
89 the State Treasurer as herein provided.

ARTICLE III

1 6. As used in this act:

2 a. "Accumulated deductions" means the sum of all the amounts, de-
3 ducted from the compensation of a member or contributed by him, standing
4 to the credit of his individual account in the annuity savings fund.

5 b. "Annuity" means payments for life derived from contributions made
6 by a member as provided in this act.

7 c. "Annuity reserve" means the present value of all payments to be
8 made on account of any annuity or benefit in lieu of an annuity, granted
9 under the provisions of this act, computed on the basis of such mortality ta-
10 bles as the board of trustees adopts, with regular interest.

11 d. "Beneficiary" means any person receiving a retirement allowance or
12 other benefit as provided in this act.

13 e. "Final compensation" means the average annual compensation for
14 which contributions are made by a member for the 5 years immediately pre-
15 ceding his retirement, or, at the option of such member, it shall mean the
16 average annual compensation for which contributions are made by a member
17 during any 5 consecutive years of his or her membership, within which period
18 of 5 consecutive years he was entitled to retirement for service, said 5 years
19 to be selected by the applicant prior to the date of retirement.

20 f. "Fiscal year" means any year commencing with July 1 and ending
21 with June 30 next following.

22 g. "Pension" means payments for life derived from appropriations
23 made by the employer as formerly provided in chapters 14 and 15 of Title
24 43 of the Revised Statutes, or in this act.

25 h. "Pension reserve" means the present value of all payments to be
26 made on account of any pension or benefit in lieu of a pension formerly
27 granted under the provisions of chapters 14 and 15 of Title 43 of the Revised
28 Statutes, or as provided in this act, computed on the basis of such mortality
29 tables as the board of trustees adopts, with regular interest.

30 i. "Public Employees' Retirement System of New Jersey," hereinafter
31 referred to as the "retirement system," is the corporate name of the ar-
32 rangement for the payment of retirement allowances and other benefits un-
33 der the provisions of this act and for the system including the several funds
34 created and placed under the management of the board of trustees of said
35 system. By that name all of its business shall be transacted, its funds in-
36 vested, warrants for money drawn and payments made and all of its cash
37 and securities and other property held.

38 j. "Regular interest" shall mean interest as determined from time to time
39 by the board of trustees. The regular interest rate shall be limited to a
40 minimum of 3% and a maximum of 4%.

41 k. "Retirement allowance" means the pension plus the annuity.

42 l. "Veteran" means any honorably discharged officer, soldier, sailor,
43 *airman*, marine or nurse who served in any army, *air force* or navy of the
44 allies of the United States in World War I, between July 14, 1914, and
45 November 11, 1918, or who served in any army, *air force* or navy of the
46 allies of the United States in World War II, between September 1, 1939,
47 and September 2, 1945, and who was inducted into such service through
48 voluntary enlistment, and was a citizen of the United States at the time
49 of such enlistment, and who did not, during or by reason of such service,
50 renounce or lose his United States citizenship, and any officer, soldier,
50A sailor, marine, airman, nurse or army field clerk, who has served in the
51 active military or naval service of the United States and has or shall be
52 discharged or released therefrom under conditions other than dishonorable,

53 in any of the following wars, uprisings, insurrections, expeditions, or
54 emergencies, and who has presented to the board of trustees evidence of
55 such record of service in form and content satisfactory to said board of trus-
55A tees:

56 (1) The Indian wars and uprisings during any of the periods
57 recognized by the War Department of the United States as periods of
58 active hostility;

59 (2) The Spanish-American War between April 20, 1898, and April
60 11, 1899;

61 (3) The Philippine insurrections and expeditions during the periods
62 recognized by the War Department of the United States as of active
63 hostility from February 4, 1899, to the end of 1913;

64 (4) The Peking relief expedition between June 20, 1900, and May
65 27, 1902;

66 (5) The army of Cuban occupation between July 18, 1898, and May
67 20, 1902;

68 (6) The army of Cuban pacification between October 6, 1906, and
69 April 1, 1909;

70 (7) The Mexican punitive expedition between March 14, 1916, and
71 February 7, 1917;

72 (8) The Mexican border patrol, having actually participated in
73 engagements against Mexicans between April 12, 1911, and June 16, 1919;

74 (9) World War I, between April 6, 1917, and November 11, 1918;

75 (10) World War II, between September 16, 1940, and September
76 2, 1945, who shall have served at least 90 days in such active service,
77 exclusive of any period he was assigned (1) for a course of education
78 or training under the Army Specialized Training Program or the Navy
79 College Training Program which course was a continuation of his
80 civilian course and was pursued to completion, or (2) as a cadet or
81 midshipman at one of the service academies any part of which 90 days
82 was served between said dates; provided, that any person receiving an

83 actual service incurred injury or disability shall be classed as a veteran
84 whether or not he has completed the 90-day service as herein provided.

85 (11) Emergency, at any time after June 23, 1950, and prior to the
86 date of termination, suspension or revocation of the proclamation of the
87 existence of a national emergency issued by the President of the United
88 States on December 16, 1950, or date of termination of the existence of
89 such national emergency by appropriate action of the President or the
90 Congress of the United States, who shall have served at least 90 days in
91 such active service, exclusive of any period he was assigned (1) for a
92 course of education or training under the Army Specialized Training
93 Program or the Navy College Training Program which course was a con-
94 tinuation of his civilian course and was pursued to completion, or (2)
95 as a cadet or midshipman at one of the service academies, any part of
96 which 90 days was served between said dates; provided, that any person
97 receiving an actual service incurred injury or disability shall be classed
98 as a veteran whether or not he has completed the 90-day service as
99 herein provided.

1 7. There is hereby established the Public Employees' Retirement Sys-
2 tem of New Jersey. The membership of the retirement system shall include:

3 a. The members of the former "State Employees' Retirement Sys-
4 tem of New Jersey" enrolled *as such* as of [the effective date of this act]
5 *December 29, 1954*; who shall not have claimed for refund their accumulated
6 deductions in said system as provided in this section [.] ;

7 b. Any person becoming a permanent employee of the State after the
8 effective date of this section; and

9 c. Every State employee veteran in the employ of the State on the effec-
10 tive date of this section who shall not have notified the board of trustees
11 within 30 days of such date that he does not desire to become a member.

12 The board may deny the right to become members of the retirement sys-
13 tem to any class of elected officials or to any class of persons other than vet-
14 erans not within the classified civil service, but any person who has been a

15 member of the former "State Employees' Retirement System" for 1 or
16 more years and who has been or may hereafter be appointed to an office or
17 position in the unclassified service shall be eligible to become a member of
18 the retirement system and entitled to all the rights and privileges thereun-
19 der, if he so elects. The board of trustees may deny the right to become
20 members of the retirement system to any class of persons whose compensa-
21 tion is only partly paid by the State, or it may, in its discretion, make op-
22 tional with persons in any such class their individual entrance into mem-
23 bership. State employees who become members of any other retirement
24 system supported wholly or partly by the State as a condition of employment
25 shall not be eligible to membership in this retirement system. Notwithstand-
26 ing any other law to the contrary all other persons accepting permanent em-
27 ployment in the classified service of the State shall be required to enroll in the
28 retirement system as a condition of their employment, regardless of age.

29 Membership of any person in the retirement system shall cease if, in
30 any 4-year period which elapses after his last becoming a member, he ren-
31 ders to the State less than 2 years of service, but not otherwise except as
32 provided in this act.

33 The accumulated deductions of the members of the former "State Em-
34 ployees' Retirement System" which have been set aside in a trust fund des-
35 ignated as Fund A as provided in section 5 of this act and which have not
36 been claimed for refund within 30 days after the effective date of this section
37 shall be transferred from said Fund A to the annuity savings fund of the re-
38 tirement system, provided for in section 25 of this act. Each member whose
39 accumulated deductions are so transferred shall receive the same prior serv-
40 ice credit, pension credit, and membership credit in the retirement system as
41 he previously had in the former "State Employees' Retirement System"
42 and shall have such accumulated deductions credited to his individual ac-
43 count in the annuity savings fund. Any outstanding obligation of such mem-
44 ber shall be continued.

1 8. If a member of the former "State Employees' Retirement System"
2 or the retirement system has been discontinued from service and he has with-
3 drawn his accumulated deductions in either of said systems, his prior service
4 credit and membership credit at the time of leaving service shall be restored
5 in full, if such member returns to service and deposits in the retirement sys-
6 tem the total amount as the board of trustees shall determine to be due in
7 order to give to such person the same credit for such service as he had at the
8 time of leaving service. Subject to the rules and regulations of the board
9 such deposit may be paid in regular installments. Subsequent normal con-
10 tributions shall be at the rate determined by the board of trustees.

11-12 If such member has not withdrawn his accumulated contributions his
13 membership may continue in the retirement system, notwithstanding any
14 provisions of this act, but such continuance shall not extend beyond a period
15 of 5 years from the date of his discontinuance from service.

16 No credit for pension purposes shall be allowed to such member, covering
17 the period of his lay-off or discontinuance, unless leave of absence was
18 granted by the head of his department and the board, as provided for in
19 section 39 of this act.

20 Should an employee who has withdrawn his accumulated deductions from
21 the former "State Employees' Retirement System" or the retirement sys-
22 tem as provided in section 41 of this act be re-enrolled as a member of the
23 retirement system and pay into the annuity savings fund the total amount as
24 the board of trustees shall determine to be due in order to give to such per-
25 son the same credit for such service as he had at the time of leaving service,
26 there shall be restored his annuity credit, and in addition, upon completion
27 of 1 year thereafter and the payment of at least $\frac{1}{2}$ of such obligation, his
28 pension credit shall be restored as it was at the time of his withdrawal. Sub-
29 sequent normal contributions shall be at the rate determined by the board of
30 trustees.

1 9. Any person other than a veteran who was in the employ of the State
2 prior to the effective date of this act, and who did not join the former

3 "State Employees' Retirement System," may join the retirement system at
4 any time upon paying into the retirement system such arrears over a period
5 of not more than 10 years in regular installments, with interest, as the board
6 of trustees shall determine to be due, in order to give to such person the
7 same standing as a member of the retirement system as other members who
8 joined the former "State Employees' Retirement System" when the law
9 providing for such retirement system first applied to them, or he shall have
10 the option of joining as a new member upon proper application to the board
11-17 of trustees, with no credit for previous service.

18 In the case of any person coming under the provisions of this section,
19 full annuity credit for the period of employment for which arrears are being
20 paid shall be given upon the payment of the total amount due, and full pen-
21 sion credit for such period of employment shall be given upon the payment of
22 at least $\frac{1}{2}$ of the total arrearage obligation and the completion of 1 year of
23 making arrears payments, except in the case of retirement for service, in
24 which case the total membership credit for such service shall be in direct
25 proportion to the amount paid of the total amount of the arrearage obliga-
26 tion, upon the completion of 1 year of making arrears payments.

1 10. Any State employee who had entered or shall hereafter enter into
2 the active air, military or naval service of the United States before making
3 application for enrollment in the retirement system shall be accepted as a
4 member upon his filing application, provided such application is made within
5 3 months after entry into such active air, military or naval service, and his
6 regular salary deductions as determined by the board of trustees shall be
7 paid to the retirement system by the employing department as provided by
8 chapter 252 of the laws of 1942, as amended by chapter 326 of the laws of
9 1942. This provision shall not apply to any employee whose appointment is
10 temporary or seasonal.

1 11. Any person employed temporarily by the State and whose tempo-
2 rary employment resulted in permanent employment shall be permitted to
3 make contributions covering this temporary service in accordance with the

4 rules and regulations of the board of trustees and receive the same annuity
5 and pension credits as if he had been a member during his temporary
6 service.

1 12. Any State employee who was a member of the former "State Em-
2 ployees' Retirement System" and whose services were or have been made
3 available by this State to the Federal Government may, if and when he or
4 she has returned or shall return to service with this State, or if he or she
5 has retired or been retired under the said system, contribute to the annuity
6 savings fund provided for in section 25 of this act, such sum or sums, either
7 in 1 payment or in installments, as determined by the board of trustees to
8 be sufficient to cover the amount which would have been contributed by such
9 individual had he or she remained a member of said system, together with
10 such interest thereon as shall be determined to be just by the board of trus-
11 tees; any board, body or commission of this State which has, had, or shall
12 have, moneys contributed by the Federal Government for that purpose
13 shall pay into such system such amount or amounts as would have been
14 contributed by it on account of said services had not such services been
15 made available to the Federal Government, together with such interest as
16 shall be determined to be just by the board of trustees. The board of trus-
17 tees is hereby authorized and required to receive said contributions, both for
18 annuity and pension purposes, it being the intention hereby to restore, if and
19 where possible, all retirement rights of such members lapsed or lost while
20 rendering services to the Federal Government in and during the emergency
21 of World War II.

1 13. The special benefits payable under the former "State Employees'
2 Retirement System" under acts repealed by this act as they were in effect on
3 June 30, 1953, which acts granted special privileges to certain employees,
4 shall be continued for members or beneficiaries of the retirement system as
5 of the effective date of this section as if such acts had not been repealed.

1 14. A person who has been a member of the teachers' retirement fund
2 and who has taken or shall take office, position or employment in the State

3 service in any capacity and is a member of the Public Employees' Retirement
4 System shall be entitled, upon application therefor, to prior service credit for
5 the length of his membership in such fund in the Public Employees' Retire-
6 ment System or who shall become a member of the Teachers' Pension and
7 Annuity Fund, and who has taken or shall take office, position or employment
8 in the State service in any capacity, shall be entitled, upon application there-
9 for, to membership in the retirement system, upon transferring his interests
10 from the Teachers' Pension and Annuity Fund to the retirement system. If
11 he has withdrawn his interests from the Teachers' Pension and Annuity Fund,
12 he shall be entitled to membership in the retirement system upon paying into
13 the latter fund such sum as shall be required by the trustees therefor for
14 that purpose. For the purpose of carrying out the provisions of this section,
15 the board of trustees may make all necessary rules and regulations.

1 15. The head of a department or branch of the State service not included
2 in a department employing a member shall submit to the board of trustees
3 a statement showing the name, title, compensation, duties, date of birth and
4 length of service of the member and any other information the board re-
5 quires.

1 16. The board of trustees shall classify the members in such group or
2 groups by occupation or sex as it may determine for actuarial purposes.

3 The board shall further classify the membership by benefit rates as Class
4 A or Class B members, as follows:

5 "Class A" shall include those members whose annuity shall be based on
6 a per centum of salary, computed to be sufficient, with regular interest, to
7 procure for the member, on retirement for service, an annuity equal to $\frac{1}{40}$
8 of his final compensation for each year of service as a member.

9 "Class B" shall include those members who have elected or who shall
10 hereafter elect to contribute to the annuity savings fund at a higher rate per
11 centum, computed to be sufficient, with regular interest, to procure for the
12 member, on retirement for service, an annuity equal to $\frac{1}{20}$ of his final com-
13 pensation for each year of service as a member.

14 On and after the effective date of this section, each new member shall be
15 placed in "Class B."

1 17. The general administration and responsibility for the proper opera-
2 tion of the Public Employees' Retirement System and for making effective
3 the provisions of this act shall be vested in the board of trustees. Subject to
4 the limitations of the law, the board shall, from time to time, establish rules
5 and regulations for the administration and transaction of its business and
6 for the control of the funds created by this subtitle and shall perform any
7 other functions required for the execution of this act. The membership of the
8 board shall consist of the following:

9 a. Two trustees appointed by the Governor, who shall serve at the
10 pleasure of the Governor and until their successors are appointed.

11 b. The State Treasurer.

12 c. Three trustees elected for a term of 3 years from among and by the
13 member employees of the State in a manner prescribed by the board of
14 trustees.

15 d. One trustee elected for a term of 3 years from among and by the
16 member employees of counties and the same method of holding an election
17 from time to time used for the State employees' representatives shall be fol-
18 lowed in elections held for county representatives.

19 e. Two trustees elected for a term of 3 years from among and by the mem-
20 ber employees of municipalities and the same method of holding an election
21 from time to time used for the State employees' representatives shall be fol-
22 lowed in elections held for municipal representatives; provided, however, at
23 the first election for municipal representation, 1 trustee shall be elected to
24 serve for a term of 2 years and the other trustee shall be elected to serve for
25 a term of 3 years.

26 A vacancy occurring during a term shall be filled for the unexpired term
27 by the appointment or election of a successor in the same manner as his
28 predecessor.

29 Each member of the board shall, upon appointment or election, take an
30 oath of office that, so far as it devolves upon him, he will diligently and hon-
31 estly administer the board's affairs, and that he will not knowingly violate
32 or willfully permit to be violated any provision of law applicable to this act.
33 The oath shall be subscribed to by the member making it, certified by the of-
34 ficer before whom it is taken and filed immediately in the office of the Secre-
35 tary of State.

36 Each trustee shall be entitled to 1 vote in the board and a majority of
37 all the votes of the entire board shall be necessary for a decision by the trus-
38 tees at a meeting of the board. The board shall keep a record of all its pro-
39 ceedings, which shall be open to public inspection.

40 The members of the board shall serve without compensation but shall be
41 reimbursed from the expense fund for any necessary expenditures. No em-
42 ployee shall suffer loss of salary or wages through the serving on the board.
43 The compensation for all persons employed by the board shall be fixed by
44 it, within the limits of appropriations made available to the board.

45 For the purpose of organizing the Public Employees' Retirement Sys-
46 tem, the members of the board of trustees of the former "State Employees'
47 Retirement System," as of the effective date of the repeal of that system,
48 shall constitute the initial membership of the board of trustees of the Public
49 Employees' Retirement System, for the remainder of the terms for which
50 they were appointed or elected as the case may be.

1 18. The board shall elect from its membership a chairman and may also
2 elect a vice-chairman, who shall have all the power and authority of the
3 chairman in the event of the death, absence or disability of the chairman.
4 It shall appoint, subject to the provisions of sections 11:4-2 and 11:4-3 of
5 the Revised Statutes, a secretary, an actuary and any technical employees
6 as may be necessary for the transaction of the business of the retirement
7 system.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act
10 and shall perform such other duties as are required in connection therewith.

11 The Attorney-General shall be the legal adviser of the retirement
12 system.

1 19. The actuary appointed by the board shall recommend, and the board
2 shall keep in convenient form, such data as shall be necessary for actuarial
3 valuation of the various funds created by this act. Once in every 5-year
4 period after the effective date of this section, the actuary shall make an
5 actuarial investigation into the mortality, service and compensation or sal-
6 ary experience of the members and beneficiaries as defined in this chap-
7 ter and shall make a valuation of the assets and liabilities of the various
8 funds created by this act. Upon the basis of such investigation and valua-
9 tion the board shall:

10 a. Adopt for the retirement system such mortality, service and other
11 tables as shall be deemed necessary;

12 b. Certify the rates of deduction from compensation computed to be
13 necessary to pay the annuities authorized under the provisions of this act;
14 and;

15 c. Certify the rates of contribution, expressed as a proportion of the
16 compensation of members which shall be made by the State to the contin-
17 gent reserve fund.

1 20. The retirement system shall, for the purposes of this act, possess
2 the powers and privileges of a corporation.

1 21. The board shall publish annually a report showing a valuation of
2 the assets and liabilities of the funds created by this act, certifying as to
3 the accumulated cash and securities of the funds and stating any other facts,
4 recommendations and data which may be of use in the advancement of
5 knowledge concerning employees' pensions and annuities. The board shall
6 submit the report to the Governor and furnish a copy to the officers of each
7 State department for use of the employees and the public.

1 22. Under this act there shall be the contingent reserve fund, annuity
2 savings fund, retirement reserve fund, and the members' death benefit fund.

1 23. The expenses of administration of the retirement system on behalf
2 of State employee members shall be paid by the State of New Jersey.

3 The administration fees hereafter paid by participating employers other
4 than the State, shall be used to pay the expenses of administration of the re-
5 tirement system on behalf of all members other than State employees.

1 24. The contingent reserve fund shall be the fund in which shall be
2 credited contributions made by the State.

3 a. Upon the basis of such tables as the board adopts, and regular inter-
4 est, the actuary of the board shall compute annually the amount of contri-
5 bution, expressed as a proportion of the compensation paid to all employees,
6 which if paid monthly during the entire prospective service of the employees,
7 will be sufficient to provide for the pension reserves required at the time of
8 discontinuance of active service to cover all pensions to which they may be
9 entitled or which are payable on their account and to provide for the amount
10 of the death benefits payable on their account by the State, which are not
11 covered by accrued liability contributions, to be made as provided in para-
12 graph b. hereof, and the funds in hand available for such benefits.

13 b. Upon the basis of such tables as the board adopts, and regular inter-
14 est, the actuary of the board shall compute, annually, the amount of the
15 liability which has accrued by reason of allowances to be granted on account
16 of services rendered by State employee veteran members as provided in sec-
17 tion 60 of this act prior to the establishment of the retirement system, which
18 has not already been covered by State contributions to the former "State
19 Employees' Retirement System." Using the total amount of this liability re-
20 maining as a basis, he shall compute the amount of the flat annual payment,
21 which, if paid in each succeeding fiscal year commencing with July 1, 1956,
22 for a period of 30 years, will provide for this liability.

23 c. Any accumulated reserves in the contingent reserve fund of the for-
24 mer "State Employees' Retirement System," which have not been set aside
25 in a trust fund designated as Fund B as provided in section 5 of this act
26 shall be transferred to the contingent reserve fund of the retirement system.

27-29 d. The board shall estimate and certify annually the aggregate amount
30 payable to the contingent reserve fund in the ensuing year, which amount
31 shall be equal to the sum of the proportion of the earnable compensation of
32 all members, computed as described in paragraph a. hereof and of the
33 State's accrued liability contribution, payable in the ensuing fiscal year, as
34 described in paragraph b. hereof. The State shall pay into the contingent
35 reserve fund during the ensuing year the amount so determined. The cash
36 death benefits, payable as a result of contribution by the State under the pro-
37 visions of this chapter upon the death of a member in active service, shall be
38-41 paid from the contingent reserve fund.

42 e. Any other provision of this act notwithstanding, no payment shall be
43 made by the State to the contingent reserve fund on behalf of service of
44 State employee veteran members until the fiscal year commencing July 1,
45 1956. This shall not affect the payment of benefits to, and on behalf of, State
46 employee veteran members prior to said date, and any such disbursements
47 for benefits not covered by reserves in the system on account of veterans shall
48 be met by direct contributions of the State.

1 25. The annuity savings fund shall be the fund in which shall be ac-
2 cumulated deductions from the compensation of members to provide for
3 their annuities and withdrawal allowances. Upon the basis of such tables
4 as the board adopts, and regular interest, the actuary of the board shall de-
5 termine for each member the proportion of compensation, exclusive of the
6 rate for any additional death benefit provided under section 57 of this act,
7 which, when deducted from each payment of his prospective earnable com-
8 pensation prior to service retirement and accumulated at regular interest
9 until he retires, shall be computed to be sufficient to provide, at that time, an
10 annuity equal to $\frac{1}{2}$ of the retirement allowance then allowable for service as
11 a member after the establishment of the retirement system.

12-13 Any member who was contributing to the former "State Employees'
14 Retirement System" shall continue to pay the proportion of compensation

15 applicable to the age at enrollment, which proportion shall not be increased
16 during the continuation of membership other than as provided in section 58,
17 and shall make any special payments either as lump sums or as installment
18 payments required as a result of election by the member to obtain additional
19 service credit. Members enrolling on and after the effective date of this sec-
20 tion shall contribute at the proportions applicable to group 2 members of the
21 former "State Employees' Retirement System" as of June 30, 1949, except
22 that the board of trustees may from time to time adopt for employees becom-
23 ing members thereafter, new proportions of compensation to be determined
24 as provided in the preceding paragraph. No member shall be required dur-
25 ing the continuation of his membership to increase the proportion of compen-
26 sation certified at the time of becoming a member as payable by him other
26A than as provided in section 58.

27 The board of trustees shall certify to each State department or subdivi-
28 sion thereof, and to the head of each branch of the State service not included
29 in a State department, the proportion of each member's compensation to be
30 deducted in accordance with rules and regulations established by the board,
31 and to facilitate the making of deductions the board of trustees may modify
32 the deduction required by a member by such an amount as shall not exceed
33 $\frac{1}{10}$ of 1% of the compensation upon the basis of which the deduction is to
34 be made.

35 Every employee to whom this act applies shall be deemed to consent and
36 agree to any deduction from his compensation required by this act and to all
37 other provisions of this act. Notwithstanding any other law, rule or regula-
38 tion affecting the salary, pay, compensation, other perquisites, or tenure
39 of a person to whom this act applies, or shall apply, and notwithstanding
40 that the minimum salary, pay, or compensation or other perquisite pro-
41 vided by law for him shall be reduced thereby, payment, less such deduc-
42 tions, shall be a full and complete discharge and acquittance of all claims and
43 demands for service rendered by him during the period covered by such
44 payment.

1 26. Any contributions made by a member of the former "State Em-
2 ployees' Retirement System" prior to June 30, 1953, which are in excess of
3 those required shall be refundable with regular interest to the member on
4 demand or used at retirement to provide an annuity of equivalent actuarial
5 value which shall be in addition to his regular retirement allowance. The
6 actuarial equivalent of any shortage in required contributions at the time
7 of retirement on account of misstatement of age, leave of absence, or clerical
8 error, shall be deducted from the retirement allowance otherwise payable.

1 27. The retirement reserve fund shall be the fund from which all retire-
2 ment allowances shall be paid. Upon the retirement of a member the accu-
3 mulated deductions of the member shall be transferred to the retirement re-
4 serve fund from the annuity savings fund. The reserve needed to produce
5 the balance of the retirement allowance shall be transferred from the contin-
6 gent reserve fund. If the pension or the annuity of a member who has been
7 retired is subsequently cancelled, the appropriate reserve shall be transferred
8 to the annuity savings fund and the contingent reserve fund. If the pension
9 of a disability beneficiary is reduced as a result of an increase in his earning
10 capacity, the amount of the annual reduction in his pension shall be paid an-
11 nually into the contingent reserve fund during the period of the reduction.

12-20 Any surplus or deficit developing in the retirement reserve fund shall be
21 adjusted from time to time by transfer to or from the contingent reserve
22 fund by appropriate action of the board of trustees.

1 28. The members' death benefit fund shall be a fund in which shall be ac-
2 cumulated contributions from the compensation of members to provide for
3 their additional death benefits under the provisions of section 57. Upon the
4 death of a member electing the additional death benefit, the additional death
5 benefit payable shall be paid from the member's death benefit fund.

1 29. Upon the employment of a person to whom this act may apply, his
2 employer shall inform him of his duties and obligations under this act as a
3 condition of his employment.

1 30. In accordance with the regular rate of contribution and the extra
2 salary deductions certified by the retirement system, each department head
3 and the head of any branch of State service not within a department shall
4 certify to the State Treasurer the regular and extra deductions to be made
5 for the retirement system. The State Treasurer shall pay each of the amounts
6 so deducted to the retirement system, and he shall transfer to the board of
7 trustees monthly or at such intervals as the board designates a detailed
8 statement of all amounts so paid. The secretary of the board shall cause each
9 of the amounts so deducted to be credited to the account of the member from
10 whose compensation the deduction was made.

1 31. Each State department and branch of the State service not included
2 in a department shall keep such records and, from time to time, furnish such
3 information as the board of trustees in the discharge of its duties may
4 require.

1 32. The board of trustees shall be and are hereby constituted trustees
2 of the various funds and accounts established by this act; provided how-
3 ever, that all functions, powers and duties relating to the investment or re-
4 investment of moneys of, and purchase, sale, or exchange of any investments
5 or securities, of or for any fund or account established under this act, shall
6 be exercised and performed by the Director of the Division of Investment
7 in accordance with the provisions of chapter 270, P. L. 1950, as amended
8 and supplemented. Before any such investment, reinvestment, purchase,
9 sale or exchange shall be made by said director for or on behalf of the board
10 of trustees, the Director of the Division of Investment shall submit the de-
11 tails thereof to such board of trustees, which shall, within 48 hours, exclu-
12 sive of Sundays and public holidays, after such submission to it, file with the
13 director its written acceptance or rejection of such proposed investment, re-
14 investment, purchase, sale or exchange; and the director shall have authority
15 to make such investment, reinvestment, purchase, sale or exchange for or on
16 behalf of such board of trustees, unless there shall have been filed with him
17 a written rejection thereof by such board of trustees as herein provided.

18 A member of the board of trustees to be designated by a majority vote
19 thereof shall serve on the State Investment Council as a representative of
20 said board of trustees, for a term of 1 year and until his successor is elected
21 and qualified.

1 33. The board of trustees at the end of each fiscal year shall allow in-
2 terest on the balance of the annuity savings fund, contingent reserve fund, the
3 retirement reserve fund and the members' death benefit fund as of the
4 beginning of the fiscal year at the regular interest rate applicable thereto
5 to cover the interest creditable to the respective funds for the year. The
6 amount so allowed shall be due and payable to said funds and shall be
7 credited annually thereto by the board.

1 34. Any member who has at least 3 years of service as a member to
2 his credit may borrow from the retirement system, with the approval of
3 the retirement board, an amount equal to not more than 50% of the amount
4 of his accumulated deductions, but not less than \$50.00; provided, that the
5 amount so borrowed, together with interest thereon, can be repaid by addi-
6 tional deductions from compensations, not in excess of 25% of the member's
7 compensation, made at the same time compensation is paid to the member,
8 but not after the attainment of age 60. The amount so borrowed, together
9 with interest at the rate of 4% per annum on any unpaid balance thereof,
10 shall be repaid to the retirement system in equal installments by deduction
11 from the compensation of the member at the time the compensation is paid
12 and in such amounts as the retirement board shall approve, but such install-
13 ments shall be at least equal to the member's contribution to the retire-
14 ment system and at least sufficient to repay the amount borrowed with
15 interest thereon by the time the member attains age 60. Not more than 2
16 loans may be granted to any member in any fiscal year. Notwithstanding
17 any other law affecting the salary or compensation of any person or per-
18 sons to whom this act applies or shall apply, the additional deductions re-
19 quired to repay the loan shall be made. Any unpaid balance of a loan at the

20 time any benefit may become payable before the attainment of age 60, shall
21 be deducted from the benefit otherwise payable.

22 The board of trustees is hereby authorized to set aside moneys within
23 the contingent reserve fund from which loans to members shall be made, and
24 such moneys shall be the only source from which loans shall be made to
25 members. The interest earned on such loans shall be treated in the same
26 manner as interest earned from investments of the retirement system.

27 No loans to members shall be granted until 3 months after the estab-
28 lishment of the Public Employees' Retirement System; provided, however,
29 that loans outstanding as of the effective date of the repeal of the former
30 "State Employees' Retirement System" shall have the identical status in
31 the Public Employees' Retirement System and that the repayment of loans
32 from the former "State Employees' Retirement System" shall continue to
33 be made to the Public Employees' Retirement System in accordance with
34 rules established by the board of trustees.

1 35. The State Treasurer shall be the custodian of the funds created
2 by this act.

3 All payments from the funds shall be made by him only upon voucher
4 signed by the chairman and countersigned by the secretary of the board of
5 trustees. No voucher shall be drawn, except upon the authority of the
6 board duly entered in the record of its proceedings.

1 36. Except as otherwise herein provided, no trustee and no employee of
2 the board of trustees shall have any direct interest in the gains or profits of
3 any investments made by the board of trustees; nor shall any trustee or em-
4 ployee of the board directly or indirectly, for himself or as an agent in any
5 manner use the moneys of the retirement system, except to make such cur-
6 rent and necessary payments as are authorized by the board of trustees; nor
7 shall any trustee or employee of the board of trustees become an endorser or
8 surety, or in any manner an obligor for moneys loaned to or borrowed from
9 the board of trustees.

1 37. Regular interest charges payable, the creation and maintenance of re-
2 serves in the contingent reserve fund, the maintenance of retirement reserves
3 as provided for in this act and the payment of all retirement allowances and
4 other benefits granted by the board of trustees under the provisions of this
5 act are hereby made obligations of the State. All income, interest and divi-
6 dends derived from deposits and investments authorized by this act shall
7 be used for the payment of these obligations of the State.

8 Upon the basis of each actuarial determination and appraisal provided
9 for in this act, the board of trustees shall prepare and submit to the Gover-
10 nor in each year an itemized estimate of the amounts necessary to be appro-
11 priated by the State to the various funds to provide for payment in full dur-
12 ing the ensuing fiscal year of the obligations of the State accruing during
13 that year. The Legislature shall make an appropriation sufficient to provide
14 for such obligations of the State. The amounts so appropriated shall be
15 paid into the various funds created by this act.

1 38. Should a member of the Public Employees' Retirement System, after
2 having completed 20 years of service, be separated voluntarily or involun-
3 tarily from the service, before reaching service retirement age, and not by re-
4 moval for cause on charges of misconduct or delinquency, such person may elect
5 to receive: (a) the payments provided for in section [41 (2)] 41. b. of this act,
6 if he so qualifies under said section, or; (b) a deferred retirement allowance,
7 beginning at the retirement age, which shall be made up of an annuity de-
8 rived from the accumulated deductions standing to the credit of the individual
9 member's account in the annuity savings fund at the time of his severance
10 from the service, and a pension which when added to the annuity will produce
11 a total retirement allowance of $\frac{1}{70}$ of his final compensation for each year of
12 service credited as Class A service and $\frac{1}{60}$ of his final compensation for each
13 year of service credited as Class B service, calculated in accordance with sec-
14 tion 48 of this act, with optional privileges provided for in section 50 of this
15 act; provided, also that such election is communicated by such member to the

16 board of trustees in writing stating at what time subsequent to the execution
17 and filing thereof he desires to be retired; and provided further, that such
18 member, as referred to in subsection (b) may later elect: (a) to receive the
19 payments provided for in section 41 b. of this act, if he had qualified under
20 that section at the time of leaving service, or; (b) to withdraw his accumu-
21 lated deductions or, if such member shall die before attaining service re-
22 tirement age then his accumulated deductions shall be paid to such person, if
23 living, as he shall have nominated by written designation duly executed and
24 filed with the board of trustees otherwise to the excutor or administrator of
25 the member's estate.

1 39. In computing for retirement purposes the total service of a member
2 about to be retired, the board of trustees shall credit him with the time of
3 all service rendered by him to the State since he last became a member, and
4 in addition if a service certificate heretofore issued to him is in full force
5 and effect, with all the service certified on the certificate, and with no other
6 service. Except as otherwise provided in this act, a service certificate or
7 modified service certificate, shall be final and conclusive for retirement
8 purposes as to service certified therein, unless in any 4-year period which
9 elapses subsequent to its issuance the member to whom it was issued fails
10 to render to the State 2 additional years of service, in which case it shall
10A be void.

11 For the purpose of computing service for retirement purposes, the board
12 shall fix and determine by appropriate rules and regulations how much service
13 in any year shall equal a year of service and part of a year of service. Not
14 more than 1 year shall be credited for all service in a calendar year. In com-
15 puting the service or in computing final compensation, no time during which
16 a member was absent on leave without pay shall be credited, unless such
17 leave of absence was for 3 months or less, or unless the service was allowed
18 for retirement purposes, both by the head of the department, or other branch
19 of the State service not included in a department in which the member was
20 employed, and the board of trustees. Any such member shall be required to

21 contribute, either in a lump sum or by installment payments, an amount cal-
22 culated, in accordance with the rules and regulations of the board of trustees,
23 to cover the contributions he would have paid for any service or compensation
24 credited for the period of such official leave of absence without pay.

1 40. When heretofore there has been or hereafter shall be effected a trans-
2 fer to the service of the State of a department or unit, from the service of a
3 municipality or county within this State, the period of such service in the
4 county or municipality shall, for the purpose of this chapter, be computed
5 as if the whole period of employment of such officers or employees had been
6 in the service of the State.

1 41. a. A member who withdraws from service or ceases to be an em-
2 ployee for any cause other than death or retirement shall receive all, or such
3 part as he demands, of the accumulated deductions standing to the credit of
4 his individual account in the annuity savings fund, except any loan outstand-
5 ing, except that for any period after June 30, 1944, prior to the effective
6 date of this section, the interest payable shall be such proportion of the
7 interest determined at the regular rate as 2% per annum bears to the regu-
8 lar rate of interest. Except as provided for in sections 8 and 38 of
9 this act, he shall cease to be a member 2 years from the date he discontinued
10 service as an employee, or, if prior thereto, upon the date when payment to
11 him on demand of his accumulated deductions exceeds $\frac{1}{2}$ of the accumulated
12 deductions. The board of trustees may, in its discretion, withhold, for not
13 more than 1 year after a member ceases to be an employee, all or part of his
14 accumulated deductions, if he previously withdrew from the annuity savings
15 fund all or part of his accumulated deductions and failed to redeposit that
16 amount to the credit of his individual account in the fund. No veteran mem-
17 ber shall be entitled to withdraw the amount of his accumulated deductions
18 contributed by his employer covering his military leave unless he shall have
19 returned to the payroll and contributed to the retirement system for a period
of 90 days.

20 b. Should a member resign after having completed 25 years of service,
21 before reaching service retirement age, he may elect to receive, in lieu of the
22 payment provided for above, an annuity which is the actuarial equivalent of
23 his accumulated deductions, and in addition a pension which when added to
24 the annuity will produce a total retirement allowance of $1/70$ of his final
25 compensation for each year of service credited as Class A service and $1/60$
26 of his final compensation for each year of service credited as Class B serv-
27 ice, reduced by $\frac{1}{2}$ of 1% for each month that the member lacks of being age
28 60, except that in the case of a member who has not attained age 53 the re-
29 duction is equal to 42% plus $1/6$ of 1% for each month the member lacks of
30 being age 53, and with the optional privileges provided for in section 50 of
31 this act.

32 c. Upon the receipt of proper proof of the death of a member in service
33 on account of which no accidental death benefit is payable under section 49
34 there shall be paid to such person, if living, as he shall have nominated by
35 written designation duly executed and filed with the board of trustees, other-
36 wise to the executor or administrator of the member's estate:

37 (1) His accumulated deductions at the time of death together with
37A regular interest; and

38 (2) An amount equal to $1\frac{1}{2}$ times the compensation received by the
39 member in the last year of creditable service.

40 d. A member may file with the board of trustees, and alter from time
41 to time during his lifetime, as desired, a duly attested written
41A new nomination of the payee of the death benefit provided under
42 this section. Such member may also file, and alter from time to
43 time during his lifetime, as desired, a request with the board of
44 trustees directing payment of said benefit in 1 sum or in equal annual install-
45 ments over a period of years or as a life annuity. Upon the death of such a
46 member, a beneficiary to whom a benefit is payable in 1 sum may elect to re-
47 ceive the amount payable in equal annual installments over a period of years
48 or as a life annuity.

1 42. A member, who shall have been an employee in each of the 10 years
2 next preceding his retirement, shall, upon the application of the head of the
3 department in which he shall have been employed or upon his own applica-
4 tion or the application of one acting in his behalf, be retired for ordinary
5 disability by the board of trustees, on a regular disability allowance if he
6 is under 60 years of age and on a service allowance if he has reached or
7 passed that age. The physician or physicians designated by the board shall
8 have first made a medical examination of him at his residence or at any
9 other place mutually agreed upon and shall have certified to the board that
10 the member is physically or mentally incapacitated for the performance of
11 duty and should be retired.

1 43. A member who has not attained age 70 shall, upon the application
2 of the head of the department in which he is employed or upon his own ap-
3 plication or the application of one acting in his behalf, be retired by the
4 board of trustees, if said employee is disabled as the result of per-
4A sonal injuries sustained in or from an accident arising out of and in
4B the course of his employment, on an accidental disability allowance.
5 No such application shall be valid or acted upon unless a report of the
6 accident, in a form acceptable to the board of trustees is filed in the office
7 of the retirement system within 60 days next following the accident; no such
8 application shall be valid or acted upon unless it is filed in the office of the
9 retirement system within 2 years of the date of the accident; provided, how-
10 ever, that the board of trustees may waive strict compliance with either or
11 both time limitations, if the board is satisfied: (1) that a report of the acci-
12 dent from which the disability is claimed to have resulted was filed with the
13 appointing authority with reasonable promptitude and in no event later than
14 60 days after the accident, and (2) the applicant shall show that his failure
15 to file a report with the board of trustees or to file his application for re-
16 tirement within the time limited by law was due to mistake, inadvertence,
17 ignorance of fact or law, inability, or to the fraud, misrepresentation or de-
18 ceit of any person, or to a delay in the manifestation of the incapacity, or to

19 any other reasonable cause or excuse, and (3) that the application for retire-
20 ment was filed in good faith and the circumstances justify its favorable con-
21 sideration.

22 Before consideration of the application by the board of trustees, the
23 physician or physicians designated by the board shall have first made a
24 medical examination of the member at his residence or at any other place
25 mutually agreed upon and shall have certified to the board that he is physi-
26 cally or mentally incapacitated for the performance of duty, and should be
27 retired, and the appointing authority shall have certified to the board that
28 an accident arising out of and in the course of his employment was the nat-
29 ural and proximate cause of the disability, the time and place where the
30 duty causing the disability was performed, that the disability was not the
31 result of his willful negligence and that the member should be retired.

32 This section shall apply to all applicants for disability retirement here-
33 after filed and in addition thereto the retirement board is expressly author-
34 ized to reconsider any application for accident disability allowance which
35 application had been previously denied upon the ground that a report of the
36 accident in a form acceptable to the retirement board was not filed within
37 60 days next following the accident.

1 44. Once each year the board of trustees may, and upon his application
2 shall, require any disability beneficiary who is under the age of 60 years to
3 undergo medical examination by a physician or physicians designated by the
4 board. The examination shall be made at the residence of the beneficiary or
5 any other place mutually agreed upon. If the physician or physicians there-
6 upon report and certify to the board that the disability beneficiary is not to-
7 tally incapacitated either physically or mentally for the performance of duty
8 and that he is engaged in or is able to engage in a gainful occupation, and if
9 the board concurs in the report, then the amount of his pension shall be re-
10 duced to an amount which, when added to the amount then earnable by him,
11 shall not exceed the amount of his final compensation. If subsequent medical
12 examination of such a beneficiary shows that his earning capacity has changed

13 since the date of his last examination, then the amount of his pension may be
14 further altered; but the new pension shall not exceed the amount of pension
15 originally granted or an amount which, when added to the amount earnable
16 by the beneficiary, shall not exceed the amount of his final compensation.

17 If a disability beneficiary, while under age of 60 years, refuses to sub-
18 mit to at least 1 medical examination in any year by a physician or physi-
19 cians designated by the board, his pension shall be discontinued until with-
20 drawal of his refusal, and if his refusal continues for 1 year, all his rights
21 in and to the pension shall be forfeited.

22 Upon application to the head of the department in which he was employed
23 at the time of his retirement, any beneficiary, while under the age of 60
24 years, may, in the discretion of the head of the department, be restored to
25 active service as an employee. No disability beneficiary entering the employ
26 of the State shall be compelled or permitted to become a member of the re-
27 tirement system, or to receive any benefits other than those previously
28-29 awarded to him, as long as his annual rate of compensation is less than his
30 final compensation at the time of his retirement. Any beneficiary under the
31 age of 60 years, who is restored to active service at an annual rate of com-
32 pensation equal to or greater than his final compensation at the time of his
33 retirement, or whose annual rate of compensation is increased at any time
34 after his restoration to service, to a rate equal to or greater than his final
35 compensation at the time of his retirement, shall thereupon again become a
36 member of the retirement system. His retirement allowance shall be canceled,
37 and notwithstanding anything in this act to the contrary, his annuity reserve
38 shall be transferred from the retirement reserve fund to his individual ac-
39 count in the annuity savings fund. Deductions shall be made from his com-
40 pensation at the rate applicable to him prior to his retirement. Any service
41 certificate on the basis of which his service was computed at the time of his
42 retirement shall be restored to full force and effect, and he shall be credited
43 with all service as a member standing to his credit at the time of his retire-
44 ment; except that such a beneficiary again becoming a member after having

45 attained the age of 50 years shall receive a pension on subsequent retire-
46 ment based on all his service as a member since his last return to member-
47 ship, and in addition he shall receive a pension equal to the pension on which
48 he was retired at the time of his last retirement, but the total pension upon
49 subsequent retirement shall not be a greater proportion of his final compen-
50 sation than the proportion to which he would have been entitled had he re-
51 mained in service during the period of his prior retirement.

1 45. Subject to the provisions of section 59 of this act, a member upon re-
2 tirement for ordinary disability shall receive a retirement allowance, which
3 shall consist of:

4 a. An annuity which shall be the actuarial equivalent of his accumulated
5 deductions at the time of his retirement;

6 b. A pension which, when added to the annuity, will produce a total re-
7 tirement allowance of $\frac{9}{10}$ of the sum of $\frac{1}{70}$ of his final compensation for
8 each year of service credited as Class A service and $\frac{1}{60}$ of his final com-
9 pensation for each year of service credited as Class B service; provided,
10 however, that in no event shall the allowance be based upon less than 17 years
11 of service, unless the member would have had less than 17 years of service
12 at age 60, in which event he shall be given credit for the years to age 60.

13 c. Upon the receipt of proper proofs of the death of a member who has
14 retired on an ordinary disability retirement allowance, there shall be paid to
15 such person, if living, as he shall have nominated by written designation
16 duly executed and filed with the board of trustees, otherwise to the executor
17 or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the com-
18 pensation received by the member in the last year of creditable service.

1 46. Subject to the provisions of section 59 of this act, a member upon
2 retirement for accident disability shall receive a service retirement allow-
3 ance if he has attained the age of 70; otherwise he shall receive a retire-
4 ment allowance which shall consist of:

5 a. An annuity which shall be the actuarial equivalent of his accumulated
6 deductions at the time of his retirement; and

7 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
8 pensation for which contributions were being made at the time of the
9 occurrence of the accident.

10 c. Upon the receipt of proper proofs of the death of a member who has
11 retired on an accident disability retirement allowance, there shall be paid to
12 such person, if living, as he shall have nominated by written designation
13 duly executed and filed with the board of trustees, otherwise to the executor
14 or administrator of the member's estate, an amount equal to $\frac{3}{16}$ of the com-
15 pensation received by the member in the last year of creditable service.

1 47. Retirement from service shall be as follows:

2 a. A member who shall have reached 60 years of age may retire from
3 service by filing with the board of trustees a written statement, duly at-
4 tested, stating at which time subsequent to the execution and filing thereof
5 he desires to be retired. The board of trustees shall retire him at the time
6 specified or at such other time within 30 days after the date so specified
7 as the board finds advisable.

8 b. A member who shall have reached 70 years of age shall be retired by
9 the board for service forthwith, or at such time within 90 days thereafter
10 as it deems advisable, except that an employee reaching 70 years of age may
11 be continued in service from time to time upon written notice to the board of
12 trustees by the head of the department where the employee is employed.

1 48. Subject to the provisions of section 59 of this act, a member, upon
2 retirement for service, shall receive a retirement allowance consisting of:

3 a. An annuity which shall be the actuarial equivalent of his accumulated
4 deductions at the time of his retirement;

5 b. A pension which, when added to the annuity, will produce a retirement
6 allowance of $\frac{1}{70}$ of his final compensation for each year of service credited as
7 Class A service and $\frac{1}{60}$ of his final compensation for each year of service
8 credited as Class B service.

9 c. If in the case of a member who was age 60 or over on June 30, 1953,
10 who if he had retired immediately would have had an annuity in excess of

11 $\frac{1}{140}$ of his final compensation for each year of membership service credited
12 as a Class A member and $\frac{1}{120}$ of his final compensation for each year of
13 membership service credited as a Class B member, the amount of such
14 excess annuity determined as of such date shall not be used in determining
15 the pension on immediate or subsequent retirement.

16 d. Upon the receipt of proper proofs of the death of a member who has
17 retired on a service retirement allowance, there shall be paid to such person,
18 if living, as he shall have nominated by written designation duly executed
19 and filed with the board of trustees, otherwise to the executor or adminis-
20 trator of the member's estate, an amount equal to $\frac{3}{16}$ of the compensation
21 received by the member in the last year of creditable service.

1 49. Upon the death of a member in active service as the result of an
2 accident arising out of and in the course of his employment and not as the
3 result of his willful negligence, an accident death benefit shall be payable, if
4 a report, in a form acceptable to the board of trustees, of the accident is
5 filed in the office of the retirement system within 60 days next following the
6 accident, but the board of trustees may waive such time limit, for a reason-
7 able period, if in the judgment of the board the circumstances warrant such
8 action. Evidence must be submitted to the board of trustees proving that
9 the natural and proximate cause of his death was due to an accident arising
10 out of and in the course of employment at some definite time and place.

11 Upon application by or on behalf of the dependents of such deceased
12 member, the board of trustees, in addition to the payment of his accumulated
13 deductions as provided in section 41 of this act, shall grant an allowance of
14 $\frac{1}{2}$ of the final compensation of such employee, if the member was a male
15 employee, as a pension to his widow, to continue during her widowhood; or,
16 if no widow, or in case the widow dies or remarried before the youngest
17 child of such deceased member attains age 18, or if the member was a
18 married female employee, then to the child or children of such member under
19 age 18, divided in such manner as the board in its discretion shall deter-
20 mine to continue until the youngest surviving child dies or attains age 18.

21 If there be no widow or child under age 18 surviving such member, or if
22 the member was never married, then there shall be paid a cash sum equal
22A to $1\frac{1}{2}$ times the amount of his or her final compensation to his or her
23 estate or to such person having an insurable interest in his or her life
24 as he or she shall have nominated by written designation duly acknowledged
25 and filed with the board.

26 No such application shall be valid or acted upon unless it is filed in the
27 office of the retirement system within 2 years of the date of the accident;
28 but the retirement board may waive such time limit, for a reasonable period,
29 if in the judgment of the board the circumstances warrant such action.

1 50. Subject to the provisions of section 59 of this act, at the time of his
2 retirement any member may elect to receive his benefits in a retirement al-
3 lowance payable throughout life, or he may on retirement elect to receive
4 the actuarial equivalent at the time of his annuity, his pension or his retire-
5 ment allowance, in a lesser annuity, or a lesser pension, or a lesser retirement
6 allowance, payable throughout life, with the provision that:

7 Option 1. If he dies before he has received in payments the present value
8 of his annuity, his pension or his retirement allowance as it was at the time
9 of his retirement, the balance shall be paid to his legal representatives or to
10 such person having an insurable interest in his life as he shall nominate by
11 written designation acknowledged and filed with the board of trustees at the
12 time of his retirement, either in a lump sum or by equal payments over a pe-
12A riod of years at the option of the payee.

13 Option 2. Upon his death, his annuity, his pension or his retirement al-
14 lowance shall be continued throughout the life of and paid to such person
15 having an insurable interest in his life as he shall nominate by written des-
16 ignation duly acknowledged and filed with the board of trustees at the time
17 of his retirement.

18 Option 3. Upon his death, $\frac{1}{2}$ of his annuity, his pension or retirement
19 allowance shall be continued throughout the life of and paid to such person
20 having an insurable interest in his life as he shall nominate by written desig-

21 nation duly acknowledged and filed with the board of trustees at the time of
22 his retirement.

23 Option 4. Some other benefit or benefits shall be paid either to the mem-
24 ber or to whomever he nominates, if such other benefit or benefits, together
25 with the lesser annuity, or lesser pension, or lesser retirement allowance,
26 shall be certified by the actuary to be of equivalent actuarial value and shall
27 be approved by the board of trustees.

28 No optional selection shall be effective in case a beneficiary dies within
29 30 days after retirement and such a beneficiary shall be considered an active
30 member at the time of death until the first payment on account of any benefit
31 becomes normally due.

1 51. A pension, an annuity or a retirement allowance granted under the
2 provisions of this act shall be paid in equal monthly installments and shall
3 not be decreased, increased, revoked or repealed, except as otherwise pro-
4 vided in this act; provided, however, that at the time any benefit becomes
5 payable any unpaid balance of a loan or arrearage outstanding shall be de-
6 ducted from any benefit otherwise payable.

1 52. The various funds created by this act shall be subject to periodic
2 examination by the State Department of Banking and Insurance.

1 53. The right of a person to a pension, an annuity, or a retirement al-
2 lowance, to the return of contributions, any benefit or right accrued or ac-
3 cruing to a person under the provisions of this act and the moneys in the
4 various funds created under this act, shall be exempt from any State or
5 municipal tax and from levy and sale, garnishment, attachment or any other
6 process arising out of any State or Federal court and, except as in this act
7 otherwise provided, shall be unassignable.

1 54. If any change or error in records results in an employee or benefi-
2 ary receiving from the retirement system more or less than he would have
3 been entitled to receive had the records been correct, then on discovery of
4 the error, the board of trustees shall correct it and, so far as practicable,

5 adjust the payments in such a manner that the actuarial equivalent of the
6 benefit to which he was correctly entitled shall be paid.

1 55. A person who knowingly makes a false statement, or falsifies or per-
2 mits to be falsified any record of this retirement system, in an attempt to
3 defraud the system as a result of such act shall be guilty of a misdemeanor.

1 56. No public employee veteran eligible for membership in the Public
2 Employees' Retirement System shall be eligible for, or receive, retirement
3 benefits under sections 43:4-1, 43:4-2 and 43:4-3 of the Revised Statutes.

4 All other employees in the classified civil service of the State who are not
5 veterans and who are entitled to receive pensions under the provisions of
6 any law of this State providing for the payment of pensions to State employ-
7 ees may, by written application to the board of trustees created under this
8 act, renounce the benefits as therein provided for, in the manner prescribed
9 by the board of trustees, and may be admitted to membership in the fund
10 created under this act in the same manner as other State employees.

1 57. a. Within 1 year after the effective date of this section or after the
2 effective date of membership, whichever date is later, each member shall have
3 the right to select additional death benefit coverage as follows:

4 (1) Upon the receipt of proper proofs of the death of a member selecting
5 coverage under this section who has retired on a service retirement allowance,
6 there shall be paid to such person, if living, as he shall have nominated by
7 written designation duly executed and filed with the board of trustees, other-
8 wise to the executor or administrator of the member's estate, an amount equal
9 to $\frac{3}{16}$ of the compensation received by the member in the last year of credit-
10 able service.

11 (2) Upon the receipt of proper proofs of the death of a member select-
12 ing coverage under this section who has retired on an ordinary or accident
13 disability retirement allowance, there shall be paid to such person, if living,
14 as he shall have nominated by written designation duly executed and filed
15 with the board of trustees, otherwise to the executor or administrator of the

16 member's estate, an amount equal to $\frac{3}{16}$ of the compensation received by
17 the member in the last year of creditable service.

18 (3) Upon the receipt of proper proof of the death in service of a mem-
19-20 ber who selected coverage under this section, there shall be paid to such
21 person, if living, as he shall have nominated by written designation duly ex-
22 ecuted and filed with the board of trustees, otherwise to the executor or ad-
23 ministrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
24 pensation received by the member in the last year of creditable service.

25 b. Each member selecting the additional death benefit coverage under
26 this section shall agree to the deduction of a percentage of his compensation
27 in addition to that required under section 25. The actuary of the retirement
28 system shall determine the percentage of contribution which, if deducted from
29 each payment of the prospective earnable compensation throughout active
30 service of all members selecting coverage under this section, is computed to
31 be sufficient to provide for all benefits of this section.

32 c. The percentage rate of contribution payable by members selecting
33 coverage under this section shall be subject to adjustment from time to time
34 by the board of trustees on the basis of annual actuarial valuations and ex-
35 perience investigations as provided under section 19, so that the value of
36 future contributions of members selecting the additional death benefit cov-
37 erage under this section when taken with present assets held for such addi-
38 tional death benefits shall be equal to the value of prospective benefit pay-
39 ments.

40 d. All other provisions of this section notwithstanding, this section and
41 the benefits provided under this section shall not come into effect until a re-
42 quired percentage of the members shall have applied for the additional death
43 benefit coverage under this section. This required percentage shall be fixed
44 by the board of trustees. Such application shall be made with the secretary
45 of the board of trustees in such manner and upon such forms as the board of
46 trustees shall provide.

47 e. Any other provision of this act notwithstanding, the additional con-
48 tributions of members selecting the additional death benefit coverage under
49 this section shall not be returnable to the member or his beneficiary in any
50 manner, or for any reason whatsoever, nor shall such contributions be in-
51 cluded in any annuity payable to any such member or his beneficiary.

52 f. A member selecting the additional death benefit coverage under this
53 section may file with the board of trustees, and alter from time to time during
54 his lifetime, as desired, a duly attested, written new nomination of the payee
55 of the death benefit provided under this section. Such member may also file
56 and alter from time to time during his lifetime, as desired, a request with the
57 board of trustees directing payment of said benefit in 1 sum or in equal an-
58 nual installments over a period of years or as a life annuity. Upon the death
59 of such a member, a beneficiary to whom a benefit is payable in 1 sum may
60 elect to receive the amount payable in equal annual installments over a
61 period of years or as a life annuity.

1 58. Prior to January 1, 1960, contributions to the Social Security Fund
2 by members of the retirement system shall be deducted from the contribu-
3 tions required to be paid to the retirement system by such members as pro-
4 vided in section 25 of this act.

5 Contributions by members of the retirement system to the Social Se-
6 curity Fund shall be made in the manner prescribed by the State Agency
7 for Social Security. Contributions to the Social Security Fund shall not be
8 subject to any provisions of this act, dealing with the withdrawal of con-
9 tributions, loans, or the payment of any annuities, pensions, disability or
10 death benefits. Any change in the rate of contribution to the Social Security
11 Fund after December 31, 1959, shall result in a corresponding change in the
12 amount of contributions payable by the members.

1 59. Upon attainment of age 65 by a retired member or upon retirement
2 of a member after the attainment of age 65, the board of trustees shall re-
3 duce such member's retirement allowance by the amount of the old age insur-
4 ance benefit under Title II of the Social Security Act payable to him. Mem-

5 bership in the retirement system shall presume the member's acceptance of
6 and consent to, such reduction. However, such reduction shall be subject to
7 the following limitations:

8 a. The amount of the old age insurance benefit shall be computed in the
9 same manner as computed by the Federal Social Security Administration, ex-
10 cept that in determining such benefit amount only wages or compensation for
11 services performed in the employ of the State, 1 or more of its instrumentali-
12 ties, 1 or more of its political subdivisions, or 1 or more instrumentalities
12A of its political subdivisions, shall be included.

13 b. The retirement allowance shall not be reduced below the amount of
14 the annuity portion of the retirement allowance being paid at the time of his
15 retirement.

16 c. The reduction shall apply in the following cases only:

17 (1) Retirement for age.

18 (2) Retirement for disability.

19 (3) Retirement for age on a deferred retirement allowance, as pro-
20 vided in section 38 of this act.

21 (4) Where an allowance is being paid upon resignation after 25
22 years of service, as provided in section 41 of this act.

23 d. Any increase in the amount of the old age insurance benefit under
24 Title II of the Social Security Act to take effect after December 31, 1959, shall
25 be disregarded in determining the amount of reduction from the retirement
26 allowance of a member.

27 e. Whenever the amount of reduction from the retirement allowance
28 shall have been once determined, it shall remain fixed for the duration of
29 a retirement allowance, except that any decrease in the amount of the old age
30 insurance benefit under Title II of the Social Security Act shall result in a
31 corresponding decrease in the amount of reduction from the retirement al-
32 lowance, and except that any error may be corrected, as provided in section
33 54 of this act.

1 60. a. Each public employee veteran member shall have returned to him
2 his accumulated deductions as of the effective date of this section. All serv-
3 ice rendered in office, position, or employment of this State or of a county,
4 municipality, or school district or board of education by such veteran member
5 previous to the effective date of this section, for which evidence satisfac-
6 tory to the board of trustees is presented within 6 months of the effective
7 date of this section, shall be credited to him as a "Class B" member and
8 such credit shall be known as prior service credit and the obligation of the
9 employer on account of such credit shall be known as the accrued liability on
9A behalf of such veteran member. Service by a veteran member as a member
9B of the Congress of the United States from the State of New Jersey, if any,
9C pursuant to election or appointment as a United States Senator or member
9D of the United States House of Representatives shall be included within the
9E calculation of prior service, as though such service had been rendered in
10 office, position or employment of this State.

11 b. The accrued liability on behalf of State employee veteran members
12 shall be paid by the State as provided in section 24. The accrued liability
13 on behalf of other public employee veteran members shall be paid by their
14 employers, as of the effective date of this section, in the same manner as
15 provided in the case of State employee veteran members in section 24. The
16 board of trustees shall certify to the chief fiscal officer of the employer the
17 accrued liability contribution payable by such employer on behalf of veteran
18 members as if they were State employees.

19 c. Each public employee veteran member shall make contributions to
20 the retirement system at the proportions applicable to Class B members of
21 group 2 of the former "State Employees' Retirement System" as of June
22 30, 1949, except that the board of trustees may from time to time adopt for
23 employees becoming members after the effective date of this section new pro-
24 portions of compensation to be determined as provided in section 25. Each
25 public employee veteran member shall pay the proportion of compensation
26 applicable to his age at the commencement of employment, position or office

27 with the State, any county, municipality or school district or board of edu-
28 cation, except that where such service has not been continuous the public
29 employee veteran member shall pay the proportion of compensation ap-
30 plicable to the age resulting from the subtraction of his years of service from
31 his age as of the effective date of this section. No public employee veteran
32 member shall be required during the continuation of his membership to in-
33 crease the proportion of compensation certified at the time of becoming a
34 member as payable [to] *by* him, except as required by changes in the rate
35 of contributions to the Social Security Fund.

36 d. In the event that a public employee veteran who prior to the effective
37 date of this section rendered service in office, position or employment of
38 this State or of a county, municipality, or school district or board of educa-
39 tion but who is not in such office, position or employment on the effective
40 date of this section shall later become a member of the retirement system,
41 such public employee veteran shall receive prior service credit for service
42 rendered prior to the effective date of this section, for which evidence satis-
43 factory to the board of trustees is presented, in the same manner as received
44 by other public employee veteran members and shall pay the proportion of
45 compensation applicable to the age resulting from the subtraction of his
46 years of such prior service from his age on the date of his becoming a mem-
47 ber of the retirement system. The employer of such public employee veteran
48 on the date of his becoming a member shall pay the accrued liability on behalf
49 of such prior service and such accrued liability shall be paid in such a man-
50 ner that the total obligation will be met within the period of time fixed for the
51 liquidation of all accrued liabilities of the employer.

1 61. a. Any public employee veteran member [in service] *in office, posi-*
2 *tion or employment of this State or of a county, municipality, or school*
3 *district or board of education on January 1, 1955, who remains in such service*
4 *thereafter and* who has or shall have attained the age of [62] 60 years and
5 who has or shall have been for 20 years continuously or in the aggregate in of-
6 fice, position or employment of this State or of a county, municipality or school

7 district or board of education, satisfactory evidence of which service has
8 been presented to the board of trustees, shall have the privilege of retiring
9 and of receiving a retirement allowance of $\frac{1}{2}$ of the compensation received
10 during the last year of employment [for] upon which contributions to the
11 annuity savings fund and contingent reserve fund are made with the optional
12 privileges provided for in section 50 of this act.

13 *b. Any veteran becoming a member after January 1, 1955 shall, upon*
14 *attaining 62 years of age and presentation to the board of trustees of satis-*
15 *factory evidence of 20 years of continuous or aggregate service in office,*
16 *position or employment of this State or of a county, municipality or school*
17 *district or board of education, shall have the privilege of retiring and of*
18 *receiving a retirement allowance of $\frac{1}{2}$ of the compensation received during*
19 *the last year of employment upon which contributions to the annuity savings*
20 *fund and contingent reserve fund are made with the optional privileges*
21 *provided for in section 50 of this act.*

22 **[b.]** *c. Any public employee veteran member who has been for 20 years*
23 *continuously or in the aggregate in office, position or employment of this*
24 *State or of a county, municipality or school district or board of education*
25 *as of the effective date of this section shall have the privilege of retiring*
26 *for ordinary disability and of receiving a retirement allowance of $\frac{1}{2}$ of the*
27 *compensation received during the last year of employment [for] upon which*
28 *contributions to the annuity savings fund and contingent reserve fund are*
29 *made with the optional privileges provided for in section 50 of this act.*
30 *Such retirement shall be subject to the provisions governing ordinary dis-*
31 *ability retirement in sections 42 and 44 of this act.*

1 62. a. Where any county or municipality of the State has previously
2 been covered by the former "State Employees' Retirement System," such
3 county or municipality shall be covered under the provisions of this act and
4 the employees of such county or municipality shall have the same rights
5 and obligations with regard to becoming members of the Public Employees'
6 Retirement System as they had with regard to the former "State Employees'

7 Retirement System.” Any veteran becoming an employee of such county,
8 municipality or public agency after the effective date of this section, and
9 every public employee veteran in the employ of such county, municipal-
10 ity or public agency on the effective date of this section who shall not have
11 notified the board of trustees, within 30 days of such date, that he does not
12 desire to become a member, shall become a member of the Public Em-
13 ployees’ Retirement System.

14 b. Where any public agency of the State, as defined in section 71 of
15 this act, has previously been covered by the former “State Employees’
16 Retirement System” such public agency shall be covered under the provi-
17 sions of this act and the employees of such public agency shall have the
18 same rights and obligations with regard to becoming members of the Pub-
19 lic Employees’ Retirement System as they had with regard to the former
20 “State Employees’ Retirement System.”

1 63. Any public employee veteran of a county, municipality or school dis-
2 trict or board of education who on the effective date of this section is in a
3 position not covered by a retirement system to which both he and his em-
4 ployer make monetary contributions, other than the old-age and survivors
5 insurance provisions of Title II of the Federal Social Security Act, unless
6 he shall have notified the board of trustees that he does not desire to become
7 a member, shall be a member of the Public Employees’ Retirement System
8 as of the effective date of this section; and any veteran becoming an employee
9 of a county, municipality or school district or board of education in such a
10 position, after the effective date of this section, shall be a member of the
11 Public Employees’ Retirement System. The employer of such public em-
12 ployee veterans shall make such contributions to the retirement system on
13 behalf of all service rendered by such employees in office, position, or em-
14 ployment of this State or of any county, municipality or school district as
15 are required of employers under the provisions of this act.

1 64. Any other provision of this act notwithstanding, any member of the
2 retirement system who is not covered under the old-age and survivors in-

3 surance provisions of Title II of the Federal Social Security Act as a pub-
4 lic employee, or his designated beneficiary, shall not be eligible for the death
5 benefit provisions of sections 41, 45(c), 46(c), and 48(d).

1 65. All employees of any public agency or organization of this State,
2 which employs persons engaged in service to the public, shall be eligible to
3 participate in the Public Employees' Retirement System provided, the em-
4 ployer consents thereto by resolution and files a certified copy of such resolu-
5 tion with the board of trustees of the Public Employees' Retirement System
6 and the board of trustees approves thereof by resolution. Such organization
7 shall be referred to in this act as the employer. If the participation of such
8 employees is so approved then the employer shall contribute to the contin-
9 gent reserve fund on account of its members at the same rate per centum
10 as would be paid by the State if the members were State employees.

1 66. If the employer shall so consent to the enrollment of its employees
2 and the board of trustees shall so approve, participation in the retirement
3 system shall become effective on the date fixed by such board but not later
4 than 6 months following such approval by the board of trustees of the re-
5 tirement system. All service rendered to the employer by its employees pre-
6 vious to the effective date of such participation shall be credited to its em-
7 ployees who file application for membership within 1 year from such effective
8 date, and such credit to its employees shall be known as prior service credit,
9 and the obligation of the employer on account of such credit shall be known
10 as the accrued liability. Membership shall be compulsory for all employees
11 entering the service of the employer after such effective date.

1 67. The chief fiscal officer of the employer so consenting to the enroll-
2 ment of its employees shall submit to the board of trustees such information
3 and shall cause to be performed in respect to each of the employees of the
4 employer such duties as would be performed in the State service by the head
5 of a department of the State employing members of the retirement system.

1 68. The board of trustees of the Public Employees' Retirement System
2 shall certify to the chief fiscal officer of the employer so consenting the rates

3 of contributions payable by members, as if they were State employees. The
4 board shall further certify the contributions, including the accrued liability
5 contribution similar to the State accrued liability contribution, payable by
6 the employer to the Contingent Reserve Fund on behalf of these members,
7 as if they were State employees, and a pro rata share of the cost of the ad-
8 ministration of the retirement system, based upon the payroll of the members
9 who are employees of the employer. The initial actuarial expense incident
10 to the determination of the accrued liability contribution, payable by the em-
11 ployer so consenting, shall be paid by the employer. The amount certified by
12 the board of trustees as payable by such employer to the Contingent Reserve
13 Fund shall be included in the next budget subsequent to the certification by
14 the board of trustees. The treasurer or corresponding officer shall pay on
15 December 27 in each year to the State Treasurer the amount of the employ-
16 er's charges so certified, and shall pay to the State Treasurer the amount of
17 the deductions from the compensation of the members who are employees of
18 the employer in accordance with the rules and regulations established by the
19 board of trustees. The State Treasurer shall credit these amounts to the
20 appropriate fund or account.

1 69. An employee of such employer who, by reason of his service, is a
2 member of any other governmental retirement system shall not participate in
3 this retirement system on that part of his compensation so covered. Should
4 such employer for any reason become financially unable to make the normal
5 and accrued liability contributions payable on account of its employees' mem-
6 bership in the retirement system then such employer shall be deemed to be in
7 default and a certificate to this effect shall be sent by the board of trustees
8 to the employer and to the State Commissioner of Banking and Insurance.
9 All members of the retirement system, who were employees of such em-
10 ployer at the time of default, shall thereupon be entitled to discontinue mem-
11 bership in the retirement system and to a refund of their previous contribu-
12 tions upon demand made within 90 days thereafter. As of a date 90 days
13 following the date of such certificate of default, the actuary of the retire-

14 ment system shall determine by actuarial valuation the amount of the
15 reserves held on account of each active member and pensioner of such em-
16 ployer and shall credit to each such member and pensioner the amount of re-
17 serve so held. The reserve so credited, together with the amount of the ac-
18 cumulated deductions of each active member shall be used to provide a
19 paid up deferred annuity beginning at age 60 for him, and the reserve of each
20 pensioner shall be used in providing such part of his existing pension as the
21 reserve so held will provide, which pension, together with his annuity, shall
22 thereafter be payable to him. The rights and privileges of both active mem-
23 bers and pensioners of such employer shall thereupon terminate except as to
24 the payment of the deferred annuities so provided for the previous active
25 members and the annuities and the pensions, or parts thereof, provided for
26 the pensioners.

1 70. Notwithstanding anything to the contrary, the retirement system shall
2 not be liable for the payment of any pensions or other benefits on account of
3 the employees or pensioners of any employer under this article, for which re-
4 serves have not been previously created from funds, contributed by such em-
5 ployer or its employees for such benefits.

1 71. The words "public agency or organization" as used in this act shall
2 be construed to mean and include any agency or organization which oper-
3 ates public works or is engaged in service to the public for 1 or more munici-
4 palities, local boards of health, or counties, and whose revenue is derived
5 from other than State funds, but shall not be construed to include any sub-
6 division of any county, municipality, school district, privately owned public
7 utility or service or any religious, educational or charitable organization.

1 72. Whenever any member of the Public Employees' Retirement System
2 of New Jersey who has retired or shall retire from active service shall, in
3 writing, request the board of trustees to make deductions from his retirement
4 allowance for the payment of premiums for any hospital service plan or
5 medical surgical plan or both, the board of trustees may make such deduc-
6 tions and transmit the sum so deducted to the company carrying the policy

7 or policies. Any such written authorization may be withdrawn by any mem-
8 ber upon filing notice of such withdrawal with the board of trustees.

1 73. *a.* The board of trustees of the Public Employees' Retirement System
2 is hereby authorized and directed to enroll in the public employees' retire-
3 ment system employees of the New Jersey Turnpike Authority, the New Jer-
4 sey Highway Authority, Palisades Interstate Park Commission, Interstate
5 Sanitation Commission and the Delaware River Joint Toll Bridge Commis-
6 sion who consent and file application for membership in the said retirement
6A system.

7 In the case of the Delaware River Joint Toll Bridge Commission, the
8 employees shall be only those who are employed on the free bridges across
9 the Delaware river, under the control of said commission.

10 Upon such enrollment, the said employees shall be subject to the same
11 contribution and benefit provisions of the retirement system as State em-
12 ployees.

13 *b.* *The State University of New Jersey, as an instrumentality of the*
14 *State, shall, for all purposes of this act, be deemed an employer and its em-*
15 *ployees, both veterans and nonveterans, shall be subject to the same mem-*
16 *bership, contribution and benefit provisions of the retirement system as are*
17 *applicable to State employees.*

1 74. Except as otherwise provided in the case of public employee veterans
2 this act shall not become effective in any county or municipality which has
3 not previously been covered by the former "State Employees' Retirement
4 System" until its governing body shall, by resolution, have directed that the
5 question of adoption by that county or municipality shall be submitted to the
6 qualified voters thereof at a general election and a majority of the voters
7 voting on the question at such election shall have voted in favor of its adop-
8 tion. This act shall be effective without referendum in any county or mu-
9 nicipality in which chapter 15 of Title 43 of the Revised Statutes has been
10 adopted.

1 75. If this act is so adopted it shall become effective in the county or
2 municipality adopting it on June 30 of the following year. Membership in the
3 Public Employees' Retirement System shall be optional with the employees
4 of the county or municipality in the service on the day the act so becomes
5 effective in such county or municipality except in the case of public employee
6 veterans who on such date are members. An employee who elects to become
7 a member within 1 year after this act so takes effect shall be entitled to a
8 prior service certificate covering service rendered to the county or munic-
9 pality prior to the date this act so becomes effective. Any person who prior
10 to July 1, 1955, has filed an application covering service rendered to the
11 county or municipality prior to the date this act so becomes effective shall be
12 entitled to a prior service certificate covering such service. Membership
13 shall be compulsory for all employees entering the service of the county or
14 municipality after the date this act becomes effective. Where any such em-
15 ployee entering the service of the county or municipality after the date of
16 this act so becomes effective has had prior service for which evidence sat-
17 isfactory to the board of trustees is presented, as an employee in such
18 county or municipality before the date upon which this act so becomes effec-
19 tive such employee shall be entitled to a prior service certificate covering
20 service rendered to the county or municipality prior to the date this act so
21 becomes effective.

1 76. Any employee of any county or municipality whose voters have
2 adopted or shall hereafter adopt the retirement act as provided in this act,
3 who was or shall hereafter be inducted into the military or naval service of
4 the United States before making application for enrollment in the retirement
5 system, shall be accepted as a member upon his filing application, and his reg-
6 ular salary deductions as determined by the board of trustees shall be paid
7 to the retirement system by his employer, as provided by chapter 252 of the
8 laws of 1942, as amended by chapter 326 of the laws of 1942. This provision
9 shall not apply to any employee whose appointment is temporary or sea-
10 sonal.

11 In addition to any prior service credit authorized in this act, such mem-
12 ber shall be entitled to prior service credit from the date of his induction
13 to the effective date of this section.

1 77. Every employee of any school district including school districts in
2 counties of the first class the boundaries of which are coterminous with
3 those of a municipality, or more than 1 municipality, in which chapter 15 of
4 Title 43 of the Revised Statutes has been adopted, or in which this act is
5 adopted, who is not a member of or eligible to join the Teachers' Pension
6 and Annuity Fund, except an employee required upon employment or appoint-
7 ment to become a member of some other pension fund, shall be entitled to re-
8 ceive the same benefits as employees of such municipality or municipalities
9 are entitled to receive and the school district shall have the same obligations
10 with respect to such employees as the municipality has to its own employees
11 under this act; provided, such employee has been admitted to receive the
12 benefits of the fund established under chapter 15 of Title 43 of the Revised
13 Statutes, or shall make application to be admitted to such benefits within
14 6 months from January 1, 1955, or within 1 year from the effective date of
15 said chapter 15 of Title 43 of the Revised Statutes in such municipality or
16 municipalities, whichever is later.

1 78. All county attendance officers who have been appointed, or hereafter
2 shall be appointed, by the terms of section 18:14-47 of the Revised Statutes,
3 in counties in which chapter 15 of Title 43 of the Revised Statutes has been,
4 or in which this act is, adopted, shall be entitled to receive the same benefits
5 in the Public Employees' Retirement System as employees of the county are
6 entitled to receive, and the county superintendent of schools and the county
7 treasurer shall be charged with the duty of paying out of State school moneys
8 apportioned to the county the contributions of such county attendance offi-
9 cers to the Public Employees' Retirement System in the same manner as the
10 county pays such contributions for its employees under this act.

11 The county superintendent shall include in the apportionment made

12 under the terms of section 18:14-48 of the Revised Statutes a sufficient sum
13 of money to meet the obligations incurred in this act.

1 79. All employees of the State whose compensation is paid by any county
2 or municipality in which chapter 15 of Title 43 of the Revised Statutes has
3 been, or in which this act is, adopted shall be entitled to receive the same
4 benefits as employees of such county or municipality are entitled to receive
5 and the county or municipality paying such compensation shall have the same
6 obligations with respect to such employees of the State as it has to its own
7 employees under this act.

1 80. The chief fiscal officer of the county or municipality adopting this
2 act shall submit to the board of trustees of the Public Employees' Retirement
3 System such information and shall cause to be performed in respect to
4 each of the employees of the county or municipality such duties as would be
5 performed in the State service by the head of a department of the State em-
6 ploying members of the retirement system.

1 81. The board of trustees of the Public Employees' Retirement System
2 shall certify to the chief fiscal officer of the county or municipality adopting
3 this act the rates of contributions payable by members who are county or
4 municipal employees, as if they were State employees. The board shall fur-
5 ther certify the contributions, including the accrued liability contribution
6 similar to the State accrued liability contribution, payable by the county or
7 municipality to the Contingent Reserve Fund on behalf of these members, as
8 if they were State employees, and a pro rata share of the cost of the admin-
9 istration of the retirement system, based upon the payroll of the members
10 who are employees of the county or municipality. The initial actuarial ex-
11 pense incident to the determination of the accrued liability contribution, pay-
12 able by the county or municipality adopting this act, shall be paid by the
13 county or municipality. The amount certified by the board of trustees as pay-
14 able by the county or municipality to the Contingent Reserve Fund shall be
15 included in the next budget subsequent to the certification by the board of
16 trustees and levied and collected as any other taxes are levied and collected.

17 The treasurer or corresponding officer of any county or municipality shall
18 pay on December 27 in each year to the State Treasurer the amount of the
19 county or municipal charges so certified, and shall pay to the State Treasurer
20 the amount of the deductions from the compensation of the members who are
21 employees of the county or municipality in accordance with the rules and
22 regulations established by the board of trustees. The State Treasurer shall
23 credit these amounts to the appropriate fund or account.

1 82. Public employees of the counties or municipalities on behalf of whom
2 contributions are so paid, shall be entitled to benefits under the Public Em-
3 ployees' Retirement System as though they were State employees.

ARTICLE IV

1 83. Nothing contained in this act shall affect any policeman, fireman or
2 county or municipal employee contributing to any pension fund operating
3 under any other law.

1 84. This act shall be known and may be cited as the "Public Employees'
2 Retirement-Social Security Integration Act."

1 85. If any provision of this act, or the application thereof to any person
2 or circumstance, is held invalid, the remainder of this act and the applica-
3 tion of such provision to other persons or circumstances shall not be affected
4 thereby.

1 86. This section and sections 1, 2 and 3 of this act shall take effect im-
2 mediately. Sections 4 and 5 of this act shall take effect December [31,
3 30, 1954. All other sections of this act shall take effect January [2,] 1, 1955.