

43:15A-47 and 50

LEGISLATIVE HISTORY

of

N.J.S.A. 43: 15A-47 and 50
(Public Employees Retirement)

*for materials
see pg 2*

N.J.S.A. 43:15A-47 and 50 - Laws 1954, Chapter 84, sec. 47 - S-304.
Retirement for age - introduced May 24, 1954 by Messrs Dumont, Forbes,
Vogel and Ridolfi. This bill had a statement. (Photostat enclosed.)

The report referred to in the statement above is:

974.90 Schanes, Steven E.
P418 A report on the improvement of the economic security benefits
1953a of New Jersey state employees. 1953.

Section 47 was not amended before passage. Section 50 was amended by the
Senate, June 10, 1954 to add "either in a lump sum or by equal payments
over a period of years at the option of the payee" at the end of Option 1.

N.J.S.A. 43:15A-50. Members option on retirement. Amended by Laws 1954, 24
section 8, S-379 - introduced November 15, 1954 by Messrs. Dumont, Forbes,
Vogel and Ridolfi. This bill had no statement.

Section 50 was amended by this bill as follows:

In option 1, 2 and 3 the phrase "having an insurable interest
in his life" is deleted after "person".

Section 50 of A-379 was not amended during passage.

You also asked for information on the following:

Chapter 185, Laws 1933.

Introduced as S-193 on February 27, 1933 by Mr. Reeves. Photostat
~~of this bill, with statement is enclosed.~~

A-431 (1953) Section 50 *Not enacted (died in Senate).*
Introduced April 7, 1953 by Mr. Stewart. This bill had a statement
~~(Photostat enclosed).~~

Section 50 as introduced ~~(photostat enclosed).~~

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43:15A-1 et seq.

LEGISLATIVE HISTORY CHECKLIST

NJSA. 43:15A-1 et seq.

Laws of 1954 Chapter 84

Bill No. S304

Sponsor(s) Dumont

Date Introduced May 24, 1954

Committee: Assembly -

Senate State, County & Municipal Gov't.

Amended during passage Yes No

Senate Comm. amendments enclosed (original is 57 pages)

Date of passage: Assembly June 21

Senate June 14

Date of approval June 24, 1954

Following statements are attached if available:

Sponsor statement	Yes	No
		<input checked="" type="checkbox"/>
Committee Statement: Assembly	Yes	No
	<input checked="" type="checkbox"/>	
Senate	Yes	No
	<input checked="" type="checkbox"/>	
Fiscal Note	Yes	No
	<input checked="" type="checkbox"/>	
Veto message	Yes	No
	<input checked="" type="checkbox"/>	
Message on signing	Yes	No
	<input checked="" type="checkbox"/>	

Following were printed:

Reports	Yes	No
		<input checked="" type="checkbox"/>
Hearings	Yes	No
	<input checked="" type="checkbox"/>	

974.90 Schanes, Steven E.
p418 A report on the improvement of the economic security
1953 a benefits of N.J. state employees.

974.90 New Jersey. Special Commission to study state employees
p418 Retirement Act.
1953 Report of the...established under JR 7(1951)

10/4/76

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; credited to fund.
- 45-46
- 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; preserving annuity credit for period of leave of absence.
- 56
- 57 40. Transfer to State of municipal or county department; service of transferee computed.
- 58
- 59 41. Withdrawal; 25 year resignation; nonservice connected death benefit.
- 60
- 61 42. Ordinary disability retirement.
- 62 43. Accident disability retirement.
- 63 44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.
- 64
- 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.
- 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' 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 $\frac{1}{40}$
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 $\frac{1}{120}$ 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 $\frac{1}{2}$ 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 $\frac{1}{6}$ 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 pension 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.

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 to
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 instrumental-
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
9 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".

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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; credited to fund.
- 45-46
- 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; preserving annuity credit for period of leave of absence.
- 56
- 57 40. Transfer to State of municipal or county department; service of transferee computed.
- 58
- 59 41. Withdrawal; 25 year resignation; nonservice connected death benefit.
- 60
- 61 42. Ordinary disability retirement.
- 62 43. Accident disability retirement.
- 63 44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.
- 64
- 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.
- 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 *New Jersey Turnpike Authority, New Jersey*
101 *Highway Authority, Palisades Interstate Park Commission,*
102 *Interstate Sanitation Commission and Delaware River Joint*
102a *Toll 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.] (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 $\frac{1}{40}$
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 $\frac{3}{100}$ of his final compensation for each year of
12 service credited as Class A service and $\frac{1}{100}$ 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 r-
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 $\frac{1}{60}$ 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 $\frac{3}{4}$ 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 in the amount of reduction from the retirement al-
33 lowance, and except that any error in the amount of reduction from the retirement al-
34 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(e), 46(e), 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 I 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.

<i>Section</i>	
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; credited to fund.
45-46	
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; preserving annuity credit for period of leave of absence.
56	
57	40. Transfer to State of municipal or county department; service of transferee computed.
58	
59	41. Withdrawal; 25 year resignation; nonservice connected death benefit.
60	
61	42. Ordinary disability retirement.
62	43. Accident disability retirement.
63	44. Annual examination of disability beneficiary; alteration of pension; refusal to be examined; restoration to service.
64	
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.
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; provide~~d~~, 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 trust-
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."

16 17. The general administration and responsibility for the proper opera-
17 tion of the Public Employees' Retirement System and for making effective
18 the provisions of this act shall be vested in the board of trustees. Subject to
19 the limitations of the law, the board shall, from time to time, establish rules
20 and regulations for the administration and transaction of its business and
21 for the control of the funds created by this subtitle and shall perform any
22 other functions required for the execution of this act. The membership of the
23 board shall consist of the following:

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

26 b. The State Treasurer.

27 c. Three trustees elected for a term of 3 years from among and by the
28 member employees of the State in a manner prescribed by the board of
29 trustees.

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

34 e. Two trustees elected for a term of 3 years from among and by the mem-
35 ber employees of municipalities and the same method of holding an election
36 from time to time used for the State employees' representatives shall be fol-
37 lowed in elections held for municipal representatives; provided, however, at
38 the first election for municipal representation, 1 trustee shall be elected to
39 serve for a term of 2 years and the other trustee shall be elected to serve for
40 a term of 3 years.

41 A vacancy occurring during a term shall be filled for the unexpired term
42 by the appointment or election of a successor in the same manner as his
43 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 advisor of the retirement
12 system.

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

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

24 b. Certify the rates of deduction from compensation computed to be
25 necessary to pay the annuities authorized under the provisions of this act;
26 and;

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

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

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

39 22. Under this act there shall be the contingent reserve fund, annuity
40 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 30 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 $\frac{1}{2}$ 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.

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

27. The retirement reserve fund shall be the fund from which all retirement allowances shall be paid. Upon the retirement of a member the accumulated deductions of the member shall be transferred to the retirement reserve fund from the annuity savings fund. The reserve needed to produce the balance of the retirement allowance shall be transferred from the contingent reserve fund. If the pension or the annuity of a member who has been retired is subsequently cancelled, the appropriate reserve shall be transferred to the annuity savings fund and the contingent reserve fund. If the pension of a disability beneficiary is reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the contingent reserve fund during the period of the reduction.

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

29. The members' death benefit fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their additional death benefits under the provisions of section 57. Upon the death of a member electing the additional death benefit, the additional death benefit payable shall be paid from the member's death benefit fund.

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

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.

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 $\frac{1}{40}$ 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
 38 regular interest; and

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

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

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

43. A member who has not attained age 70 shall, upon the application of the head of the department in which he is employed or upon his own application or the application of one acting in his behalf, be retired by the board of trustees, if said employee is disabled as the result of personal injuries sustained in or from an accident arising out of and in the course of his employment, on an accidental disability allowance. No such application shall be valid or acted upon unless a report of the accident, in a form acceptable to the board of trustees is filed in the office of the retirement system within 60 days next following the accident; no such application shall be valid or acted upon unless it is filed in the office of the retirement system within 2 years of the date of the accident; provided, however, that the board of trustees may waive strict compliance with either or both time limitations, if the board is satisfied: (1) that a report of the accident from which the disability is claimed to have resulted was filed with the appointing authority with reasonable promptitude and in no event later than 60 days after the accident, and (2) the applicant shall show that his failure to file a report with the board of trustees or to file his application for retirement within the time limited by law was due to mistake, inadvertence, ignorance of fact or law, inability, or to the fraud, misrepresentation or deceit 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.

38 44. Once each year the board of trustees may, and upon his application
39 shall, require any disability beneficiary who is under the age of 60 years to
40 undergo medical examination by a physician or physicians designated by the
41 board. The examination shall be made at the residence of the beneficiary or
42 any other place mutually agreed upon. If the physician or physicians there-
43 upon report and certify to the board that the disability beneficiary is not to-
44 tally incapacitated either physically or mentally for the performance of duty
45 and that he is engaged in or is able to engage in a gainful occupation, and if
46 the board concurs in the report, then the amount of his pension shall be re-
47 duced to an amount which, when added to the amount then earnable by him,
48 shall not exceed the amount of his final compensation. If subsequent medical
49 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 $\frac{1}{2}$ 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 $\frac{1}{2}$ 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 $\frac{1}{2}$ of his final compensation for each year of service credited as
7 Class A service and $\frac{1}{2}$ 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 $\frac{1}{4}$ of his final compensation for each year of membership service credited
 12 as a Class A member and $\frac{1}{2}$ 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 $\frac{1}{2}$ 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.

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

14 (1) Upon the receipt of proper proofs of the death of a member selecting
15 coverage under this section who has retired on a service retirement allowance,
16 there shall be paid to such person, if living, as he shall have nominated by
17 written designation duly executed and filed with the board of trustees, other-
18 wise to the executor or administrator of the member's estate, an amount equal
19 to $\frac{1}{2}$ of the compensation received by the member in the last year of credit-
20 able service.

21 (2) Upon the receipt of proper proofs of the death of a member select-
22 ing coverage under this section who has retired on an ordinary or accident
23 disability retirement allowance, there shall be paid to such person, if living,
24 as he shall have nominated by written designation duly executed and filed
25 with the board of trustees, otherwise to the executor or administrator of the
26 having an insurable interest in his life as he shall nominate by written designa-

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 ceuted 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. (2) Retirement for

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 $\frac{1}{3}$ 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 insurance 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(e), 46(e), and 49(d).

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

16 66. If the employer shall so consent to the enrollment of its employees
17 and the board of trustees shall so approve, participation in the retirement
18 system shall become effective on the date fixed by such board but not later
19 than 6 months following such approval by the board of trustees of the re-
20 tirement system. All service rendered to the employer by its employees pre-
21 vious to the effective date of such participation shall be credited to its em-
22 ployees who file application for membership within 1 year from such effective
23 date, and such credit to its employees shall be known as prior service credit,
24 and the obligation of the employer on account of such credit shall be known
25 as the accrued liability. Membership shall be compulsory for all employees
26 entering the service of the employer after such effective date.

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

32 68. The board of trustees of the Public Employees' Retirement System
33 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

of policies. Any such written authorization may be withdrawn by any member upon filing notice of such withdrawal with the board of trustees.

73. a. The board of trustees of the Public Employees' Retirement System is hereby authorized and directed to enroll in the public employees' retirement system employees of the New Jersey Turnpike Authority, the New Jersey Highway Authority, Palisades Interstate Park Commission, Interstate Sanitation Commission and the Delaware River Joint Toll Bridge Commission who consent and file application for membership in the said retirement system.

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

Upon such enrollment, the said employees shall be subject to the same contribution and benefit provisions of the retirement system as State employees.

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 nonveterans, shall be subject to the same membership, contribution and benefit provisions of the retirement system as are applicable to State employees.*

74. Except as otherwise provided in the case of public employee veterans this act shall not become effective in any county or municipality which has not previously been covered by the former "State Employees' Retirement System" until its governing body shall, by resolution, have directed that the question of adoption by that county or municipality shall be submitted to the qualified voters thereof at a general election and a majority of the voters voting on the question at such election shall have voted in favor of its adoption. This act shall be effective without referendum in any county or municipality in which chapter 15 of Title 43 of the Revised Statutes has been 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 employe
6 veterans who on such date are members. An employe 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 employe in such
18 county or municipality before the date upon which this act so becomes effec-
19 tive such employe 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 employe 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 employe 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 31 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.

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SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

10

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "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," approved June 28, 1954 (P. L. 1954, c. 84).

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

1 1. Section 7 of the act of which this act is amendatory is amended to
2 read as follows:

3 7. There is hereby established the Public Employees' Retirement System
4 of New Jersey *in the Division of Investment of the Department of the*
5 *Treasury*. The membership of the retirement system shall include:

6 a. The members of the former "State Employees' Retirement System of
7 New Jersey" enrolled as such as of December 29, 1954; who shall not have
8 claimed for refund their accumulated deductions in said system as provided
9 in this section;

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

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

12 c. Every State employee veteran in the employ of the State on the effec-
13 tive date of this section [who shall not have notified] *who is not a member*
14 *of any other retirement system supported wholly or partly by the State,*
15 *provided, however, that such person may divest himself of membership by*
16 *notifying* the board of trustees within 30 days of such date that he does not
17 desire to become a member.

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

35 Membership of any person in the retirement system shall cease if, in any
36 4-year period which elapses after his last becoming a member, he renders
37 to the State less than 2 years of service, but not otherwise except as pro-
38 vided in this act.

39 The accumulated deductions of the members of the former "State Em-
40 ployees' Retirement System" which have been set aside in a trust fund
41 designated as Fund A as provided in section 5 of this act and which have
42 not been claimed for refund within 30 days after the effective date of this
43 section shall be transferred from said Fund A to the annuity savings fund
44 of the retirement system, provided for in section 25 of this act. Each mem-
45 ber whose accumulated deductions are so transferred shall receive the same
46 prior service credit, pension credit, and membership credit in the retire-
47 ment system as he previously had in the former "State Employees' Retire-
48 ment System" and shall have such accumulated deductions credited to his
49 individual account in the annuity savings fund. Any outstanding obligation
50 of such member shall be continued.

1 2. Section 16 of the act of which this act is amendatory is amended to
2 read as follows:

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

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

7 "Class A" shall include those members whose annuity shall be based on
8 a per centum of salary, computed to be sufficient, with regular interest, to
9 procure for the member, on retirement for service, an annuity equal to
10 $1/140$ of his final compensation for each year of service as a member.

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

16 [On and after the effective date of this section, each new member]
17 *Any new member after the effective date of this section* shall be placed in
18 "Class B."

1 3. Section 18 of the act of which this act is amendatory is amended to
2 read as follows:

3 18. The board shall elect *annually* from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the
6 chairman. It shall appoint, subject to the provisions of sections 11:4-2
7 and 11:4-3 of the Revised Statutes, a secretary [.] and an actuary [and
8 any technical employees as may be necessary for the transaction of the busi-
9 ness of the retirement system]. *The board may by its rules and regulations*
10 *provide for the establishment of an executive committee which shall be vested*
11 *with all the powers and responsibilities vested in such committee under the*
12 *laws of this State relating to general corporations, provided, however, that*
13 *the membership of such executive committee shall at all times be at least 6*
14 *in number and the action of such committee shall at all times require the*
15 *affirmative vote of 5 members.*

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

19 The Attorney-General shall be the legal adviser of the retirement
20 system.

1 4. Section 32 of the act of which this act is amendatory is amended to
2 read as follows:

3 32. The board of trustees shall be and are hereby constituted trustees
4 of the various funds and accounts established by this act; provided however,
5 that all functions, powers and duties relating to the investment or rein-
6 vestment of moneys of, and purchase, sale, or exchange of any investments
7 or securities, of or for any fund or account established under this act, shall
8 be exercised and performed by the Director of the Division of Investment in
9 accordance with the provisions of chapter 270, P. L. 1950, as amended and
10 supplemented. Before any such investment, reinvestment, purchase, sale or
11 exchange shall be made by said director for or on behalf of the board of

12 trustees, the Director of the Division of Investment shall submit the details
13 thereof to such board of trustees, which shall *itself or by its executive com-*
14 *mittee*, within 48 hours, exclusive of Sundays and public holidays, after such
15 submission to it, file with the director its written acceptance or rejection of
16 such proposed investment, reinvestment, purchase, sale or exchange; and the
17 director shall have authority to make such investment, reinvestment, pur-
18 chase, sale or exchange for or on behalf of such board of trustees, unless
19 there shall have been filed with him a written rejection thereof by such
20 board of trustees as herein provided. *The board of trustees shall determine*
21 *from time to time the cash requirements of the various funds and accounts*
22 *established by this act and the amount available for investment, all of which*
23 *shall be certified to the State Treasurer.*

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

1 5. Section 33 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 6. Section 35 of the act of which this act is amendatory is amended to
2 read as follows:

3 35. The State Treasurer shall be the custodian of the funds created by
4 this act, *shall select all depositories and custodians and shall negotiate and*
5 *execute custody agreements in connection with the assets or investments of*
6 *any of said funds.*

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

1 7. Section 39 of the act of which this act is amendatory is amended to
2 read as follows:

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

14 For the purpose of computing service for retirement purposes, the
15 board shall fix and determine by appropriate rules and regulations how much
16 service in any year shall equal a year of service and part of a year of
17 service. Not more than 1 year shall be credited for all service in a calendar
18 year. In computing the service or in computing final compensation, no
19 time during which a member was absent on leave without pay shall be
20 credited, unless such leave of absence was for 3 months or less, or unless the
21 service *rendered to an employer other than the State or a political sub-*
22 *division thereof* was allowed for retirement purposes [, both by the head of
23 the department, or other branch of the State service not included in a
24 department in which the member was employed, and the board of trustees]
25 *by the provisions of any law of this State.* Any such member shall be
26 required to contribute, either in a lump sum or by installment payments, an
27 amount calculated, in accordance with the rules and regulations of the board

28 of trustees, to cover the contributions he would have paid for any service
29 or compensation credited for the period of such official leave of absence with-
30 out pay, *unless the service rendered to an employer other than the State or*
31 *a political subdivision thereof was allowed for retirement purposes by the*
32 *provisions of any law of this State.*

1 8. Section 50 of the act of which this act is amendatory is amended to
2 read as follows:

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

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

16 Option 2. Upon his death, his annuity, his pension or his retirement
17 allowance shall be continued throughout the life of and paid to such person
18 [having an insurable interest in his life] as he shall nominate by written
19 designation duly acknowledged and filed with the board of trustees at the
20 time of his retirement.

21 Option 3. Upon his death, $\frac{1}{2}$ of his annuity, his pension or retirement
22 allowance shall be continued throughout the life of and paid to such person
23 [having an insurable interest in his life] as he shall nominate by written
24 designation duly acknowledged and filed with the board of trustees at the
25 time of his retirement.

26 Option 4. Some other benefit or benefits shall be paid either to the
27 member or to whomever he nominates, if such other benefit or benefits, to-
28 gether with the lesser annuity, or lesser pension, or lesser retirement allow-
29 ance, shall be certified by the actuary to be of equivalent actuarial value and
30 shall be approved by the board of trustees.

31 No optional selection shall be effective in case a beneficiary dies within
32 30 days after retirement and such a beneficiary shall be considered an active
33 member at the time of death until the first payment on account of any bene-
34 fit becomes normally due.

1 9. Section 52 of the act of which this act is amendatory is amended to
2 read as follows:

3 52. The various funds created by this act shall be subject to [periodic]
4 examination by the [State Department] Commissioner of Banking and In-
5 surance. *The Commissioner of Banking and Insurance shall have the power,*
6 *whenever he deems the same expedient, to make or cause to be made an ex-*
7 *amination of all the assets and liabilities, method of conducting business and*
8 *all other affairs of the retirement system and shall make such examination*
9 *at least once every 2 years. His first examination after the effective date*
10 *of this act shall be completed by July 1, 1956, and shall cover the period*
11 *from January 1, 1955, to December 31, 1955.*

12 *For the purpose of such examination the Commissioner of Banking and*
13 *Insurance may employ such persons to conduct the same or to assist therein*
14 *as he may deem advisable. For the purpose of such examination all secu-*
15 *rities, books, papers or other documents, owned by, in the possession of,*
16 *or relating to the retirement system shall be made available on demand for*
17 *the inspection of the commissioner or any of his duly authorized assistants.*
18 *The reasonable expenses of such examination shall be fixed and determined*
19 *by the Commissioner of Banking and Insurance and he shall collect the same*
20 *from the retirement system, which shall pay the same when appropriated by*
21 *the Legislature. The report on such examination shall be filed in the Depart-*
22 *ment of Banking and Insurance and a copy thereof shall be transmitted to*

23 *the trustees of the system and to the Governor. Neither the commissioner*
24 *nor any appointee thereof shall be liable for any statement included therein.*

1 10. Section 56 of the act of which this act is amendatory is amended to
2 read as follows:

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

6 All other employees in the classified civil service of the State who are
7 not veterans and who are [entitled to receive pensions] *in any office or*
8 *employment covered by a noncontributory pension* [under the provisions
9 of any] law of this State providing for the payment of pensions to State
10 employees may, by written application to the board of trustees created
11 under this act, renounce the benefits as therein provided for, in the manner
12 prescribed by the board of trustees, and may be admitted to membership in
13 the fund created under this act in the same manner as other State employees.

1 11. Section 61 of the act of which this act is amendatory is amended to
2 read as follows:

3 61. a. Any public employee veteran member in office, position or em-
4 ployment of this State or of a county, municipality, or school district or board
5 of education on January 1, 1955, who remains in such service thereafter
6 and who has or shall have attained the age of 60 years and who has or shall
7 have been for 20 years [continuously or] in the aggregate in office, posi-
8 tion or employment of this State or of a county, municipality or school
9 district or board of education, satisfactory evidence of which service has
10 been presented to the board of trustees, shall have the privilege of retir-
11 ing and of receiving a retirement allowance of $\frac{1}{2}$ of the compensation re-
12 ceived during the last year of employment upon which contributions to the
13 annuity savings fund [and] or contingent reserve fund are made with
14 the optional privileges provided for in section 50 of this act.

15 b. Any veteran becoming a member after January 1, 1955 *who shall*
16 *be in office, position or employment of this State or of a county, municipality*

17 *or school district or board of education* [shall, upon attaining] *and who*
 18 *shall have attained* 62 years of age and [presentation] *who shall present*
 19 to the board of trustees [of] satisfactory evidence of 20 years of [con-
 20 tinuous or] aggregate service in *such* office, position or employment [of
 21 this State or of a county, municipality or school district or board of educa-
 22 tion], shall have the privilege of retiring and of receiving a retirement
 23 allowance of $\frac{1}{2}$ of the compensation received during the last year of em-
 24 ployment upon which contributions to the annuity savings fund [and] *or*
 25 contingent reserve fund are made with the optional privileges provided for
 26 in section 50 of this act.

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

1 12. Section 73 of the act of which this act is amendatory is amended to
 2 read as follows:

3 73. a. The board of trustees of the Public Employees' Retirement Sys-
 4 tem is hereby authorized and directed to enroll in the Public Employees' Re-
 5 tirement System employees of the New Jersey Turnpike Authority, the New
 6 Jersey Highway Authority, Palisades Interstate Park Commission, Inter-
 7 state Sanitation Commission and the Delaware River Joint Toll Bridge Com-
 8 mission who consent and file application for membership in [the] said re-
 9 tirement system; *those employees of such agencies or instrumentalities who*
 10 *are members of the Public Employees' Retirement System by virtue of sec-*
 11 *tion 7 of this act are not required to file application for membership in said*
 12 *retirement system.*

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

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

19 b. The State University of New Jersey, as an instrumentality of the
20 State, shall, for all purposes of this act, be deemed an employer and its
21 employees, both veterans and nonveterans, shall be subject to the same mem-
22 bership, contribution and benefit provisions of the retirement system as are
23 applicable to State employees.

1 13. Section 74 of the act of which this act is amendatory is amended to
2 read as follows:

3 74. Except as otherwise provided in the case of public employee vet-
4 erans this act shall not become effective in any county or municipality which
5 has not previously been covered by the former "State Employees' Retire-
6 ment System" until its governing body shall, by resolution, have directed
7 that the question of adoption by that county or municipality shall be sub-
8 mitted to the qualified voters thereof at a general election and a majority
9 of the voters voting on the question at such election shall have voted in favor
10 of its adoption. This act shall be effective without referendum in any
11 county or municipality in which chapter 15 of Title 43 of the Revised Stat-
12 utes has been adopted. *Any employee of any such county or municipality*
13 *who prior to July 1, 1955, has filed an application covering service rendered*
14 *to such county or municipality prior to the date upon which chapter 15 of*
15 *Title 43 of the Revised Statutes became effective therein shall be entitled to*
16 *a prior service certificate covering such service.*

1 14. Section 75 of the act of which this act is amendatory is amended to
2 read as follows:

3 75. If this act is so adopted it shall become effective in the county or
4 municipality adopting it on June 30 of the following year. Membership in

5 the Public Employees' Retirement System shall be optional with the em-
6 ployees of the county or municipality in the service on the day the act so
7 becomes effective in such county or municipality except in the case of pub-
8 lic employee veterans who on such date are members. An employee who
9 elects to become a member within 1 year after this act so takes effect shall
10 be entitled to a prior service certificate covering service rendered to the
11 county or municipality prior to the date this act so becomes effective. [Any
12 person who prior to July 1, 1955, has filed an application covering service
13 rendered to the county or municipality prior to the date this act so becomes
14 effective shall be entitled to a prior service certificate covering such serv-
15 ice.] Membership shall be compulsory for all employees entering the serv-
16 ice of the county or municipality after the date this act becomes effective.
17 Where any such employee entering the service of the county or municipality
18 after the date of this act so becomes effective has had prior service for
19 which evidence satisfactory to the board of trustees is presented, as an em-
20 ployee in such county or municipality before the date upon which this act
21 so becomes effective such employee shall be entitled to a prior service certifi-
22 cate covering service rendered to the county or municipality prior to the date
23 this act so becomes effective.

1 15. Section 79 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 16. This act shall take effect January 1, 1955.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 379

STATE OF NEW JERSEY

ADOPTED NOVEMBER 22, 1954

Amend page 1, section 1, line 7, after "December" delete "29" and insert in lieu thereof "30".

Amend page 9, section 11, line 5, after "January" delete "1" and insert in lieu thereof "2".

Amend page 9, section 11, line 15, after "January" delete "1" and insert in lieu thereof "2".

Amend page 12, section 16, line 1, delete entire section and substitute the following:

"16. Section 3 of the act of which this act is amendatory is amended to read as follows:

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

Amend page 12, section 16, line 1, after "16" add the following sections:

"17. Section 77 of the act of which this act is amendatory is amended to read as follows:

77. Every employee of any school district including school districts in counties of the first class the boundaries of which are coterminous with those of a municipality, or more than 1 municipality, in which chapter 15 of Title 43 of the Revised Statutes has been adopted, or in which this act is adopted, who is not a member of or eligible to join the Teachers' Pension and Annuity Fund, except an employee required upon employment or appointment to become a member of some other pension fund, shall be entitled to receive the same benefits

as employees of such municipality or municipalities are entitled to receive and the school district shall have the same obligations with respect to such employees as the municipality has to its own employees under this act; provided, such employee has been admitted to receive the benefits of the fund established under chapter 15 of Title 43 of the Revised Statutes, or shall make application to be admitted to such benefits within 6 months from January ~~[1]~~ 2, 1955, or within 1 year from the effective date of said chapter 15 of Title 43 of the Revised Statutes in such municipality or municipalities, whichever is later.”

“18. Section 86 of the act of which this act is amendatory is amended to read as follows:

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

“19. Section 16 of this act shall take effect immediately. All other sections of this act shall take effect January 2, 1955.”

[OFFICIAL COPY REPRINT]

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "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," approved June 28, 1954 (P. L. 1954, c. 84).

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

1 1. Section 7 of the act of which this act is amendatory is amended to
2 read as follows:

3 7. There is hereby established the Public Employees' Retirement System
4 of New Jersey *in the Division of Investment of the Department of the*
5 *Treasury*. The membership of the retirement system shall include:

6 a. The members of the former "State Employees' Retirement System of
7 New Jersey" enrolled as such as of December [29] 30, 1954; who shall not
8 have claimed for refund their accumulated deductions in said system as pro-
9 vided in this section;

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

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

12 c. Every State employee veteran in the employ of the State on the effec-
13 tive date of this section [who shall not have notified] *who is not a member*
14 *of any other retirement system supported wholly or partly by the State,*
15 *provided, however, that such person may divest himself of membership by*
16 *notifying* the board of trustees within 30 days of such date that he does not
17 desire to become a member.

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

35 Membership of any person in the retirement system shall cease if, in any
36 4-year period which elapses after his last becoming a member, he renders
37 to the State less than 2 years of service, but not otherwise except as pro-
38 vided in this act.

39 The accumulated deductions of the members of the former "State Em-
40 ployees' Retirement System" which have been set aside in a trust fund
41 designated as Fund A as provided in section 5 of this act and which have
42 not been claimed for refund within 30 days after the effective date of this
43 section shall be transferred from said Fund A to the annuity savings fund
44 of the retirement system, provided for in section 25 of this act. Each mem-
45 ber whose accumulated deductions are so transferred shall receive the same
46 prior service credit, pension credit, and membership credit in the retire-
47 ment system as he previously had in the former "State Employees' Retire-
48 ment System" and shall have such accumulated deductions credited to his
49 individual account in the annuity savings fund. Any outstanding obligation
50 of such member shall be continued.

1 2. Section 16 of the act of which this act is amendatory is amended to
2 read as follows:

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

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

7 "Class A" shall include those members whose annuity shall be based on
8 a per centum of salary, computed to be sufficient, with regular interest, to
9 procure for the member, on retirement for service, an annuity equal to
10 1/140 of his final compensation for each year of service as a member.

11 "Class B" shall include those members who have elected or who shall
12 hereafter elect to contribute to the annuity savings fund at a higher rate per
13 centum, computed to be sufficient, with regular interest, to procure for the
14 member, on retirement for service, an annuity equal to 1/120 of his final
15 compensation for each year of service as a member.

16 [On and after the effective date of this section, each new member]
17 *Any new member after the effective date of this section* shall be placed in
18 "Class B."

1 3. Section 18 of the act of which this act is amendatory is amended to
2 read as follows:

3 18. The board shall elect *annually* from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the
6 chairman. It shall appoint, subject to the provisions of sections 11:4-2
7 and 11:4-3 of the Revised Statutes, a secretary [.] and an actuary [and
8 any technical employees as may be necessary for the transaction of the busi-
9 ness of the retirement system]. *The board may by its rules and regulations*
10 *provide for the establishment of an executive committee which shall be vested*
11 *with all the powers and responsibilities vested in such committee under the*
12 *laws of this State relating to general corporations, provided, however, that*
13 *the membership of such executive committee shall at all times be at least 6*
14 *in number and the action of such committee shall at all times require the*
15 *affirmative vote of 5 members.*

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

19 The Attorney-General shall be the legal adviser of the retirement
20 system.

1 4. Section 32 of the act of which this act is amendatory is amended to
2 read as follows:

3 32. The board of trustees shall be and are hereby constituted trustees
4 of the various funds and accounts established by this act; provided however,
5 that all functions, powers and duties relating to the investment or rein-
6 vestment of moneys of, and purchase, sale, or exchange of any investments
7 or securities, of or for any fund or account established under this act, shall
8 be exercised and performed by the Director of the Division of Investment in
9 accordance with the provisions of chapter 270, P. L. 1950, as amended and
10 supplemented. Before any such investment, reinvestment, purchase, sale or
11 exchange shall be made by said director for or on behalf of the board of

12 trustees, the Director of the Division of Investment shall submit the details
13 thereof to such board of trustees, which shall *itself or by its executive com-*
14 *mittee*, within 48 hours, exclusive of Sundays and public holidays, after such
15 submission to it, file with the director its written acceptance or rejection of
16 such proposed investment, reinvestment, purchase, sale or exchange; and the
17 director shall have authority to make such investment, reinvestment, pur-
18 chase, sale or exchange for or on behalf of such board of trustees, unless
19 there shall have been filed with him a written rejection thereof by such
20 board of trustees as herein provided. *The board of trustees shall determine*
21 *from time to time the cash requirements of the various funds and accounts*
22 *established by this act and the amount available for investment, all of which*
23 *shall be certified to the State Treasurer.*

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

1 5. Section 33 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 6. Section 35 of the act of which this act is amendatory is amended to
2 read as follows:

3 35. The State Treasurer shall be the custodian of the funds created by
4 this act, *shall select all depositories and custodians and shall negotiate and*
5 *execute custody agreements in connection with the assets or investments of*
6 *any of said funds.*

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

1 7. Section 39 of the act of which this act is amendatory is amended to
2 read as follows:

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

14 For the purpose of computing service for retirement purposes, the
15 board shall fix and determine by appropriate rules and regulations how much
16 service in any year shall equal a year of service and part of a year of
17 service. Not more than 1 year shall be credited for all service in a calendar
18 year. In computing the service or in computing final compensation, no
19 time during which a member was absent on leave without pay shall be
20 credited, unless such leave of absence was for 3 months or less, or unless the
21 *service rendered to an employer other than the State or a political sub-*
22 *division thereof* was allowed for retirement purposes [, both by the head of
23 the department, or other branch of the State service not included in a
24 department in which the member was employed, and the board of trustees]
25 *by the provisions of any law of this State.* Any such member shall be
26 required to contribute, either in a lump sum or by installment payments, an
27 amount calculated, in accordance with the rules and regulations of the board

28 of trustees, to cover the contributions he would have paid for any service
29 or compensation credited for the period of such official leave of absence with-
30 out pay, *unless the service rendered to an employer other than the State or*
31 *a political subdivision thereof was allowed for retirement purposes by the*
32 *provisions of any law of this State.*

1 8. Section 50 of the act of which this act is amendatory is amended to
2 read as follows:

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

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

16 Option 2. Upon his death, his annuity, his pension or his retirement
17 allowance shall be continued throughout the life of and paid to such person
18 [having an insurable interest in his life] as he shall nominate by written
19 designation duly acknowledged and filed with the board of trustees at the
20 time of his retirement.

21 Option 3. Upon his death, $\frac{1}{2}$ of his annuity, his pension or retirement
22 allowance shall be continued throughout the life of and paid to such person
23 [having an insurable interest in his life] as he shall nominate by written
24 designation duly acknowledged and filed with the board of trustees at the
25 time of his retirement.

26 Option 4. Some other benefit or benefits shall be paid either to the
27 member or to whomever he nominates, if such other benefit or benefits, to-
28 gether with the lesser annuity, or lesser pension, or lesser retirement allow-
29 ance, shall be certified by the actuary to be of equivalent actuarial value and
30 shall be approved by the board of trustees.

31 No optional selection shall be effective in case a beneficiary dies within
32 30 days after retirement and such a beneficiary shall be considered an active
33 member at the time of death until the first payment on account of any bene-
34 fit becomes normally due.

1 9. Section 52 of the act of which this act is amendatory is amended to
2 read as follows:

3 52. The various funds created by this act shall be subject to [periodic]
4 examination by the [State Department] *Commissioner of Banking and In-*
5 *surance. The Commissioner of Banking and Insurance shall have the power,*
6 *whenever he deems the same expedient, to make or cause to be made an ex-*
7 *amination of all the assets and liabilities, method of conducting business and*
8 *all other affairs of the retirement system and shall make such examination*
9 *at least once every 2 years. His first examination after the effective date*
10 *of this act shall be completed by July 1, 1956, and shall cover the period*
11 *from January 1, 1955, to December 31, 1955.*

12 *For the purpose of such examination the Commissioner of Banking and*
13 *Insurance may employ such persons to conduct the same or to assist therein*
14 *as he may deem advisable. For the purpose of such examination all secu-*
15 *rities, books, papers or other documents, owned by, in the possession of,*
16 *or relating to the retirement system shall be made available on demand for*
17 *the inspection of the commissioner or any of his duly authorized assistants.*
18 *The reasonable expenses of such examination shall be fixed and determined*
19 *by the Commissioner of Banking and Insurance and he shall collect the same*
20 *from the retirement system, which shall pay the same when appropriated by*
21 *the Legislature. The report on such examination shall be filed in the Depart-*
22 *ment of Banking and Insurance and a copy thereof shall be transmitted to*

23 *the trustees of the system and to the Governor. Neither the commissioner*
24 *nor any appointee thereof shall be liable for any statement included therein.*

1 10. Section 56 of the act of which this act is amendatory is amended to
2 read as follows:

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

6 All other employees in the classified civil service of the State who are
7 not veterans and who are [entitled to receive pensions] *in any office or*
8 *employment covered by a noncontributory pension* [under the provisions
9 of any] law of this State providing for the payment of pensions to State
10 employees may, by written application to the board of trustees created
11 under this act, renounce the benefits as therein provided for, in the manner
12 prescribed by the board of trustees, and may be admitted to membership in
13 the fund created under this act in the same manner as other State employees.

1 11. Section 61 of the act of which this act is amendatory is amended to
2 read as follows:

3 61. a. Any public employee veteran member in office, position or em-
4 ployment of this State or of a county, municipality, or school district or board
5 of education on January [1] 2, 1955, who remains in such service thereafter
6 and who has or shall have attained the age of 60 years and who has or shall
7 have been for 20 years [continuously or] in the aggregate in office, posi-
8 tion or employment of this State or of a county, municipality or school
9 district or board of education, satisfactory evidence of which service has
10 been presented to the board of trustees, shall have the privilege of retir-
11 ing and of receiving a retirement allowance of $\frac{1}{2}$ of the compensation re-
12 ceived during the last year of employment upon which contributions to the
13 annuity savings fund [and] *or* contingent reserve fund are made with
14 the optional privileges provided for in section 50 of this act.

15 b. Any veteran becoming a member after January [1] 2, 1955 *who shall*
16 *be in office, position or employment of this State or of a county, municipality*

17 *or school district or board of education* [shall, upon attaining] *and who*
18 *shall have attained* 62 years of age and [presentation] *who shall present*
19 to the board of trustees [of] satisfactory evidence of 20 years of [con-
20 tinuous or] aggregate service in *such* office, position or employment [of
21 this State or of a county, municipality or school district or board of educa-
22 tion], shall have the privilege of retiring and of receiving a retirement
23 allowance of $\frac{1}{2}$ of the compensation received during the last year of em-
24 ployment upon which contributions to the annuity savings fund [and] *or*
25 contingent reserve fund are made with the optional privileges provided for
26 in section 50 of this act.

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

1 12. Section 73 of the act of which this act is amendatory is amended to
2 read as follows:

3 73. a. The board of trustees of the Public Employees' Retirement Sys-
4 tem is hereby authorized and directed to enroll in the Public Employees' Re-
5 tirement System employees of the New Jersey Turnpike Authority, the New
6 Jersey Highway Authority, Palisades Interstate Park Commission, Inter-
7 state Sanitation Commission and the Delaware River Joint Toll Bridge Com-
8 mission who consent and file application for membership in [the] said re-
9 tirement system; *those employees of such agencies or instrumentalities who*
10 *are members of the Public Employees' Retirement System by virtue of sec-*
11 *tion 7 of this act are not required to file application for membership in said*
12 *retirement system.*

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

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

19 b. The State University of New Jersey, as an instrumentality of the
20 State, shall, for all purposes of this act, be deemed an employer and its
21 employees, both veterans and nonveterans, shall be subject to the same mem-
22 bership, contribution and benefit provisions of the retirement system as are
23 applicable to State employees.

1 13. Section 74 of the act of which this act is amendatory is amended to
2 read as follows:

3 74. Except as otherwise provided in the case of public employee vet-
4 erans this act shall not become effective in any county or municipality which
5 has not previously been covered by the former "State Employees' Retire-
6 ment System" until its governing body shall, by resolution, have directed
7 that the question of adoption by that county or municipality shall be sub-
8 mitted to the qualified voters thereof at a general election and a majority
9 of the voters voting on the question at such election shall have voted in favor
10 of its adoption. This act shall be effective without referendum in any
11 county or municipality in which chapter 15 of Title 43 of the Revised Stat-
12 utes has been adopted. *Any employee of any such county or municipality*
13 *who prior to July 1, 1955, has filed an application covering service rendered*
14 *to such county or municipality prior to the date upon which chapter 15 of*
15 *Title 43 of the Revised Statutes became effective therein shall be entitled to*
16 *a prior service certificate covering such service.*

1 14. Section 75 of the act of which this act is amendatory is amended to
2 read as follows:

3 75. If this act is so adopted it shall become effective in the county or
4 municipality adopting it on June 30 of the following year. Membership in

5 the Public Employees' Retirement System shall be optional with the em-
6 ployees of the county or municipality in the service on the day the act so
7 becomes effective in such county or municipality except in the case of pub-
8 lic employee veterans who on such date are members. An employee who
9 elects to become a member within 1 year after this act so takes effect shall
10 be entitled to a prior service certificate covering service rendered to the
11 county or municipality prior to the date this act so becomes effective. [Any
12 person who prior to July 1, 1955, has filed an application covering service
13 rendered to the county or municipality prior to the date this act so becomes
14 effective shall be entitled to a prior service certificate covering such serv-
15 ice.] Membership shall be compulsory for all employees entering the serv-
16 ice of the county or municipality after the date this act becomes effective.
17 Where any such employee entering the service of the county or municipality
18 after the date of this act so becomes effective has had prior service for
19 which evidence satisfactory to the board of trustees is presented, as an em-
20 ployee in such county or municipality before the date upon which this act
21 so becomes effective such employee shall be entitled to a prior service certifi-
22 cate covering service rendered to the county or municipality prior to the date
23 this act so becomes effective.

1 15. Section 79 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 [16. This act shall take effect January 1, 1955.] 16. Section 3 of the act
2 of which this act is amendatory is amended to read as follows:

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

1 17. Section 77 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 18. Section 86 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 19. Section 16 of this act shall take effect immediately. All other sec-
2 tions of this act shall take effect January 2, 1955.

SENATE COMMITTEE AMENDMENTS TO

SENATE, No. 379

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

ADOPTED DECEMBER 6, 1954

Amend page 4, section 3, line 9, after the “.” delete the remainder of the line.

Amend page 4, section 3, lines 10 to 15, delete all of lines 10 through 15.

Amend page 5, section 4, line 13, after “shall” strike out “itself or by its executive com-”.

Amend page 5, section 4, line 14, strike “mittee,”.

Amend page 13, section 19, delete entire section and substitute:

“19. This act shall take effect immediately.”

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 15, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on Judiciary

AN ACT to amend "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," approved June 28, 1954 (P. L. 1954, c. 84).

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

1 1. Section 7 of the act of which this act is amendatory is amended to
2 read as follows:

3 7. There is hereby established the Public Employees' Retirement System
4 of New Jersey *in the Division of Investment of the Department of the*
5 *Treasury*. The membership of the retirement system shall include:

6 a. The members of the former "State Employees' Retirement System of
7 New Jersey" enrolled as such as of December [29] 30, 1954; who shall not
8 have claimed for refund their accumulated deductions in said system as pro-
9 vided in this section;

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

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

12 c. Every State employee veteran in the employ of the State on the effec-
13 tive date of this section [who shall not have notified] *who is not a member*
14 *of any other retirement system supported wholly or partly by the State,*
15 *provided, however, that such person may divest himself of membership by*
16 *notifying* the board of trustees within 30 days of such date that he does not
17 desire to become a member.

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

35 Membership of any person in the retirement system shall cease if, in any
36 4-year period which elapses after his last becoming a member, he renders
37 to the State less than 2 years of service, but not otherwise except as pro-
38 vided in this act.

39 The accumulated deductions of the members of the former "State Em-
 40 ployees' Retirement System" which have been set aside in a trust fund
 41 designated as Fund A as provided in section 5 of this act and which have
 42 not been claimed for refund within 30 days after the effective date of this
 43 section shall be transferred from said Fund A to the annuity savings fund
 44 of the retirement system, provided for in section 25 of this act. Each mem-
 45 ber whose accumulated deductions are so transferred shall receive the same
 46 prior service credit, pension credit, and membership credit in the retire-
 47 ment system as he previously had in the former "State Employees' Retire-
 48 ment System" and shall have such accumulated deductions credited to his
 49 individual account in the annuity savings fund. Any outstanding obligation
 50 of such member shall be continued.

1 2. Section 16 of the act of which this act is amendatory is amended to
 2 read as follows:

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

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

7 "Class A" shall include those members whose annuity shall be based on
 8 a per centum of salary, computed to be sufficient, with regular interest, to
 9 procure for the member, on retirement for service, an annuity equal to
 10 $1/140$ of his final compensation for each year of service as a member.

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

16 [On and after the effective date of this section, each new member]
 17 *Any new member after the effective date of this section* shall be placed in
 18 "Class B."

1 3. Section 18 of the act of which this act is amendatory is amended to
2 read as follows:

3 18. The board shall elect *annually* from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the
6 chairman. It shall appoint, subject to the provisions of sections 11:4-2
7 and 11:4-3 of the Revised Statutes, a secretary [,*] and an actuary [and*
8 any technical employees as may be necessary for the transaction of the busi-
9 ness of the retirement system]. [*The board may by its rules and regulations*
10 *provide for the establishment of an executive committee which shall be vested*
11 *with all the powers and responsibilities vested in such committee under the*
12 *laws of this State relating to general corporations, provided, however, that*
13 *the membership of such executive committee shall at all times be at least 6*
14 *in number and the action of such committee shall at all times require the*
15 *affirmative vote of 5 members.*]

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

19 The Attorney-General shall be the legal adviser of the retirement
20 system.

1 4. Section 32 of the act of which this act is amendatory is amended to
2 read as follows:

3 32. The board of trustees shall be and are hereby constituted trustees
4 of the various funds and accounts established by this act; provided however,
5 that all functions, powers and duties relating to the investment or rein-
6 vestment of moneys of, and purchase, sale, or exchange of any investments
7 or securities, of or for any fund or account established under this act, shall
8 be exercised and performed by the Director of the Division of Investment in
9 accordance with the provisions of chapter 270, P. L. 1950, as amended and
10 supplemented. Before any such investment, reinvestment, purchase, sale or
11 exchange shall be made by said director for or on behalf of the board of

12 trustees, the Director of the Division of Investment shall submit the details
13 thereof to such board of trustees, which shall [*itself or by its executive com-*
14 *mittee,*] within 48 hours, exclusive of Sundays and public holidays, after such
15 submission to it, file with the director its written acceptance or rejection of
16 such proposed investment, reinvestment, purchase, sale or exchange; and the
17 director shall have authority to make such investment, reinvestment, pur-
18 chase, sale or exchange for or on behalf of such board of trustees, unless
19 there shall have been filed with him a written rejection thereof by such
20 board of trustees as herein provided. *The board of trustees shall determine*
21 *from time to time the cash requirements of the various funds and accounts*
22 *established by this act and the amount available for investment, all of which*
23 *shall be certified to the State Treasurer.*

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

1 5. Section 33 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 6. Section 35 of the act of which this act is amendatory is amended to
2 read as follows:

3 35. The State Treasurer shall be the custodian of the funds created by
4 this act, *shall select all depositories and custodians and shall negotiate and*
5 *execute custody agreements in connection with the assets or investments of*
6 *any of said funds.*

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

1 7. Section 39 of the act of which this act is amendatory is amended to
2 read as follows:

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

14 For the purpose of computing service for retirement purposes, the
15 board shall fix and determine by appropriate rules and regulations how much
16 service in any year shall equal a year of service and part of a year of
17 service. Not more than 1 year shall be credited for all service in a calendar
18 year. In computing the service or in computing final compensation, no
19 time during which a member was absent on leave without pay shall be
20 credited, unless such leave of absence was for 3 months or less, or unless the
21 *service rendered to an employer other than the State or a political sub-*
22 *division thereof* was allowed for retirement purposes [, both by the head of
23 the department, or other branch of the State service not included in a
24 department in which the member was employed, and the board of trustees]
25 *by the provisions of any law of this State.* Any such member shall be
26 required to contribute, either in a lump sum or by installment payments, an
27 amount calculated, in accordance with the rules and regulations of the board

28 of trustees, to cover the contributions he would have paid for any service
29 or compensation credited for the period of such official leave of absence with-
30 out pay, *unless the service rendered to an employer other than the State or*
31 *a political subdivision thereof was allowed for retirement purposes by the*
32 *provisions of any law of this State.*

1 8. Section 50 of the act of which this act is amendatory is amended to
2 read as follows:

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

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

16 Option 2. Upon his death, his annuity, his pension or his retirement
17 allowance shall be continued throughout the life of and paid to such person
18 [having an insurable interest in his life] as he shall nominate by written
19 designation duly acknowledged and filed with the board of trustees at the
20 time of his retirement.

21 Option 3. Upon his death, $\frac{1}{2}$ of his annuity, his pension or retirement
22 allowance shall be continued throughout the life of and paid to such person
23 [having an insurable interest in his life] as he shall nominate by written
24 designation duly acknowledged and filed with the board of trustees at the
25 time of his retirement.

26 Option 4. Some other benefit or benefits shall be paid either to the
27 member or to whomever he nominates, if such other benefit or benefits, to-
28 gether with the lesser annuity, or lesser pension, or lesser retirement allow-
29 ance, shall be certified by the actuary to be of equivalent actuarial value and
30 shall be approved by the board of trustees.

31 No optional selection shall be effective in case a beneficiary dies within
32 30 days after retirement and such a beneficiary shall be considered an active
33 member at the time of death until the first payment on account of any bene-
34 fit becomes normally due.

1 9. Section 52 of the act of which this act is amendatory is amended to
2 read as follows:

3 52. The various funds created by this act shall be subject to [periodic]
4 examination by the [State Department] Commissioner of Banking and In-
5 surance. *The Commissioner of Banking and Insurance shall have the power,*
6 *whenever he deems the same expedient, to make or cause to be made an ex-*
7 *amination of all the assets and liabilities, method of conducting business and*
8 *all other affairs of the retirement system and shall make such examination*
9 *at least once every 2 years. His first examination after the effective date*
10 *of this act shall be completed by July 1, 1956, and shall cover the period*
11 *from January 1, 1955, to December 31, 1955.*

12 *For the purpose of such examination the Commissioner of Banking and*
13 *Insurance may employ such persons to conduct the same or to assist therein*
14 *as he may deem advisable. For the purpose of such examination all secu-*
15 *rities, books, papers or other documents, owned by, in the possession of,*
16 *or relating to the retirement system shall be made available on demand for*
17 *the inspection of the commissioner or any of his duly authorized assistants.*
18 *The reasonable expenses of such examination shall be fixed and determined*
19 *by the Commissioner of Banking and Insurance and he shall collect the same*
20 *from the retirement system, which shall pay the same when appropriated by*
21 *the Legislature. The report on such examination shall be filed in the Depart-*
22 *ment of Banking and Insurance and a copy thereof shall be transmitted to*

23 *the trustees of the system and to the Governor. Neither the commissioner*
24 *nor any appointee thereof shall be liable for any statement included therein.*

1 10. Section 56 of the act of which this act is amendatory is amended to
2 read as follows:

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

6 All other employees in the classified civil service of the State who are
7 not veterans and who are [entitled to receive pensions] *in any office or*
8 *employment covered by a noncontributory pension* [under the provisions
9 of any] law of this State providing for the payment of pensions to State
10 employees may, by written application to the board of trustees created
11 under this act, renounce the benefits as therein provided for, in the manner
12 prescribed by the board of trustees, and may be admitted to membership in
13 the fund created under this act in the same manner as other State employees.

1 11. Section 61 of the act of which this act is amendatory is amended to
2 read as follows:

3 61. a. Any public employee veteran member in office, position or em-
4 ployment of this State or of a county, municipality, or school district or board
5 of education on January [1] 2, 1955, who remains in such service thereafter
6 and who has or shall have attained the age of 60 years and who has or shall
7 have been for 20 years [continuously or] in the aggregate in office, posi-
8 tion or employment of this State or of a county, municipality or school
9 district or board of education, satisfactory evidence of which service has
10 been presented to the board of trustees, shall have the privilege of retir-
11 ing and of receiving a retirement allowance of $\frac{1}{2}$ of the compensation re-
12 ceived during the last year of employment upon which contributions to the
13 annuity savings fund [and] *or* contingent reserve fund are made with
14 the optional privileges provided for in section 50 of this act.

15 b. Any veteran becoming a member after January [1] 2, 1955 *who shall*
16 *be in office, position or employment of this State or of a county, municipality*

17 *or school district or board of education* [shall, upon attaining] *and who*
18 *shall have attained* 62 years of age and [presentation] *who shall present*
19 to the board of trustees [of] satisfactory evidence of 20 years of [con-
20 tinuous or] aggregate service in *such* office, position or employment [of
21 this State or of a county, municipality or school district or board of educa-
22 tion], shall have the privilege of retiring and of receiving a retirement
23 allowance of $\frac{1}{2}$ of the compensation received during the last year of em-
24 ployment upon which contributions to the annuity savings fund [and] *or*
25 contingent reserve fund are made with the optional privileges provided for
26 in section 50 of this act.

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

1 12. Section 73 of the act of which this act is amendatory is amended to
2 read as follows:

3 73. a. The board of trustees of the Public Employees' Retirement Sys-
4 tem is hereby authorized and directed to enroll in the Public Employees' Re-
5 tirement System employees of the New Jersey Turnpike Authority, the New
6 Jersey Highway Authority, Palisades Interstate Park Commission, Inter-
7 state Sanitation Commission and the Delaware River Joint Toll Bridge Com-
8 mission who consent and file application for membership in [the] said re-
9 tirement system; *those employees of such agencies or instrumentalities who*
10 *are members of the Public Employees' Retirement System by virtue of sec-*
11 *tion 7 of this act are not required to file application for membership in said*
12 *retirement system.*

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

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

19 b. The State University of New Jersey, as an instrumentality of the
20 State, shall, for all purposes of this act, be deemed an employer and its
21 employees, both veterans and nonveterans, shall be subject to the same mem-
22 bership, contribution and benefit provisions of the retirement system as are
23 applicable to State employees.

1 13. Section 74 of the act of which this act is amendatory is amended to
2 read as follows:

3 74. Except as otherwise provided in the case of public employee vet-
4 erans this act shall not become effective in any county or municipality which
5 has not previously been covered by the former "State Employees' Retire-
6 ment System" until its governing body shall, by resolution, have directed
7 that the question of adoption by that county or municipality shall be sub-
8 mitted to the qualified voters thereof at a general election and a majority
9 of the voters voting on the question at such election shall have voted in favor
10 of its adoption. This act shall be effective without referendum in any
11 county or municipality in which chapter 15 of Title 43 of the Revised Stat-
12 utes has been adopted. *Any employee of any such county or municipality*
13 *who prior to July 1, 1955, has filed an application covering service rendered*
14 *to such county or municipality prior to the date upon which chapter 15 of*
15 *Title 43 of the Revised Statutes became effective therein shall be entitled to*
16 *a prior service certificate covering such service.*

1 14. Section 75 of the act of which this act is amendatory is amended to
2 read as follows:

3 75. If this act is so adopted it shall become effective in the county or
4 municipality adopting it on June 30 of the following year. Membership in

5 the Public Employees' Retirement System shall be optional with the em-
6 ployees of the county or municipality in the service on the day the act so
7 becomes effective in such county or municipality except in the case of pub-
8 lic employee veterans who on such date are members. An employee who
9 elects to become a member within 1 year after this act so takes effect shall
10 be entitled to a prior service certificate covering service rendered to the
11 county or municipality prior to the date this act so becomes effective. [Any
12 person who prior to July 1, 1955, has filed an application covering service
13 rendered to the county or municipality prior to the date this act so becomes
14 effective shall be entitled to a prior service certificate covering such serv-
15 ice.] Membership shall be compulsory for all employees entering the serv-
16 ice of the county or municipality after the date this act becomes effective.
17 Where any such employee entering the service of the county or municipality
18 after the date of this act so becomes effective has had prior service for
19 which evidence satisfactory to the board of trustees is presented, as an em-
20 ployee in such county or municipality before the date upon which this act
21 so becomes effective such employee shall be entitled to a prior service certifi-
22 cate covering service rendered to the county or municipality prior to the date
23 this act so becomes effective.

1 15. Section 79 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 [16. This act shall take effect January 1, 1955.] 16. Section 3 of the act
2 of which this act is amendatory is amended to read as follows:

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

1 17. Section 77 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 18. Section 86 of the act of which this act is amendatory is amended to
2 read as follows:

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

1 [19. Section 16 of this act shall take effect immediately. All other sec-
2 tions of this act shall take effect January 2, 1955.]

1 19. This act shall take effect immediately.