

R.S. 43:15A-7

June 9, 1972

LEGISLATIVE HISTORY OF R.S.43:15A-7  
(Public Employees Retirement System-membership in System)

L.1954 - chap.84 - S304  
Statement on bill (copy enclosed).  
Amended during passage (copy enclosed of original section  
and

The report referred to in the atatement above is:

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

Also see:

974.90 New Jersey. Special Commission to study State  
P418 employees Retirement Act.  
1953 Report of the...established under J.R.7(1951)  
1953

Amended by:

L.1954 - chap.244 - S379.  
No statement.  
Amended during passage-no substantive change - changed  
date in (a) from December 29, 1954 to December 30, 1954.

L.1955 - chap.261 - S399  
No statement on bill.  
Amended (copy enclosed of Governor's recommended amendment)

L.1966 - chap.217 - A787.  
Not amended during passage.  
Statement on bill (copy enclosed).

Article located (copy enclosed).

McGarrity, J.A. "Major new legislation de-integrates, extends  
P.E.R.S. coverage" in New Jersey Municipalities, Nov.,  
1966 at page 14.

JH/EH  
Encl.  
GC-Yes

1954-(5304)-Yes  
1955-(5399)-Yes

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.
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- 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.
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- 57        40.    Transfer to State of municipal or county department; service of transferee computed.
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- 59        41.    Withdrawal; 25 year resignation; nonservice connected death benefit.
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- 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.
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- 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 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 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 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 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 1 or more munici-  
4 palities, local boards of health, or counties, and whose revenue is derived  
5 from other than State funds, but shall not be construed to include any sub-  
6 division of any county, municipality, school district, privately owned public  
7 utility or service or any religious, educational or charitable organization.

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

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

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

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

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

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

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

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

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

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

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

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

11 The county superintendent shall include in the apportionment made

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

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

(CORRECTED COPY)

[OFFICIAL COPY REPRINT]

SENATE, No. 304

# STATE OF NEW JERSEY

INTRODUCED MAY 24, 1954

By Messrs. DUMONT, FORBES, VOGEL and RIDOLFI

Referred to Committee on State, County and Municipal Government

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

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

## *Analysis*

1 ARTICLE I—Social Security

### *Section*

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

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

### *Section*

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

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

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

- 13           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.

<b>Section</b>	
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.
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101	<i>Highway Authority, Palisades Interstate Park Commission,</i>
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- 103        74.    State Retirement System extended to county and municipal  
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- 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 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 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  $\frac{1}{3}$  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.

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  $\frac{1}{2}$  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 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)

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

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STATE OF NEW JERSEY

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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

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# STATE OF NEW JERSEY

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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]

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**STATE OF NEW JERSEY**

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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.



SENATE, No. 399

STATE OF NEW JERSEY

INTRODUCED DECEMBER 5, 1955

By Messrs. DUMONT, FORBES, HARPER and RIDOLFI

(Without Reference)

AN ACT amending and supplementing "Public Employees' Retirement-Social Security Integration Act," 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. a. For the purposes of section 41 (c) and section 57 of chapter 84  
2 of the public laws of 1954, a member of the Public Employees' Retirement  
3 System shall be deemed to be in service for a period of no more than 2 years  
4 while on official leave of absence without pay; provided, that satisfactory  
5 evidence is presented to the board that such leave of absence without pay  
6 is due to illness.

7 b. For the purposes of section 41 (c) and section 57 of chapter 84 of  
8 the public laws of 1954, a member of the Public Employees' Retirement Sys-  
9 tem shall be deemed to be in service for a period of no more than 93 days  
10 while on official leave of absence without pay when such leave of absence is  
11 due to any reason other than illness.

12 c. In order for a member of the Public Employees' Retirement System  
13 to be covered hereunder for the optional death benefits provided by section  
14 57 of chapter 84 of the public laws of 1954, he shall continue to make con-  
15 tributions for same during the period such member is on official leave of  
16 absence without pay.

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

17 d. The terms of this section shall apply to all members of the Public  
18 Employees' Retirement System who have died on or after January 2, 1955,  
19 or shall die after the effective date of this section.

1 2. Any person entitled to become a member of the Public Employees'  
2 Retirement System by virtue of the provisions of the act to which this act  
3 is amendatory and supplementary shall not be allowed any of the death bene-  
4 fits established by [section] sections 41 [(c)], 45, 46, 48 and 57 of such act  
5 unless he makes application for membership within [6 months] 1 year  
6 after the effective date of this act or within [6 months] 1 year after he first  
7 became eligible to membership whichever is later, or has furnished satisfac-  
8 tory evidence of insurability.

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

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

6 (a) Any person retired for service under any of the provisions of  
7 either of said chapters and receiving or entitled to receive benefits thereunder  
8 prior to their repeal shall continue to receive the same benefits or shall  
9 continue to be entitled to receive the same benefits to the same extent and  
10 in the same manner as if such chapters had not been repealed. If any such  
11 person shall have elected to take his retirement benefit under 1 of the  
12 options of such chapters, his beneficiary shall, upon the death of the  
13 retirant, receive such amount as was provided under such chapters, as if  
14 such chapters had not been repealed.

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

18 (c) Any person electing to have deductions for medical and hospital-  
19 ization insurance subtracted from his retirement allowance shall continue to  
20 have such deductions subtracted as if such chapters had not been repealed.

21 (d) Any person retired for disability under such chapters and receiving  
22 benefits or entitled to receive benefits thereunder and any person receiving  
23 accidental death benefits as the result of the death of a member in service  
24 under such chapters, prior to their repeal, including any person covered by  
25 R. S. 43:14-30 to R. S. 43:14-34, R. S. 43:14-37 and R. S. 43:15-5, shall, so  
26 long as he continues to meet the tests therefor prescribed in such chapters,  
27 continue to receive the same or shall continue to be entitled to receive to  
28 the same extent and in the same manner as if such chapters had not been  
29 repealed. At such time as he shall cease to meet such requirements his  
30 benefits shall cease and as to him the chapters shall have no further applica-  
31 tion. If any person retired for disability under such chapters and receiving  
32 benefits thereunder prior to their repeal shall have elected to take his retire-  
33 ment benefit under 1 of the options of such chapters, his beneficiary shall,  
34 upon the death of the retirant, receive such amount as was provided under  
35 such chapters.

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

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

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

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

55 (i) The accumulated deductions of the members constituting the Annuity  
56 Savings Fund shall be set aside in a trust fund designated as Fund A to be  
57 held for refund, upon demand, to the respective persons or beneficiaries  
58 entitled thereto; no further interest shall be allowed after the effective date  
59 of this section. Until refunded or otherwise disposed of, such funds, inter-  
60 ests therein, and rights thereto shall not be subject to judicial process.

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

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

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

74 [(m) The State Treasurer, through such agency, division, or bureau of  
75 his department as he may direct, is hereby authorized and directed to  
76 administer the payment of benefits and the return of accumulated deductions  
77 under the State Employees' Retirement System abolished by this act.

78 The State Treasurer is hereby constituted the custodian of the securities,  
79 funds and investments of the former "State Employees' Retirement System  
80 of New Jersey." For the purpose of this section only, the title "State  
81 Employees' Retirement System of New Jersey" may be used in order to hold

82 title to, sell, assign, transfer or otherwise dispose of any such securities,  
83 funds or investments. All functions, powers and duties relating to the invest-  
84 ment or reinvestment of moneys of, and purchase, sale or exchange of any  
85 of such securities, funds or investments, shall be exercised and performed  
86 by the Director of the Division of Investment in accordance with the provi-  
87 sions of chapter 270, P. L. 1950, as amended and supplemented; provided,  
88 however, that before any such investment, reinvestment, purchase, sale or  
89 exchange may be made by said director pursuant to the provisions of this  
90 section, he shall submit the details thereof to the State Treasurer, who shall,  
91 within 48 hours, exclusive of Sundays and public holidays, after such sub-  
92 mission to him, file with the director a written acceptance or rejection of such  
93 proposed investment, reinvestment, purchase, sale or exchange; and the  
94 director shall have authority to make such investment, reinvestment, pur-  
95 chase, sale or exchange, for, on behalf of, and with respect to such fund,  
96 unless there shall have been filed with him a written rejection thereof by  
97 the State Treasurer as herein provided.]

1       4. The accumulated reserves which have been designated as Fund C by  
2 section 5 (k) of chapter 84 of the public laws of 1954 shall be transferred to  
3 and become merged with the Retirement Reserve Fund created by section 27  
4 of chapter 84 of the public laws of 1954; provided, however, that the payment  
5 of benefits and the retention of certain privileges stipulated in section 5 of  
6 chapter 84 of the public laws of 1954 shall continue. The authorization and  
7 direction to administer the payment of benefits under the former "State  
8 Employees' Retirement System of New Jersey" abolished by the act to which  
9 this act is amendatory is hereby transferred to the board of trustees of the  
10 Public Employees' Retirement System.

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

3       7. There is hereby established the Public Employees' Retirement Sys-  
4 tem 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 30, 1954; who shall not have  
8 claimed for refund their accumulated deductions in said system as provided  
9 in this section;

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 is not a member of any other retirement system  
14 supported wholly or partly by the State; provided, however, that such person  
15 may divest himself of membership by notifying the board of trustees within  
16 30 days of such date that he does not desire to become a member.

17 The board may deny the right to become members of the retirement sys-  
18 tem to any class of elected officials or to any class of persons other than vet-  
19 erans not within the classified civil service, but any person who has been a  
20 member of the former "State Employees' Retirement System" for 1 or more  
21 years and who has been or may hereafter be appointed to an office or position  
22 in the unclassified service shall be eligible to become a member of the retire-  
23 ment system and entitled to all the rights and privileges thereunder, if he so  
24 elects. The board of trustees may deny the right to become members of the  
25 retirement system to any class of persons whose compensation is only partly  
26 paid by the State, or it may, in its discretion, make optional with persons in  
27 any such class their individual entrance into membership. State employees  
28 who become members of any other retirement system supported wholly or  
29 partly by the State as a condition of employment shall not be eligible to  
30 membership in this retirement system. Notwithstanding any other law to the  
31 contrary all other persons accepting permanent employment in the classified  
32 service of the State shall be required to enroll in the retirement system as  
33 a condition of their employment, regardless of age. *No person in employment,*  
34 *office or position, for which the annual salary or remuneration is fixed at less*  
35 *than \$300.00, shall be eligible to become a member of the retirement system.*

36 Membership of any person in the retirement system shall cease if, in any

37 4-year period which elapses after his last becoming a member, he renders to  
38 the State less than 2 years of service, but not otherwise except as provided  
39 in this act.

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

1 6. Section 27 of the act of which this act is amendatory is amended to  
2 read as follows:

3 27. The Retirement Reserve Fund shall be the fund from which all re-  
4 tirement allowances shall be paid. Upon the retirement of a member the ac-  
5 cumulated deductions of the members *together with regular interest* shall be  
6 transferred to the Retirement Reserve Fund from the Annuity Savings Fund.  
7 The reserve needed to produce the balance of the retirement allowance shall  
8 be transferred from the Contingent Reserve Fund. If the pension or the  
9 annuity of a member who has been retired is subsequently canceled, the ap-  
10 propriate reserve shall be transferred to the Annuity Savings Fund and the  
11 Contingent Reserve Fund. If the pension of a disability beneficiary is re-  
12 duced as a result of an increase in his earning capacity, the amount of the  
13 annual reduction in his pension shall be paid annually into the Contingent  
14 Reserve Fund during the period of the reduction.

15 Any surplus or deficit developing in the Retirement Reserve Fund shall  
16 be adjusted from time to time by transfer to or from the Contingent Reserve  
17 Fund by appropriate action of the board of trustees.

1       7. 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, how-  
5 ever, that all functions, powers, and duties relating to the investment or re-  
6 investment 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  
9 in accordance with the provisions of chapter 270, P. L. 1950, as amended and  
10 supplemented. Before any such investment, reinvestment, purchase, sale,  
11 or 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 finance 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  
17 the 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 board  
20 of trustees *or its finance committee* as herein provided. The board of trustees  
21 shall determine from time to time the cash requirements of the various  
22 funds and accounts established by this act and the amount available for in-  
23 vestment, all of which shall be certified to by the State Treasurer *and the*  
24 *Director of the Division of Investment*.

25       *The members of the finance committee of the board of trustees shall be*  
26 *appointed at or after July 1 of each calendar year by the chairman of the*  
27 *board of trustees to serve through June 30 of the ensuing calendar year and*  
28 *until their successors are appointed. The finance committee of the board of*  
29 *trustees shall consist of 5 members of the board of trustees, 1 of whom shall*  
30 *be the State Treasurer, and 1 of whom shall be the member designated to*  
31 *serve on the State Investment Council. At least 3 members of the finance*



32 committee shall be members of the board of trustees who have been elected  
33 by members of the system. A quorum of the finance committee shall consist  
34 of 3 members thereof.

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

1 8. Section 34 of the act of which this act is amendatory is amended to  
2 read as follows:

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

24     *Loans may be made to a member from his accumulated deductions. In*  
25 *addition the* [The] board of trustees is hereby authorized to set aside  
26 moneys within the contingent reserve fund from which loans to members  
27 [shall] *may* be made [, and such moneys shall be the only source from which  
28 loans shall be made to members]. [The] *If such moneys are used for the*  
29 *purpose of making loans*, the interest earned on such loans shall be treated  
30 in the same manner as interest earned from investments of the retirement  
31 system.

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

1     9. Section 38 of the act of which this act is amendatory is amended to  
2 read as follows:

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

15 B service, calculated in accordance with section 48 of this act, with optional  
16 privileges provided for in section 50 of this act; provided, also that such  
17 election is communicated by such member to the board of trustees in writing  
18 stating at what time subsequent to the execution and filing thereof he de-  
19 sires to be retired; and provided further, that such member, as referred to  
20 in subsection (b) may later elect: (a) to receive the payments provided for  
21 in section 41. b. of this act, if he had qualified under that section at the time  
22 of leaving service, or; (b) to withdraw his accumulated deductions or, if  
23 such member shall die before attaining service retirement age then his accu-  
24 mulated deductions shall be paid to such person, if living, as he shall have  
25 nominated by written designation duly executed and filed with the board of  
26 trustees otherwise to the executor or administrator of the member's estate.

1 10. 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 since he last became a member, and in addition if  
6 a service certificate heretofore issued to him is in full force and effect, with  
7 all the service certified on the certificate, and with no other service. Except  
8 as otherwise provided in this act, a service certificate or modified service  
9 certificate, shall be final and conclusive for retirement purposes as to serv-  
10 ice certified therein, unless in any 4-year period which elapses subsequent to  
11 its issuance the member to whom it was issued fails to render 2 additional  
12 years of service, in which case it shall be void.

13 For the purpose of computing service for retirement purposes, the board  
14 shall fix and determine by appropriate rules and regulations how much serv-  
15 ice in any year shall equal a year of service and part of a year of service.  
16 Not more than 1 year shall be credited for all service in a calendar year.  
17 In computing the service or in computing final compensation, no time during  
18 which a member was absent on leave without pay shall be credited, [unless  
19 such leave of absence was for 3 months or less] *unless the service was ab-*

20 *lowed for retirement purposes, both by the head of the employing depart-*  
21 *ment and by the board of trustees, or unless the service rendered to an em-*  
22 *ployer other than the State or a political subdivision thereof was allowed for*  
23 *retirement purposes by the provisions of any law of this State. Any such*  
24 *member shall be required to contribute, either in a lump sum or by install-*  
25 *ment payments, an amount calculated, in accordance with the rules and reg-*  
26 *ulations of the board of trustees, to cover the contributions he would have*  
27 *paid for any service or compensation credited for the period of such official*  
28 *leave of absence without pay, unless the service rendered to an employer*  
29 *other than the State or a political subdivision thereof was allowed for re-*  
30 *tirement purposes by the provisions of any law of this State. In computing*  
31 *the service or in computing final compensation no time during which a mem-*  
32 *ber was in employment, office, or position, for which the annual salary or*  
33 *remuneration was fixed at less than \$300.00 shall be credited.*

1 11. Section 41 of the act of which this act is amendatory is amended to  
2 read as follows:

3 41. a. A member who withdraws from service or ceases to be an employee  
4 for any cause other than death or retirement shall receive all, or such part  
5 as he demands, of the accumulated deductions standing to the credit of his  
6 individual account in the annuity savings fund, *plus regular interest*, [except]  
7 less any outstanding loan, except that for any period after June 30, 1944,  
8 [prior to the effective date of this section,] the interest payable shall be such  
9 proportion of the interest determined at the regular rate as 2% per annum  
10 bears to the regular rate of interest, *except that no interest shall be payable*  
11 *on members' contributions made after December 30, 1954, in the case of those*  
12 *members who resign from service with less than 5 years of membership credit*  
13 *for which contributions have been made. Except as provided for in sections*  
14 8 and 38 of this act, he shall cease to be a member 2 years from the date he  
15 discontinued service as an employee, or, if prior thereto, upon the date when  
16 payment to him on demand of his accumulated deductions exceeds  $\frac{1}{2}$  of the  
17 accumulated deductions. The board of trustees may, in its discretion, with-

18 hold, for not more than 1 year after a member ceases to be an employee, all  
19 or part of his accumulated deductions, if he previously withdrew from the an-  
20 nuity savings fund all or part of his accumulated deductions and failed to re-  
21 deposit that amount to the credit of his individual account in the fund. No  
22 veteran member shall be entitled to withdraw the amount of his accumulated  
23 deductions contributed by his employer covering his military leave unless he  
24 shall have returned to the payroll and contributed to the retirement system  
25 for a period of 90 days.

26       b. Should a member resign after having completed 25 years of service,  
27 before reaching service retirement age, he may elect to receive, in lieu of the  
28 payment provided for above, an annuity which is the actuarial equivalent of  
29 his accumulated deductions *together with regular interest*, and in addition a  
30 pension which when added to the annuity will produce a total retirement al-  
31 lowance of  $1/70$  of his final compensation for each year of service credited as  
32 Class A service and  $1/60$  of his final compensation for each year of service  
33 credited as Class B service, reduced by  $1/2$  of 1% for each month that the  
34 member lacks of being age 60, except that in the case of a member who has not  
35 attained age 53 the reduction is equal to 42% plus  $1/6$  of 1% for each month  
36 the member lacks of being age 53, and with the optional privileges provided  
37 for in section 50 of this act; *provided, however, that upon the receipt of*  
38 *proper proofs of the death of such a member after the member shall have*  
39 *reached 60 years of age there shall be paid to such person, if living, as he*  
40 *shall have nominated by written designation duly executed and filed with the*  
41 *board of trustees, otherwise to the executor or administrator of the member's*  
42 *estate, an amount equal to  $3/16$  of the compensation received by the member*  
43 *in the last year of creditable service.*

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

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

51 (2) An amount equal to  $1\frac{1}{2}$  times the compensation *upon which*  
52 *his contributions are based or* received by the member in the last  
52A year of creditable service; *provided, however, that if such death*  
53 *shall occur on or after July 1, 1956, and after the member shall*  
54 *have attained age 70, the amount payable shall equal  $\frac{3}{16}$  of the compen-*  
55 *sation received by the member in the last year of creditable service in-*  
56 *stead of  $1\frac{1}{2}$  times such compensation.*

57 d. A member may file with the board of trustees, and alter from time to  
58 time during his lifetime, as desired, a duly attested written new nomination of  
59 the payee of the death benefit provided under this section. Such member may  
60 also file, and alter from time to time during his lifetime, as desired, a request  
61 with the board of trustees directing payment of said benefit in 1 sum or in  
62 equal annual installments over a period of years or as a life annuity. Upon  
63 the death of such a member, a beneficiary to whom a benefit is payable in 1  
64 sum may elect to receive the amount payable in equal annual installments over  
65 a period of years or as a life annuity.

1 12. Section 45 of the act of which this act is amendatory is amended to  
2 read as follows:

3 45. Subject to the provisions of section 59 of this act, a member upon  
4 retirement for ordinary disability shall receive a retirement allowance, which  
5 shall consist of:

6 a. An annuity which shall be the actuarial equivalent of his accumulated  
7 deductions at the time of his retirement *together with regular interest;*

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

14 age 60, in which event he shall be given credit for the years to age 60.

15 c. Upon the receipt of proper proofs of the death of a member who has  
16 retired on an ordinary disability retirement allowance, there shall be paid  
17 to such person, if living, as he shall have nominated by written designation  
18 duly executed and filed with the board of trustees, otherwise to the executor  
19 or administrator of the member's estate, an amount equal to [3/16 of]  $1\frac{1}{2}$   
20 times the compensation received by the member in the last year of creditable  
21 service[.] *if such death occurs before the member shall have reached 60 years*  
22 *of age but if such death occurs thereafter an amount equal to 3/16 of the*  
23 *compensation received by the member in the last year of creditable service.*

1 13. Section 46 of the act of which this act is amendatory is amended  
2 to read as follows:

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

7 a. An annuity which shall be the actuarial equivalent of his accumulated  
8 deductions at the time of his retirement *together with regular interest*; and

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

12 c. Upon the receipt of proper proofs of the death of a member who has  
13 retired on an accident disability retirement allowance, there shall be paid to  
14 such person, if living, as he shall have nominated by written designation duly  
15 executed and filed with the board of trustees, otherwise to the executor or  
16 administrator of the member's estate, an amount equal to [ 3/16 of ]  $1\frac{1}{2}$   
17 times the compensation received by the member in the last year of creditable  
18 service[.] *if such death occurs before the member shall have reached 60 years*  
19 *of age but if such death occurs thereafter an amount equal to 3/16 of the com-*  
20 *pensation received by the member in the last year of creditable service.*

1 14. Section 48 of the act of which this act is amendatory is amended to  
2 read as follows:

3 48. Subject to the provisions of section 59 of this act, a member, upon re-  
4 tirement for service, shall receive a retirement allowance consisting of:

5 a. An annuity which shall be the actuarial equivalent of his accumulated  
6 deductions at the time of his retirement *together with regular interest*;

7 b. A pension which, when added to the annuity, will produce a retire-  
8 ment allowance of  $1/70$  of his final compensation for each year of service  
9 credited as Class A service and  $1/60$  of his final compensation for each year  
10 of service credited as Class B service.

11 c. If in the case of a member who was age 60 or over on June 30, 1953,  
12 who if he had retired immediately would have had an annuity in excess of  
13  $1/140$  of his final compensation for each year of membership service credited  
14 as a Class A member and  $1/120$  of his final compensation for each year of  
15 membership service credited as a Class B member, the amount of such excess  
16 annuity determined as of such date shall not be used in determining the pen-  
17 sion on immediate or subsequent retirement.

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

1 15. Section 49 of the act of which this act is amendatory is amended to  
2 read as follows:

3 49. Upon the death of a member in active service as a result of an acci-  
4 dent arising out of and in the course of his employment and not as the result  
5 of his willful negligence, an accident death benefit shall be payable, if a re-  
6 port, in a form acceptable to the Board of Trustees, of the accident is filed in  
7 the office of the retirement system within 60 days next following the accident,



8 but the board of trustees may waive such time limit, for a reasonable period,  
9 if in the judgment of the board the circumstances warrant such action. Evi-  
10 dence must be submitted to the board of trustees proving that the natural  
11 and proximate cause of his death was [due to] an accident arising out of and  
12 in the course of employment at some definite time and place.

13       Upon application by or on behalf of the dependents of such deceased  
14 member, the board of trustees, in addition to the payment of his accumulated  
15 deductions as provided in section 41 of this act, shall grant an allowance of  
16  $\frac{1}{2}$  of the final compensation of such employee, if the member was a male em-  
17 ployee, as a pension to his widow, to continue during her widowhood; or, if  
18 no widow, or in case the widow dies or remarried before the youngest child of  
19 such deceased member attains age 18, or if the member was a married female  
20 employee, then to the child or children of such member under age 18, divided  
21 in such manner as the board in its discretion shall determine to continue until  
22 the youngest surviving child dies or attains age 18. If there be no widow or  
23 child under age 18 surviving such member, or if the member was never mar-  
24 ried, then there shall be paid a cash sum equal to [ $1\frac{1}{2}$  times] the amount [of  
25 his or her final compensation] *stipulated under section 41 (c) (2) of this act*  
26 to his or her estate or to such person [having an insurable interest in his or  
27 her life] as he or she shall have nominated by written designation duly ac-  
28 knowledged and filed with the board. *In no case shall the accident death*  
29 *benefit under this section payable to the widow or children be less than that*  
30 *provided for ordinary death benefit under the provisions of section 41.*

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

1 16. 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 examina-  
4 tion by the Commissioner of Banking and Insurance. The Commissioner of  
5 Banking and Insurance shall have the power, whenever he deems the same  
6 expedient, to make or cause to be made an examination of all the assets and  
7 liabilities, method of conducting business and all other affairs of the retire-  
8 ment system and shall make such examination at least once every 2 years.  
9 His first examination after the effective date of this act [shall be completed  
10 by July 1, 1956, and] shall [cover] *be for* the period [from January 1, 1955,  
11 to December 31, 1955] *ending June 30, 1956.*

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 securi-  
15 ties, books, papers or other documents, owned by, in the possession of, or  
16 relating to the retirement system shall be made available on demand for the  
17 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  
21 by the Legislature.] The report on such examination shall be filed in the  
22 Department of Banking and Insurance and a copy thereof shall be trans-  
23 mitted to the trustees of the system and to the Governor. Neither the com-  
24 missioner nor any appointee thereof shall be liable for any statement in-  
25 cluded therein.

1 17. Section 57 of the act of which this act is amendatory is amended  
2 to read as follows:

3 57. a. *Each member who is a member on the date this amendment takes*  
4 *effect and each person who thereafter becomes a member, will be eligible to*  
5 *purchase the additional death benefit coverage hereinafter described,*  
6 *provided that he selects such coverage within 1 year after the effective date*

7 of this section as amended or after the effective date of membership, which-  
8 ever date is later.

9       *b. The board of trustees shall establish schedules of contributions to be*  
10 *made by the members who elect to purchase the additional death benefit*  
11 *coverage. Such contributions shall be so computed that the contributions*  
12 *made by or on behalf of all covered members in the aggregate shall be*  
13 *sufficient to provide for the cost of the benefits established by subsection c*  
14 *of this section. Such schedules of contributions shall be subject to adjust-*  
15 *ment from time to time, by the board of trustees, as the need may appear.*

16       *c. Upon the receipt of proper proofs of the death in service of any such*  
17 *member while covered for the additional death benefit coverage there shall*  
18 *be paid to such person, if living, as the member shall have nominated by*  
19 *written designation duly executed and filed with the board of trustees, other-*  
20 *wise to the executor or administrator of the member's estate, an amount*  
21 *equal to 1 1/2 times the compensation received by the member in the last*  
22 *year of creditable service or some lesser amount as may be pro-*  
22A *vided by the board of trustees and elected to purchase by the*  
22B *member; provided, that if such death in service shall occur on*  
23 *or after July 1, 1956, and after the member has attained age 70, the*  
24 *amount payable shall equal 3/16 of the compensation received by the mem-*  
25 *ber in the last year of creditable service instead of 1 1/2 times such com-*  
26 *pensation.*

27       *d. The board of trustees may also establish additional supplemental con-*  
28 *tributions to be paid by such members as express their desire to have the*  
29 *additional death benefit coverage continued after retirement in the form of*  
30 *paid-up coverage for the amount hereinafter set forth, and to pay the in-*  
31 *creased cost therefor. Such supplemental contributions shall also be subject*  
32 *to adjustment from time to time by the board.*

33       *e. Upon the receipt of proper proofs of the death of a member retired*  
34 *on a service retirement allowance who is covered for paid-up coverage as*  
35 *provided by this section at time of death, there shall be paid to such person,*

36 if living, as the member shall have nominated by written designation duly  
37 executed and filed with the board of trustees, otherwise to the executor or  
38 administrator of the member's estate, an amount equal to 3/16 of the com-  
39 pensation received by the member in the last year of creditable service.

40 f. Upon the receipt of proper proofs of the death of a member retired  
41 on ordinary or accident disability retirement allowance who is covered for  
42 paid-up coverage as provided by this section at time of death, there shall be  
43 paid to such person, if living, as the member shall have nominated by written  
44 designation duly executed and filed with the board of trustees, otherwise to  
45 the executor or administrator of the member's estate, an amount equal to  
46 1 1/2 times the compensation received by the member in the last year of cred-  
47 itable service if such death occurs before the member shall have reached 60  
48 years of age but if such death occurs thereafter an amount equal to 3/16 of  
49 the compensation received by the member in the last year of creditable serv-  
50 ice.

51 g. The contributions of a member for the additional death benefit cover-  
52 age, including the supplemental contributions of a member electing to make  
53 such contributions, shall be deducted from his compensation, but if there  
54 is no compensation from which such contributions may be deducted it shall  
55 be the obligation of the member to make such contributions directly to the  
56 board of trustees or as directed by the board; provided, however, that no  
57 contribution shall be required after June 30, 1956, while a member remains  
58 in service after attaining age 70 but that his employer shall be required to  
58A pay into the fund on his behalf in such case an amount equal to the con-  
58B tribution otherwise required by the board of trustees in accordance with this  
58C section.

59 h. Any other provision of this act notwithstanding, the contributions  
60 of a member for the additional death benefit coverage under this section  
61 shall not be returnable to the member or his beneficiary in any manner, or  
62 for any reason whatsoever, nor shall any contributions made for the addi-  
63 tional death benefit coverage be included in any annuity payable to any such  
64 member or to his beneficiary.

65       *i. A member who has elected to purchase the additional death benefit*  
66 *coverage provided by this section may file with the board of trustees, and*  
67 *alter from time to time during his lifetime, as desired, a duly attested, writ-*  
68 *ten, new nomination of the payee of the death benefit provided under this*  
69 *section. Such member may also file and alter from time to time during his*  
70 *lifetime, as desired, a request with the board of trustees directing payment*  
71 *of said benefit in 1 sum or in equal annual installments over a period of*  
72 *years or as a life annuity. Upon the death of such a member, a beneficiary*  
73 *to whom a benefit is payable in 1 sum may elect to receive the amount pay-*  
74 *able in equal annual installments over a period of years or as a life annuity.*

75       *j. All other provisions of this section notwithstanding, this section and*  
76 *the benefits provided under this section shall not come into effect until a*  
77 *required percentage of the members shall have applied for the additional*  
78 *death benefit coverage under this section. This required percentage shall*  
79 *be fixed by the board of trustees. Any such percentage may be made appli-*  
80 *cable to male members only or to other groupings as determined by the board*  
81 *of trustees of the Public Employees' Retirement System. Applications for*  
82 *such additional death benefit coverage shall be submitted to the secretary of*  
83 *the board of trustees in such manner and upon such forms as the board of*  
84 *trustees shall provide.*

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

88       (1) Upon receipt of proper proofs of the death of a member selecting  
89 coverage under this section who has retired on a service retirement allow-  
90 ance, there shall be paid to such person, if living, as he shall have nomi-  
91 nated by written designation duly executed and filed with the board of trus-  
92 tees, otherwise to the executor or administrator of the member's estate, an  
93 amount equal to 3/16 of the compensation received by the member in the  
94 last year of creditable service.

95 (2) Upon the receipt of proper proofs of the death of a member select-  
96 ing coverage under this section who has retired on an ordinary or accident  
97 disability retirement allowance, there shall be paid to such person, if living,  
98 as he shall have nominated by written designation duly executed and filed  
99 with the board of trustees, otherwise to the executor or administrator of the  
100 member's estate, an amount equal to  $\frac{3}{16}$  of the compensation received by  
101 the member in the last year of creditable service.

102 (3) Upon the receipt of proper proof of the death in service of a mem-  
103 ber who selected coverage under this section, there shall be paid to such per-  
104 son, if living, as he shall have nominated by written designation duly exe-  
105 cuted and filed with the board of trustees, otherwise to the executor or  
106 administrator of the member's estate, an amount equal to  $1\frac{1}{2}$  times the com-  
107 pensation received by the member in the last year of creditable service.

108 b. Each member selecting the additional death benefit coverage under  
109 this section shall agree to the deduction of a percentage of his compensa-  
110 tion in addition to that required under section 25. The actuary of the re-  
111 tirement system shall determine the percentage of contribution which, if  
112 deducted from each payment of the prospective earnable compensation  
113 throughout active service of all members selecting coverage under this sec-  
114 tion, is computed to be sufficient to provide for all benefits of this section.

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

123 d. All other provisions of this section notwithstanding, this section and  
124 the benefits provided under this section shall not come into effect until a  
125 required percentage of the members shall have applied for the additional

126 death benefit coverage under this section. This required percentage shall  
 127 be fixed by the board of trustees. Such application shall be made with the  
 128 secretary of the board of trustees in such manner and upon such forms as  
 129 the board of trustees shall provide.

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

135 f. A member selecting the additional death benefit coverage under this  
 136 section may file with the board of trustees, and alter from time to time  
 137 during his lifetime, as desired, a duly attested, written new nomination of  
 138 the payee of the death benefit provided under this section. Such member  
 139 may also file and alter from time to time during his lifetime, as desired, a  
 140 request with the board of trustees directing payment of said benefit in 1  
 141 sum or in equal annual installments over a period of years or as a life an-  
 142 nuity. Upon the death of such a member, a beneficiary to whom a benefit  
 143 is payable in 1 sum may elect to receive the amount payable in equal annual  
 144 installments over a period of years or as a life annuity.]

1 18. Section 60 of the act of which this act is amendatory is amended to  
 2 read as follows:

3 60. a. Each public employee veteran member shall have returned to him  
 4 his accumulated deductions as of the effective date of this section. All serv-  
 5 ice rendered in office, position, or employment of this State or of a county,  
 6 municipality, [or] school district or board of education *or service rendered*  
 7 *for the State University of New Jersey, an instrumentality of this State,*  
 8 *after April 16, 1945, and the New Jersey State Agricultural Experiment*  
 9 *Station established by an act approved March 10, 1880 (P. L. 1880, c. 106*  
 10 *and continued pursuant to chapter 16 of Title 4 of the Revised Statutes),*  
 11 *an instrumentality of this State, excluding service rendered as County Ex-*  
 12 *tension Service Farm and Home Demonstration Agents, by such veteran*

13 member previous to the effective date of this section, for which  
14 evidence satisfactory to the board of trustees is presented within  
15 6 months of the effective date of this section, shall be credited to  
16 him as a "Class B" member and such credit shall be known as  
17 prior service credit and the obligation of the employer on account of such  
18 credit shall be known as the accrued liability on behalf of such veteran  
19 member. Service by a veteran member as a member of the Congress of the  
20 United States from the State of New Jersey, if any, pursuant to election  
21 or appointment as a United States Senator or member of the United States  
22 House of Representatives shall be included within the calculation of prior  
23 service, as though such service had been rendered in office, position or em-  
24 ployment of this State.

25     b. The accrued liability on behalf of State employee veteran members  
26 *including veteran members employed by the State University of New Jer-*  
27 *sey or by the New Jersey Agricultural Experiment Station* shall be paid by  
28 the State as provided in section 24. The accrued liability on behalf of other  
29 public employee veteran members shall be paid by their employers, as of the  
30 effective date of this section, in the same manner as provided in the case of  
31 State employee veteran members in section 24. The board of trustees shall  
32 certify to the chief fiscal officer of the employer the accrued liability contribu-  
33 tion payable by such employer on behalf of veteran members as if they were  
34 State employees.

35     c. Each public employee veteran member shall make contributions to the  
36 retirement system at the proportions applicable to Class B members of  
37 group 2 of the former "State Employees' Retirement System" as of June 30,  
38 1949, except that the board of trustees may from time to time adopt for  
39 employees becoming members after the effective date of this section new pro-  
40 portions of compensation to be determined as provided in section 25. Each  
41 public employee veteran member shall pay the proportion of compensation  
42 applicable to his age at the commencement of employment, position or office  
43 with the State, any county, municipality or school district or board of educa-



44 tion, except that where such service has not been continuous the public em-  
45 ployee veteran member shall pay the proportion of compensation applicable  
46 to the age resulting from the subtraction of his years of service from his age  
47 as of the effective date of this section. No public employee veteran member  
48 shall be required during the continuation of his membership to increase the  
49 proportion of compensation certified at the time of becoming a member as  
50 payable by him, except as required by changes in the rate of contributions  
51 to the Social Security Fund.

52 d. In the event that a public employee veteran who prior to the effective  
53 date of this section rendered service in office, position or employment of this  
54 State, *including such service rendered for any commission or instrumentality*  
55 *enumerated in paragraph a. of this section*, or of a county, municipality, or  
56 school district or board of education but who is not in such office, position or  
57 employment on the effective date of this section shall later become a member  
58 of the retirement system, such public employee veteran shall receive prior  
59 service credit for service rendered prior to the effective date of this section,  
60 for which evidence satisfactory to the board of trustees is presented, in the  
61 same manner as received by other public employee veteran members and  
62 shall pay the proportion of compensation applicable to the age resulting  
63 from the subtraction of his years of such prior service from his age on the  
64 date of his becoming a member of the retirement system. The employer of  
65 such public employee veteran on the date of his becoming a member shall  
66 pay the accrued liability on behalf of such prior service and such accrued  
67 liability shall be paid in such a manner that the total obligation will be met  
68 within the period of time fixed for the liquidation of all accrued liabilities  
69 of the employer.

1 19. 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'  
5 Retirement System employees of the New Jersey Turnpike Authority, the

6 New Jersey Highway Authority, Palisades Interstate Park Commission, In-  
7 terstate Sanitation Commission and the Delaware River Joint Toll Bridge  
8 Commission who consent and file application for membership in said retire-  
9 ment system; those employees of such agencies or instrumentalities who are  
10 members of the Public Employees' Retirement System by virtue of section  
11 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  
18 employees.

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  
22 membership, contribution and benefit provisions of the retirement system and  
23 to the provisions of chapter 3 of Title 43 of the Revised Statutes as are  
24 applicable to State employees and for all purposes of this act employment by  
25 the State University of New Jersey after April 16, 1945, and for the purposes  
26 of chapter 3 of Title 43 of the Revised Statutes any new employment after  
27 the effective date of this amendatory act, shall be deemed to be and shall  
28 be construed as service to and employment by the State of New Jersey.

1 20. This act shall take effect immediately.

STATE OF NEW JERSEY  
Executive Department

January 5, 1956

SENATE BILL NO. 399

To the Senate:

Pursuant to Article V, Section I, paragraph 14(b) of the Constitution, I am returning herewith Senate Bill No. 399, with my objections, for reconsideration.

Senate Bill No. 399 contains a number of much needed amendments to the Public Employees' Retirement-Social Security Integration Act (P.L. 1954, Chapter 84). It contains one amendment, however, which I cannot in good conscience approve. The bill would provide for service credit for employment for which the annual salary or remuneration was not less than \$300.00. This monetary figure would be used not only with respect to past service to the State but would be applicable as well to service hereafter.

I cannot find justification in the grant of pension benefits on earnings of that amount. In returning Senate Bill No. 301 of the present session, I recommended a figure of \$500.00 which was the figure which the Board of Trustees of the former State Employees' Retirement System had adopted. I believe the figure of \$500.00 to be much too low in the light of current economy and I believe that consideration should be given to an amendment of the statute which, as to future service, will substantially increase the annual earnings figure, at least as to new employees. Until all the facts are ascertained and full consideration can be given to the problem, I am willing to go along with the figure of \$500.00 which, as stated above, was heretofore applied.

With respect to credit for past service the problem revolves about the circumstance that under the free Veterans' Retirement Act credit was granted to veterans without regard to the amount of annual earnings. I

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Executive Department

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agree that some fair solution should be reached with respect to veterans but a solution reached with respect to them cannot justifiably be extended to the non-veteran employee as to whom the minimum requirement has been the sum of \$500.00.

Accordingly, I recommend that the figure of \$300.00 with respect to future service be amended at the present time to the figure of \$500.00 and as to past service credits the figure of \$500.00 be used except as to veterans as to whom credit should be granted provided (1) the annual earnings were not less than \$300.00 and (2) such earnings were derived from service consisting of the performance of the full duties of his specific office or position.

I also recommend an amendment to eliminate an unintended error. Section 18 of the bill, in providing for an amendment of paragraph d. of Section 60 of Chapter 84, makes reference in line 54 to any "commission . . . enumerated in paragraph a. of this section". In an earlier draft certain commissions had been enumerated in paragraph a. but thereafter were eliminated. Hence the reference to such commission in paragraph d. is now meaningless.

A further amendment is desirable with respect to a provision concerning paid up contributory life insurance coverage. The bill contemplated that such coverage may be in an amount equal to  $1\frac{1}{2}$  times the compensation received by the member in the last year of creditable service or in such lesser amount as the Board of Trustees may fix and the individual member may elect to purchase. The Legislature's intent, as above stated, was fully expressed at one point in the bill but at another point the fact that the amount of the insurance may be less than  $1\frac{1}{2}$  times the compensation was inadvertently not expressed.

I am, therefore, returning Senate Bill No. 399 for reconsideration and with the recommendation that amendments be made to the bill as follows:

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On page 6, section 5, line 35, delete the figure "\$300.00" and insert in lieu thereof the figure "\$500.00".

On page 12, section 10, line 33, delete the figure "\$300.00" and insert in lieu thereof the figure "\$500.00".

On page 12, section 10, line 33, after the word "credited" add the following: ", except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955 in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than \$300.00 and such service consisted of the performance of the full duties of such employment, office or position".

On page 20, section 17, line 47, after the word "service" insert "or such lesser amount as may be provided by the board of trustees and purchased by such member".

On page 25, section 18, line 54, delete the words "commission or".

Respectfully,

ROBERT B. MEYNER

GOVERNOR

[SEAL]

Attest:

ROBERT J. BURKHARDT

Secretary to the Governor

SENATE AMENDMENTS TO  
**SENATE, No. 399**

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**STATE OF NEW JERSEY**

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ADOPTED JANUARY 5, 1955

Amend page 6, section 5, line 35, delete the figure "\$300.00" and insert in lieu thereof the figure "\$500.00".

Amend page 12, section 10, line 33, delete the figure "\$300.00" and insert in lieu thereof the figure "\$500.00".

Amend page 12, section 10, line 33, after the word "credited" add the following: ", except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955 in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than \$300.00 and such service consisted of the performance of the full duties of such employment, office or position".

Amend page 20, section 17, line 47, after the word "service" insert "or such lesser amount as may be provided by the board of trustees and purchased by such member".

Amend page 25, section 18, line 54, delete the words "commission or".

[OFFICIAL COPY REPRINT]

SENATE, No. 399

# STATE OF NEW JERSEY

INTRODUCED DECEMBER 5, 1955

By Messrs. DUMONT, FORBES, HARPER and RIDOLFI

(Without Reference)

AN ACT amending and supplementing "Public Employees' Retirement-Social Security Integration Act," 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. a. For the purposes of section 41 (c) and section 57 of chapter 84  
2 of the public laws of 1954, a member of the Public Employees' Retirement  
3 System shall be deemed to be in service for a period of no more than 2 years  
4 while on official leave of absence without pay; provided, that satisfactory  
5 evidence is presented to the board that such leave of absence without pay  
6 is due to illness.

7 b. For the purposes of section 41 (c) and section 57 of chapter 84 of  
8 the public laws of 1954, a member of the Public Employees' Retirement Sys-  
9 tem shall be deemed to be in service for a period of no more than 93 days  
10 while on official leave of absence without pay when such leave of absence is  
11 due to any reason other than illness.

12 c. In order for a member of the Public Employees' Retirement System  
13 to be covered hereunder for the optional death benefits provided by section  
14 57 of chapter 84 of the public laws of 1954, he shall continue to make con-  
15 tributions for same during the period such member is on official leave of  
16 absence without pay.

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

17 d. The terms of this section shall apply to all members of the Public  
18 Employees' Retirement System who have died on or after January 2, 1955,  
19 or shall die after the effective date of this section.

1 2. Any person entitled to become a member of the Public Employees'  
2 Retirement System by virtue of the provisions of the act to which this act  
3 is amendatory and supplementary shall not be allowed any of the death bene-  
4 fits established by [section] sections 41 [(c)], 45, 46, 48 and 57 of such act  
5 unless he makes application for membership within [6 months] 1 year  
6 after the effective date of this act or within [6 months] 1 year after he first  
7 became eligible to membership whichever is later, or has furnished satisfac-  
8 tory evidence of insurability.

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

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

6 (a) Any person retired for service under any of the provisions of  
7 either of said chapters and receiving or entitled to receive benefits thereunder  
8 prior to their repeal shall continue to receive the same benefits or shall  
9 continue to be entitled to receive the same benefits to the same extent and  
10 in the same manner as if such chapters had not been repealed. If any such  
11 person shall have elected to take his retirement benefit under 1 of the  
12 options of such chapters, his beneficiary shall, upon the death of the  
13 retirant, receive such amount as was provided under such chapters, as if  
14 such chapters had not been repealed.

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

18 (c) Any person electing to have deductions for medical and hospital-  
19 ization insurance subtracted from his retirement allowance shall continue to  
20 have such deductions subtracted as if such chapters had not been repealed.



21 (d) Any person retired for disability under such chapters and receiving  
22 benefits or entitled to receive benefits thereunder and any person receiving  
23 accidental death benefits as the result of the death of a member in service  
24 under such chapters, prior to their repeal, including any person covered by  
25 R. S. 43:14-30 to R. S. 43:14-34, R. S. 43:14-37 and R. S. 43:15-5, shall, so  
26 long as he continues to meet the tests therefor prescribed in such chapters,  
27 continue to receive the same or shall continue to be entitled to receive to  
28 the same extent and in the same manner as if such chapters had not been  
29 repealed. At such time as he shall cease to meet such requirements his  
30 benefits shall cease and as to him the chapters shall have no further applica-  
31 tion. If any person retired for disability under such chapters and receiving  
32 benefits thereunder prior to their repeal shall have elected to take his retire-  
33 ment benefit under 1 of the options of such chapters, his beneficiary shall,  
34 upon the death of the retirant, receive such amount as was provided under  
35 such chapters.

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

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

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

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

55 (i) The accumulated deductions of the members constituting the Annuity  
56 Savings Fund shall be set aside in a trust fund designated as Fund A to be  
57 held for refund, upon demand, to the respective persons or beneficiaries  
58 entitled thereto; no further interest shall be allowed after the effective date  
59 of this section. Until refunded or otherwise disposed of, such funds, inter-  
60 ests therein, and rights thereto shall not be subject to judicial process.

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

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

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

74 [(m) The State Treasurer, through such agency, division, or bureau of  
75 his department as he may direct, is hereby authorized and directed to  
76 administer the payment of benefits and the return of accumulated deductions  
77 under the State Employees' Retirement System abolished by this act.

78 The State Treasurer is hereby constituted the custodian of the securities,  
79 funds and investments of the former "State Employees' Retirement System  
80 of New Jersey." For the purpose of this section only, the title "State  
81 Employees' Retirement System of New Jersey" may be used in order to hold

82 title to, sell, assign, transfer or otherwise dispose of any such securities,  
83 funds or investments. All functions, powers and duties relating to the invest-  
84 ment or reinvestment of moneys of, and purchase, sale or exchange of any  
85 of such securities, funds or investments, shall be exercised and performed  
86 by the Director of the Division of Investment in accordance with the provi-  
87 sions of chapter 270, P. L. 1950, as amended and supplemented; provided,  
88 however, that before any such investment, reinvestment, purchase, sale or  
89 exchange may be made by said director pursuant to the provisions of this  
90 section, he shall submit the details thereof to the State Treasurer, who shall,  
91 within 48 hours, exclusive of Sundays and public holidays, after such sub-  
92 mission to him, file with the director a written acceptance or rejection of such  
93 proposed investment, reinvestment, purchase, sale or exchange; and the  
94 director shall have authority to make such investment, reinvestment, pur-  
95 chase, sale or exchange, for, on behalf of, and with respect to such fund,  
96 unless there shall have been filed with him a written rejection thereof by  
97 the State Treasurer as herein provided.]

1     4. The accumulated reserves which have been designated as Fund C by  
2 section 5 (k) of chapter 84 of the public laws of 1954 shall be transferred to  
3 and become merged with the Retirement Reserve Fund created by section 27  
4 of chapter 84 of the public laws of 1954; provided, however, that the payment  
5 of benefits and the retention of certain privileges stipulated in section 5 of  
6 chapter 84 of the public laws of 1954 shall continue. The authorization and  
7 direction to administer the payment of benefits under the former "State  
8 Employees' Retirement System of New Jersey" abolished by the act to which  
9 this act is amendatory is hereby transferred to the board of trustees of the  
10 Public Employees' Retirement System.

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

3     7. There is hereby established the Public Employees' Retirement Sys-  
4 tem 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 30, 1954; who shall not have  
8 claimed for refund their accumulated deductions in said system as provided  
9 in this section;

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 is not a member of any other retirement system  
14 supported wholly or partly by the State; provided, however, that such person  
15 may divest himself of membership by notifying the board of trustees within  
16 30 days of such date that he does not desire to become a member.

17 The board may deny the right to become members of the retirement sys-  
18 tem to any class of elected officials or to any class of persons other than vet-  
19 erans not within the classified civil service, but any person who has been a  
20 member of the former "State Employees' Retirement System" for 1 or more  
21 years and who has been or may hereafter be appointed to an office or position  
22 in the unclassified service shall be eligible to become a member of the retire-  
23 ment system and entitled to all the rights and privileges thereunder, if he so  
24 elects. The board of trustees may deny the right to become members of the  
25 retirement system to any class of persons whose compensation is only partly  
26 paid by the State, or it may, in its discretion, make optional with persons in  
27 any such class their individual entrance into membership. State employees  
28 who become members of any other retirement system supported wholly or  
29 partly by the State as a condition of employment shall not be eligible to  
30 membership in this retirement system. Notwithstanding any other law to the  
31 contrary all other persons accepting permanent employment in the classified  
32 service of the State shall be required to enroll in the retirement system as  
33 a condition of their employment, regardless of age. *No person in employment,*  
34 *office or position, for which the annual salary or remuneration is fixed at less*  
35 *than* ~~[\$300.00]~~ \$500.00, *shall be eligible to become a member of the retire-*  
35A *ment system.*

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

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

1 6. Section 27 of the act of which this act is amendatory is amended to  
2 read as follows:

3 27. The Retirement Reserve Fund shall be the fund from which all re-  
4 tirement allowances shall be paid. Upon the retirement of a member the ac-  
5 cumulated deductions of the members *together with regular interest* shall be  
6 transferred to the Retirement Reserve Fund from the Annuity Savings Fund.  
7 The reserve needed to produce the balance of the retirement allowance shall  
8 be transferred from the Contingent Reserve Fund. If the pension or the  
9 annuity of a member who has been retired is subsequently canceled, the ap-  
10 propriate reserve shall be transferred to the Annuity Savings Fund and the  
11 Contingent Reserve Fund. If the pension of a disability beneficiary is re-  
12 duced as a result of an increase in his earning capacity, the amount of the  
13 annual reduction in his pension shall be paid annually into the Contingent  
14 Reserve Fund during the period of the reduction.

15 Any surplus or deficit developing in the Retirement Reserve Fund shall  
16 be adjusted from time to time by transfer to or from the Contingent Reserve  
17 Fund by appropriate action of the board of trustees.

1 7. 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, how-  
5 ever, that all functions, powers, and duties relating to the investment or re-  
6 investment 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  
9 in accordance with the provisions of chapter 270, P. L. 1950, as amended and  
10 supplemented. Before any such investment, reinvestment, purchase, sale,  
11 or 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 finance 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  
17 the 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 board  
20 of trustees *or its finance committee* as herein provided. The board of trustees  
21 shall determine from time to time the cash requirements of the various  
22 funds and accounts established by this act and the amount available for in-  
23 vestment, all of which shall be certified to by the State Treasurer *and the*  
24 *Director of the Division of Investment.*

25 *The members of the finance committee of the board of trustees shall be*  
26 *appointed at or after July 1 of each calendar year by the chairman of the*  
27 *board of trustees to serve through June 30 of the ensuing calendar year and*  
28 *until their successors are appointed. The finance committee of the board of*

29 trustees shall consist of 5 members of the board of trustees, 1 of whom shall  
30 be the State Treasurer, and 1 of whom shall be the member designated to  
31 serve on the State Investment Council. At least 3 members of the finance  
32 committee shall be members of the board of trustees who have been elected  
33 by members of the system. A quorum of the finance committee shall consist  
34 of 3 members thereof.

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

1 8. Section 34 of the act of which this act is amendatory is amended to  
2 read as follows:

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

20 this act applies or shall apply, the additional deductions required to repay  
21 the loan shall be made. Any unpaid balance of a loan at the time any bene-  
22 fit may become payable before the attainment of age 60, shall be deducted  
23 from the benefit otherwise payable.

24 *Loans may be made to a member from his accumulated deductions. In*  
25 *addition the* [The] board of trustees is hereby authorized to set aside  
26 moneys within the contingent reserve fund from which loans to members  
27 [shall] *may* be made [, and such moneys shall be the only source from which  
28 loans shall be made to members]. [The] *If such moneys are used for the*  
29 *purpose of making loans,* the interest earned on such loans shall be treated  
30 in the same manner as interest earned from investments of the retirement  
31 system.

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

1 9. Section 38 of the act of which this act is amendatory is amended to  
2 read as follows:

2A 38. Should a member of the Public Employees' Retirement System, after  
3 having completed 20 years of service, be separated voluntarily or involun-  
4 tarily from the service, before reaching service retirement age, and not by  
5 removal for cause on charges of misconduct or delinquency, such person may  
6 elect to receive: (a) the payments provided for in section 41. b. of this act,  
7 if he so qualifies under said section, or; (b) a deferred retirement allowance,  
8 beginning at the retirement age, which shall be made up of an annuity de-  
9 rived from the accumulated deductions standing to the credit of the indi-  
10 vidual member's account in the annuity savings fund at the time of his sev-



11 erance from the service *together with regular interest*, and a pension which  
12 when added to the annuity will produce a total retirement allowance of  $\frac{1}{70}$   
13 of his final compensation for each year of service credited as Class A service  
14 and  $\frac{1}{60}$  of his final compensation for each year of service credited as Class  
15 B service, calculated in accordance with section 48 of this act, with optional  
16 privileges provided for in section 50 of this act; provided, also that such  
17 election is communicated by such member to the board of trustees in writing  
18 stating at what time subsequent to the execution and filing thereof he de-  
19 sires to be retired; and provided further, that such member, as referred to  
20 in subsection (b) may later elect: (a) to receive the payments provided for  
21 in section 41. b. of this act, if he had qualified under that section at the time  
22 of leaving service, or; (b) to withdraw his accumulated deductions or, if  
23 such member shall die before attaining service retirement age then his accu-  
24 mulated deductions shall be paid to such person, if living, as he shall have  
25 nominated by written designation duly executed and filed with the board of  
26 trustees otherwise to the executor or administrator of the member's estate.

1       10. 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 since he last became a member, and in addition if  
6 a service certificate heretofore issued to him is in full force and effect, with  
7 all the service certified on the certificate, and with no other service. Except  
8 as otherwise provided in this act, a service certificate or modified service  
9 certificate, shall be final and conclusive for retirement purposes as to serv-  
10 ice certified therein, unless in any 4-year period which elapses subsequent to  
11 its issuance the member to whom it was issued fails to render 2 additional  
12 years of service, in which case it shall be void.

13       For the purpose of computing service for retirement purposes, the board  
14 shall fix and determine by appropriate rules and regulations how much serv-  
15 ice in any year shall equal a year of service and part of a year of service.

16 Not more than 1 year shall be credited for all service in a calendar year.  
17 In computing the service or in computing final compensation, no time during  
18 which a member was absent on leave without pay shall be credited, [unless  
19 such leave of absence was for 3 months or less] *unless the service was al-*  
20 *lowed for retirement purposes, both by the head of the employing depart-*  
21 *ment and by the board of trustees, or unless the service rendered to an em-*  
22 *ployer other than the State or a political subdivision thereof was allowed for*  
23 *retirement purposes by the provisions of any law of this State. Any such*  
24 *member shall be required to contribute, either in a lump sum or by install-*  
25 *ment payments, an amount calculated, in accordance with the rules and reg-*  
26 *ulations of the board of trustees, to cover the contributions he would have*  
27 *paid for any service or compensation credited for the period of such official*  
28 *leave of absence without pay, unless the service rendered to an employer*  
29 *other than the State or a political subdivision thereof was allowed for re-*  
30 *tirement purposes by the provisions of any law of this State. In computing*  
31 *the service or in computing final compensation no time during which a mem-*  
32 *ber was in employment, office, or position, for which the annual salary or*  
33 *remuneration was fixed at less than [\$300.00] \$500.00 shall be credited, ex-*  
34 *cept that in the case of a veteran member credit shall be given for service*  
35 *rendered prior to January 2, 1955 in an employment, office or position if*  
36 *the annual salary or remuneration therefor was fixed at not less than \$300.00*  
37 *and such service consisted of the performance of the full duties of such em-*  
38 *ployment, office or position.*

1 11. Section 41 of the act of which this act is amendatory is amended to  
2 read as follows:

3 41. a. A member who withdraws from service or ceases to be an employee  
4 for any cause other than death or retirement shall receive all, or such part  
5 as he demands, of the accumulated deductions standing to the credit of his  
6 individual account in the annuity savings fund, *plus regular interest*, [except]  
7 *less any outstanding loan, except that for any period after June 30, 1944,*  
8 [prior to the effective date of this section,] the interest payable shall be such

9 proportion of the interest determined at the regular rate as 2% per annum  
10 bears to the regular rate of interest, *except that no interest shall be payable*  
11 *on members' contributions made after December 30, 1954, in the case of those*  
12 *members who resign from service with less than 5 years of membership credit*  
13 *for which contributions have been made.* Except as provided for in sections  
14 8 and 38 of this act, he shall cease to be a member 2 years from the date he  
15 discontinued service as an employee, or, if prior thereto, upon the date when  
16 payment to him on demand of his accumulated deductions exceeds  $\frac{1}{2}$  of the  
17 accumulated deductions. The board of trustees may, in its discretion, with-  
18 hold, for not more than 1 year after a member ceases to be an employee, all  
19 or part of his accumulated deductions, if he previously withdrew from the an-  
20 nuity savings fund all or part of his accumulated deductions and failed to re-  
21 deposit that amount to the credit of his individual account in the fund. No  
22 veteran member shall be entitled to withdraw the amount of his accumulated  
23 deductions contributed by his employer covering his military leave unless he  
24 shall have returned to the payroll and contributed to the retirement system  
25 for a period of 90 days.

26     b. Should a member resign after having completed 25 years of service,  
27 before reaching service retirement age, he may elect to receive, in lieu of the  
28 payment provided for above, an annuity which is the actuarial equivalent of  
29 his accumulated deductions *together with regular interest*, and in addition a  
30 pension which when added to the annuity will produce a total retirement al-  
31 lowance of  $\frac{1}{70}$  of his final compensation for each year of service credited as  
32 Class A service and  $\frac{1}{60}$  of his final compensation for each year of service  
33 credited as Class B service, reduced by  $\frac{1}{2}$  of 1% for each month that the  
34 member lacks of being age 60, *except that in the case of a member who has not*  
35 *attained age 53 the reduction is equal to 42% plus  $\frac{1}{6}$  of 1% for each month*  
36 *the member lacks of being age 53, and with the optional privileges provided*  
37 *for in section 50 of this act; provided, however, that upon the receipt of*  
38 *proper proofs of the death of such a member after the member shall have*  
39 *reached 60 years of age there shall be paid to such person, if living, as he*

40 shall have nominated by written designation duly executed and filed with the  
41 board of trustees, otherwise to the executor or administrator of the member's  
42 estate, an amount equal to 3/16 of the compensation received by the member  
43 in the last year of creditable service.

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

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

51 (2) An amount equal to  $1\frac{1}{2}$  times the compensation upon which  
52 his contributions are based or received by the member in the last  
52A year of creditable service; provided, however, that if such death  
53 shall occur on or after July 1, 1956, and after the member shall  
54 have attained age 70, the amount payable shall equal 3/16 of the compen-  
55 sation received by the member in the last year of creditable service in-  
56 stead of  $1\frac{1}{2}$  times such compensation.

57 d. A member may file with the board of trustees, and alter from time to  
58 time during his lifetime, as desired, a duly attested written new nomination of  
59 the payee of the death benefit provided under this section. Such member may  
60 also file, and alter from time to time during his lifetime, as desired, a request  
61 with the board of trustees directing payment of said benefit in 1 sum or in  
62 equal annual installments over a period of years or as a life annuity. Upon  
63 the death of such a member, a beneficiary to whom a benefit is payable in 1  
64 sum may elect to receive the amount payable in equal annual installments over  
65 a period of years or as a life annuity.

1 12. Section 45 of the act of which this act is amendatory is amended to  
2 read as follows:

3 45. Subject to the provisions of section 59 of this act, a member upon  
4 retirement for ordinary disability shall receive a retirement allowance, which  
5 shall consist of:

6 a. An annuity which shall be the actuarial equivalent of his accumulated  
7 deductions at the time of his retirement *together with regular interest*;

8 b. A pension which, when added to the annuity, will produce a total re-  
9 tirement allowance of 9/10 of the sum of 1/70 of his final compensation for  
10 each year of service credited as Class A service and 1/60 of his final compen-  
11 sation for each year of service credited as Class B service; provided, how-  
12 ever, that in no event shall the allowance be based upon less than 17 years of  
13 service, unless the member would have had less than 17 years of service at  
14 age 60, in which event he shall be given credit for the years to age 60.

15 c. Upon the receipt of proper proofs of the death of a member who has  
16 retired on an ordinary disability retirement allowance, there shall be paid  
17 to such person, if living, as he shall have nominated by written designation  
18 duly executed and filed with the board of trustees, otherwise to the executor  
19 or administrator of the member's estate, an amount equal to ~~[3/16 of]~~ *1 1/2*  
20 *times* the compensation received by the member in the last year of creditable  
21 service~~].~~ *if such death occurs before the member shall have reached 60 years*  
22 *of age but if such death occurs thereafter an amount equal to 3/16 of the*  
23 *compensation received by the member in the last year of creditable service.*

1 13. Section 46 of the act of which this act is amendatory is amended  
2 to read as follows:

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

7 a. An annuity which shall be the actuarial equivalent of his accumulated  
8 deductions at the time of his retirement *together with regular interest*; and

9 b. A pension, in addition to the annuity, of 2/3 of his actual annual com-  
10 pensation for which contributions were being made at the time of the oc-  
11 currence of the accident.

12 c. Upon the receipt of proper proofs of the death of a member who has  
13 retired on an accident disability retirement allowance, there shall be paid to

14 such person, if living, as he shall have nominated by written designation duly  
15 executed and filed with the board of trustees, otherwise to the executor or  
16 administrator of the member's estate, an amount equal to [ 3/16 of ] *1 1/2*  
17 *times* the compensation received by the member in the last year of creditable  
18 service[.] *if such death occurs before the member shall have reached 60 years*  
19 *of age but if such death occurs thereafter an amount equal to 3/16 of the com-*  
20 *pensation received by the member in the last year of creditable service.*

1 14. Section 48 of the act of which this act is amendatory is amended to  
2 read as follows:

3 48. Subject to the provisions of section 59 of this act, a member, upon re-  
4 tirement for service, shall receive a retirement allowance consisting of:

5 a. An annuity which shall be the actuarial equivalent of his accumulated  
6 deductions at the time of his retirement *together with regular interest;*

7 b. A pension which, when added to the annuity, will produce a retire-  
8 ment allowance of 1/70 of his final compensation for each year of service  
9 credited as Class A service and 1/60 of his final compensation for each year  
10 of service credited as Class B service.

11 c. If in the case of a member who was age 60 or over on June 30, 1953,  
12 who if he had retired immediately would have had an annuity in excess of  
13 1/140 of his final compensation for each year of membership service credited  
14 as a Class A member and 1/120 of his final compensation for each year of  
15 membership service credited as a Class B member, the amount of such excess  
16 annuity determined as of such date shall not be used in determining the pen-  
17 sion on immediate or subsequent retirement.

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

1     15. Section 49 of the act of which this act is amendatory is amended to  
2 read as follows:

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

13     Upon application by or on behalf of the dependents of such deceased  
14 member, the board of trustees, in addition to the payment of his accumulated  
15 deductions as provided in section 41 of this act, shall grant an allowance of  
16  $\frac{1}{2}$  of the final compensation of such employee, if the member was a male em-  
17 ployee, as a pension to his widow, to continue during her widowhood; or, if  
18 no widow, or in case the widow dies or remarried before the youngest child of  
19 such deceased member attains age 18, or if the member was a married female  
20 employee, then to the child or children of such member under age 18, divided  
21 in such manner as the board in its discretion shall determine to continue until  
22 the youngest surviving child dies or attains age 18. If there be no widow or  
23 child under age 18 surviving such member, or if the member was never mar-  
24 ried, then there shall be paid a cash sum equal to [ $1\frac{1}{2}$  times] the amount [of  
25 his or her final compensation] *stipulated under section 41 (c) (2) of this act*  
26 to his or her estate or to such person [having an insurable interest in his or  
27 her life] as he or she shall have nominated by written designation duly ac-  
28 knowledged and filed with the board. *In no case shall the accident death*  
29 *benefit under this section payable to the widow or children be less than that*  
30 *provided for ordinary death benefit under the provisions of section 41.*

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

1 16. 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 examina-  
4 tion by the Commissioner of Banking and Insurance. The Commissioner of  
5 Banking and Insurance shall have the power, whenever he deems the same  
6 expedient, to make or cause to be made an examination of all the assets and  
7 liabilities, method of conducting business and all other affairs of the retire-  
8 ment system and shall make such examination at least once every 2 years.  
9 His first examination after the effective date of this act [shall be completed  
10 by July 1, 1956, and] shall [cover] *be for* the period [from January 1, 1955,  
11 to December 31, 1955] *ending June 30, 1956.*

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 securi-  
15 ties, books, papers or other documents, owned by, in the possession of, or  
16 relating to the retirement system shall be made available on demand for the  
17 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  
21 by the Legislature.] The report on such examination shall be filed in the  
22 Department of Banking and Insurance and a copy thereof shall be trans-  
23 mitted to the trustees of the system and to the Governor. Neither the com-  
24 missioner nor any appointee thereof shall be liable for any statement in-  
25 eluded therein.



1 17. Section 57 of the act of which this act is amendatory is amended  
2 to read as follows:

3 57. a. *Each member who is a member on the date this amendment takes*  
4 *effect and each person who thereafter becomes a member, will be eligible to*  
5 *purchase the additional death benefit coverage hereinafter described,*  
6 *provided that he selects such coverage within 1 year after the effective date*  
7 *of this section as amended or after the effective date of membership, which-*  
8 *ever date is later.*

9 b. *The board of trustees shall establish schedules of contributions to be*  
10 *made by the members who elect to purchase the additional death benefit*  
11 *coverage. Such contributions shall be so computed that the contributions*  
12 *made by or on behalf of all covered members in the aggregate shall be*  
13 *sufficient to provide for the cost of the benefits established by subsection c*  
14 *of this section. Such schedules of contributions shall be subject to adjust-*  
15 *ment from time to time, by the board of trustees, as the need may appear.*

16 c. *Upon the receipt of proper proofs of the death in service of any such*  
17 *member while covered for the additional death benefit coverage there shall*  
18 *be paid to such person, if living, as the member shall have nominated by*  
19 *written designation duly executed and filed with the board of trustees, other-*  
20 *wise to the executor or administrator of the member's estate, an amount*  
21 *equal to 1 1/2 times the compensation received by the member in the last*  
22 *year of creditable service or some lesser amount as may be pro-*  
22A *vided by the board of trustees and elected to purchase by the*  
22B *member; provided, that if such death in service shall occur on*  
23 *or after July 1, 1956, and after the member has attained age 70, the*  
24 *amount payable shall equal 3/16 of the compensation received by the mem-*  
25 *ber in the last year of creditable service instead of 1 1/2 times such com-*  
26 *pen-sation.*

27 d. *The board of trustees may also establish additional supplemental con-*  
28 *tributions to be paid by such members as express their desire to have the*  
29 *additional death benefit coverage continued after retirement in the form of*

30 paid-up coverage for the amount hereinafter set forth, and to pay the in-  
31 creased cost therefor. Such supplemental contributions shall also be subject  
32 to adjustment from time to time by the board.

33 e. Upon the receipt of proper proofs of the death of a member retired  
34 on a service retirement allowance who is covered for paid-up coverage as  
35 provided by this section at time of death, there shall be paid to such person,  
36 if living, as the member shall have nominated by written designation duly  
37 executed and filed with the board of trustees, otherwise to the executor or  
38 administrator of the member's estate, an amount equal to  $3/16$  of the com-  
39 pensation received by the member in the last year of creditable service.

40 f. Upon the receipt of proper proofs of the death of a member retired  
41 on ordinary or accident disability retirement allowance who is covered for  
42 paid-up coverage as provided by this section at time of death, there shall be  
43 paid to such person, if living, as the member shall have nominated by written  
44 designation duly executed and filed with the board of trustees, otherwise to  
45 the executor or administrator of the member's estate, an amount equal to  
46  $1\ 1/2$  times the compensation received by the member in the last year of cred-  
47 itable service or such lesser amount as may be provided by the board of trus-  
48 tees and purchased by such member if such death occurs before the member  
49 shall have reached 60 years of age but if such death occurs thereafter an  
50 amount equal to  $3/16$  of the compensation received by the member in the  
50A last year of creditable service.

51 g. The contributions of a member for the additional death benefit cover-  
52 age, including the supplemental contributions of a member electing to make  
53 such contributions, shall be deducted from his compensation, but if there  
54 is no compensation from which such contributions may be deducted it shall  
55 be the obligation of the member to make such contributions directly to the  
56 board of trustees or as directed by the board; provided, however, that no  
57 contribution shall be required after June 30, 1956, while a member remains  
58 in service after attaining age 70 but that his employer shall be required to  
58A pay into the fund on his behalf in such case an amount equal to the con-

58B *tribution otherwise required by the board of trustees in accordance with this*  
58C *section.*

59 *h. Any other provision of this act notwithstanding, the contributions*  
60 *of a member for the additional death benefit coverage under this section*  
61 *shall not be returnable to the member or his beneficiary in any manner, or*  
62 *for any reason whatsoever, nor shall any contributions made for the addi-*  
63 *tional death benefit coverage be included in any annuity payable to any such*  
64 *member or to his beneficiary.*

65 *i. A member who has elected to purchase the additional death benefit*  
66 *coverage provided by this section may file with the board of trustees, and*  
67 *alter from time to time during his lifetime, as desired, a duly attested, writ-*  
68 *ten, new nomination of the payee of the death benefit provided under this*  
69 *section. Such member may also file and alter from time to time during his*  
70 *lifetime, as desired, a request with the board of trustees directing payment*  
71 *of said benefit in 1 sum or in equal annual installments over a period of*  
72 *years or as a life annuity. Upon the death of such a member, a beneficiary*  
73 *to whom a benefit is payable in 1 sum may elect to receive the amount pay-*  
74 *able in equal annual installments over a period of years or as a life annuity.*

75 *j. All other provisions of this section notwithstanding, this section and*  
76 *the benefits provided under this section shall not come into effect until a*  
77 *required percentage of the members shall have applied for the additional*  
78 *death benefit coverage under this section. This required percentage shall*  
79 *be fixed by the board of trustees. Any such percentage may be made appli-*  
80 *cable to male members only or to other groupings as determined by the board*  
81 *of trustees of the Public Employees' Retirement System. Applications for*  
82 *such additional death benefit coverage shall be submitted to the secretary of*  
83 *the board of trustees in such manner and upon such forms as the board of*  
84 *trustees shall provide.*

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

88 (1) Upon receipt of proper proofs of the death of a member selecting  
89 coverage under this section who has retired on a service retirement allow-  
90 ance, there shall be paid to such person, if living, as he shall have nomi-  
91 nated by written designation duly executed and filed with the board of trus-  
92 tees, otherwise to the executor or administrator of the member's estate, an  
93 amount equal to  $3/16$  of the compensation received by the member in the  
94 last year of creditable service.

95 (2) Upon the receipt of proper proofs of the death of a member select-  
96 ing coverage under this section who has retired on an ordinary or accident  
97 disability retirement allowance, there shall be paid to such person, if living,  
98 as he shall have nominated by written designation duly executed and filed  
99 with the board of trustees, otherwise to the executor or administrator of the  
100 member's estate, an amount equal to  $3/16$  of the compensation received by  
101 the member in the last year of creditable service.

102 (3) Upon the receipt of proper proof of the death in service of a mem-  
103 ber who selected coverage under this section, there shall be paid to such per-  
104 son, if living, as he shall have nominated by written designation duly exe-  
105 cuted and filed with the board of trustees, otherwise to the executor or  
106 administrator of the member's estate, an amount equal to  $1\frac{1}{2}$  times the com-  
107 pensation received by the member in the last year of creditable service.

108 b. Each member selecting the additional death benefit coverage under  
109 this section shall agree to the deduction of a percentage of his compensa-  
110 tion in addition to that required under section 25. The actuary of the re-  
111 tirement system shall determine the percentage of contribution which, if  
112 deducted from each payment of the prospective earnable compensation  
113 throughout active service of all members selecting coverage under this sec-  
114 tion, is computed to be sufficient to provide for all benefits of this section.

115 c. The percentage rate of contribution payable by members selecting  
116 coverage under this section shall be subject to adjustment from time to time  
117 by the board of trustees on the basis of annual actuarial valuations and ex-  
118 perience investigations as provided under section 19, so that the value of

119 future contributions of members selecting the additional death benefit cov-  
120 erage under this section when taken with present assets held for such addi-  
121 tional death benefits shall be equal to the value of prospective benefit pay-  
122 ments.

123 d. All other provisions of this section notwithstanding, this section and  
124 the benefits provided under this section shall not come into effect until a  
125 required percentage of the members shall have applied for the additional  
126 death benefit coverage under this section. This required percentage shall  
127 be fixed by the board of trustees. Such application shall be made with the  
128 secretary of the board of trustees in such manner and upon such forms as  
129 the board of trustees shall provide.

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

135 f. A member selecting the additional death benefit coverage under this  
136 section may file with the board of trustees, and alter from time to time  
137 during his lifetime, as desired, a duly attested, written new nomination of  
138 the payee of the death benefit provided under this section. Such member  
139 may also file and alter from time to time during his lifetime, as desired, a  
140 request with the board of trustees directing payment of said benefit in 1  
141 sum or in equal annual installments over a period of years or as a life an-  
142 nuity. Upon the death of such a member, a beneficiary to whom a benefit  
143 is payable in 1 sum may elect to receive the amount payable in equal annual  
144 installments over a period of years or as a life annuity.]

1 18. Section 60 of the act of which this act is amendatory is amended to  
2 read as follows:

3 60. a. Each public employee veteran member shall have returned to him  
4 his accumulated deductions as of the effective date of this section. All serv-  
5 ice rendered in office, position, or employment of this State or of a county,

6 municipality, [or] school district or board of education *or service rendered*  
7 *for the State University of New Jersey, an instrumentality of this State,*  
8 *after April 16, 1945, and the New Jersey State Agricultural Experiment*  
9 *Station established by an act approved March 10, 1880 (P. L. 1880, c. 106*  
10 *and continued pursuant to chapter 16 of Title 4 of the Revised Statutes),*  
11 *an instrumentality of this State, excluding service rendered as County Ex-*  
12 *tension Service Farm and Home Demonstration Agents,* by such veteran  
13 member previous to the effective date of this section, for which  
14 evidence satisfactory to the board of trustees is presented within  
15 6 months of the effective date of this section, shall be credited to  
16 him as a "Class B" member and such credit shall be known as  
17 prior service credit and the obligation of the employer on account of such  
18 credit shall be known as the accrued liability on behalf of such veteran  
19 member. Service by a veteran member as a member of the Congress of the  
20 United States from the State of New Jersey, if any, pursuant to election  
21 or appointment as a United States Senator or member of the United States  
22 House of Representatives shall be included within the calculation of prior  
23 service, as though such service had been rendered in office, position or em-  
24 ployment of this State.

25     b. The accrued liability on behalf of State employee veteran members  
26 *including veteran members employed by the State University of New Jer-*  
27 *sey or by the New Jersey Agricultural Experiment Station* shall be paid by  
28 the State as provided in section 24. The accrued liability on behalf of other  
29 public employee veteran members shall be paid by their employers, as of the  
30 effective date of this section, in the same manner as provided in the case of  
31 State employee veteran members in section 24. The board of trustees shall  
32 certify to the chief fiscal officer of the employer the accrued liability contribu-  
33 tion payable by such employer on behalf of veteran members as if they were  
34 State employees.

35     c. Each public employee veteran member shall make contributions to the  
36 retirement system at the proportions applicable to Class B members of

37 group 2 of the former "State Employees' Retirement System" as of June 30,  
38 1949, except that the board of trustees may from time to time adopt for  
39 employees becoming members after the effective date of this section new pro-  
40 portions of compensation to be determined as provided in section 25. Each  
41 public employee veteran member shall pay the proportion of compensation  
42 applicable to his age at the commencement of employment, position or office  
43 with the State, any county, municipality or school district or board of educa-  
44 tion, except that where such service has not been continuous the public em-  
45 ployee veteran member shall pay the proportion of compensation applicable  
46 to the age resulting from the subtraction of his years of service from his age  
47 as of the effective date of this section. No public employee veteran member  
48 shall be required during the continuation of his membership to increase the  
49 proportion of compensation certified at the time of becoming a member as  
50 payable by him, except as required by changes in the rate of contributions  
51 to the Social Security Fund.

52 d. In the event that a public employee veteran who prior to the effective  
53 date of this section rendered service in office, position or employment of this  
54 State, *including such service rendered for any [commission or] instrumentality*  
55 *enumerated in paragraph a. of this section*, or of a county, municipality, or  
56 school district or board of education but who is not in such office, position or  
57 employment on the effective date of this section shall later become a member  
58 of the retirement system, such public employee veteran shall receive prior  
59 service credit for service rendered prior to the effective date of this section,  
60 for which evidence satisfactory to the board of trustees is presented, in the  
61 same manner as received by other public employee veteran members and  
62 shall pay the proportion of compensation applicable to the age resulting  
63 from the subtraction of his years of such prior service from his age on the  
64 date of his becoming a member of the retirement system. The employer of  
65 such public employee veteran on the date of his becoming a member shall  
66 pay the accrued liability on behalf of such prior service and such accrued  
67 liability shall be paid in such a manner that the total obligation will be met

68 within the period of time fixed for the liquidation of all accrued liabilities  
69 of the employer.

1 19. 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'  
5 Retirement System employees of the New Jersey Turnpike Authority, the  
6 New Jersey Highway Authority, Palisades Interstate Park Commission, In-  
7 terstate Sanitation Commission and the Delaware River Joint Toll Bridge  
8 Commission who consent and file application for membership in said retire-  
9 ment system; those employees of such agencies or instrumentalities who are  
10 members of the Public Employees' Retirement System by virtue of section  
11 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  
18 employees.

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  
22 membership, contribution and benefit provisions of the retirement system *and*  
23 *to the provisions of chapter 3 of Title 43 of the Revised Statutes* as are  
24 applicable to State employees *and for all purposes of this act employment by*  
25 *the State University of New Jersey after April 16, 1945, and for the purposes*  
26 *of chapter 3 of Title 43 of the Revised Statutes any new employment after*  
27 *the effective date of this amendatory act, shall be deemed to be and shall*  
28 *be construed as service to and employment by the State of New Jersey.*

1 20. This act shall take effect immediately.



CHAPTER 272 LAWS OF N. J. 1966  
APPROVED 8/1/66  
ASSEMBLY, No. 787

# STATE OF NEW JERSEY

INTRODUCED MAY 23, 1966

By Assemblymen FARRINGTON, SWEENEY, WOODSON  
and HAUSER

Referred to Committee on State Government

AN ACT to amend and supplement the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84), repealing sections 12 and 78 of said act; repealing "A supplement to the 'Public Employees' Retirement-Social Security Integration Act,' approved June 28, 1954 (P. L. 1954, c. 84)," approved July 25, 1955 (P. L. 1955, c. 166), "A supplement to the 'Public Employees' Retirement-Social Security Integration Act,' approved June 28, 1954 (P. L. 1954, c. 84)," approved January 21, 1960 (P. L. 1959, c. 196), and "An act to supplement the 'Public Employees' Retirement-Social Security Integration Act,' approved June 28, 1954 (P. L. 1954, c. 84)," approved February 8, 1965 (P. L. 1965, c. 234).

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

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

3 6. As used in this act:

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

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

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

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

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

15 e. "Final compensation" means the average annual compensation for  
16 which contributions are made [by a member] for the 5 years of *creditable serv-*  
17 *ice in New Jersey* immediately preceding his retirement, or[, at the option  
18 of such member,] it shall mean the average annual compensation for which  
19 contributions are made [by a member] during any 5 [consecutive] *fiscal*  
20 years of his or her membership[, within which period of 5 consecutive years  
21 he was entitled to retirement for service, said 5 years to be selected by the  
22 applicant prior to the date of retirement] *providing the largest possible*  
23 *benefit to the member or his beneficiary.*

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

26 g. "Pension" means payments for life derived from appropriations  
27 made by the employer as formerly provided in chapters 14 and 15 of Title  
28 43 of the Revised Statutes, or in this act.

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

34 i. "Public Employees' Retirement System of New Jersey," hereinafter  
35 referred to as the "retirement system," is the corporate name of the arrange-  
36 ment for the payment of retirement allowances and other benefits under the  
37 provisions of this act and for the system including the several funds created  
38 and placed under [the management of] the board of trustees of said system.  
39 By that name all of its business shall be transacted, its funds invested,

40 warrants for money drawn and payments made and all of its cash and secu-  
41 rities and other property held.

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

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

46 l. "Veteran" means any honorably discharged officer, soldier, sailor, air-  
47 man, marine or nurse who served in any army, air force or navy of the allies of  
48 the United States in World War I, between July 14, 1914, and November 11,  
49 1918, or who served in any army, air force or navy of the allies of the United  
50 States in World War II, between September 1, 1939, and September 2, 1945,  
51 and who was inducted into such service through voluntary enlistment, and was  
52 a citizen of the United States at the time of such enlistment, and who did  
53 not, during or by reason of such service, renounce or lose his United States  
54 citizenship, and any officer, soldier, sailor, marine, airman, nurse or army field  
55 clerk, who has served in the active military or naval service of the United  
56 States and has or shall be discharged or released therefrom under condi-  
57 tions other than dishonorable, in any of the following wars, uprisings, insur-  
58 rections, expeditions, or emergencies, and who has presented to the board of  
59 trustees evidence of such record of service in form and content satisfactory to  
60 said board of trustees:

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

63 (2) The Spanish-American War between April 20, 1898, and April 11,  
64 1899;

65 (3) The Philippine insurrections and expeditions during the periods rec-  
66 ognized by the War Department of the United States as of active hostility  
67 from February 4, 1899, to the end of 1913;

68 (4) The Peking relief expedition between June 20, 1900, and May 27,  
69 1902;

70 (5) The army of Cuban occupation between July 18, 1898, and May 20,  
71 1902;

72 (6) The army of Cuban pacification between October 6, 1906, and April  
73 1, 1909;

74 (7) The Mexican punitive expedition between March 14, 1916, and Feb-  
75 ruary 7, 1917;

76 (8) The Mexican border patrol, having actually participated in engage-  
77 ments against Mexicans between April 12, 1911, and June 16, 1919;

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

79 (10) World War II, between September 16, 1940, and September 2, 1945,  
80 who shall have served at least 90 days in such active service, exclusive of any  
81 period he was assigned (1) for a course of education or training under the  
82 Army specialized training program or the Navy college training program  
83 which course was a continuation of his civilian course and was pursued to  
84 completion, or (2) as a cadet or midshipman at one of the service academies  
85 any part of which 90 days was served between said dates; provided, that any  
86 person receiving an actual service incurred injury or disability shall be classed  
87 as a veteran whether or not he has completed the 90-day service as herein  
88 provided.

89 (11) [Emergency, at any time] *Korean Conflict* after June 23, 1950, and  
90 prior to [the date of termination, suspension or revocation of the proclama-  
91 tion of the existence of a national emergency issued by the President of the  
92 United States on December 16, 1950, or date of termination of the existence  
93 of such national emergency by appropriate action of the President or the  
94 Congress of the United States,] *July 27, 1953*, who shall have served at least  
95 90 days in such active service, exclusive of any period he was assigned (1)  
96 for a course of education or training under the Army specialized training  
97 program or the Navy college training program which course was a continua-  
98 tion of his civilian course and was pursued to completion, or (2) as a cadet  
99 or midshipman at one of the service academies, any part of which 90 days  
100 was served between said dates; provided, that any person receiving an  
101 actual service incurred injury or disability shall be classed as a veteran  
102 whether or not he has completed the 90-day service as herein provided[.]; and

103 *provided further, that any member classed as a veteran pursuant to this sub-*  
 104 *paragraph prior to the effective date of this amendatory act shall continue*  
 105 *to be classed as a veteran whether or not he completed the 90-day service be-*  
 106 *tween said dates as herein provided.*

107       (12) *Viet Nam Conflict after December 31, 1960, and prior to the date*  
 108 *of termination as proclaimed by the Governor, who shall have served at least*  
 109 *180 days in such active service on overseas duty, exclusive of any period he*  
 110 *was assigned (1) for a course of education or training under the Army spe-*  
 111 *cialized training program or the Navy college training program which course*  
 112 *was a continuation of his civilian course and was pursued to completion, or (2)*  
 113 *as a cadet or midshipman at one of the service academies, any part of which*  
 114 *180 days was served between said dates; and exclusive of any service per-*  
 115 *formed pursuant to the provisions of section 511(d) of Title 10, United*  
 116 *States Code, pursuant to an enlistment in the Army National Guard or as a*  
 117 *Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve,*  
 118 *Marine Corps Reserve, or Coast Guard Reserve.*

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

3       7. There is hereby established the Public Employees' Retirement System  
 4 of New Jersey in the Division of **Investment** *Pensions* of the Department  
 5 of the 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 30, 1954**;** who shall not  
 8 have claimed for refund their accumulated deductions in said system as pro-  
 9 vided in this section;

10       b. Any person becoming **a permanent** *an* employee of the State or  
 11 *other employer* after **the effective date of this section** *January 2, 1955 and*  
 12 *every veteran, other than those whose appointments are temporary or sea-*  
 13 *sonal, becoming an employee of the State or other employer after such date;*  
 14 and

15       c. Every **State** employee veteran in the employ of the State or other  
 16 *employer* on **the effective date of this section** *January 2, 1955* who is not a

17 member of any retirement system supported wholly or partly by the State[;]  
18 provided, however, that such person may divest himself of membership by  
19 notifying the board of trustees within 30 days of such date that he does not  
20 desire to become a member].

21 d. [The board may deny the right to become members of the retirement  
22 system to any class of elected officials or to any class of persons other than  
23 veterans not within the classified civil service, but any person who has been  
24 a member of the former State Employees' Retirement System for 1 or more  
25 years and who has been or may hereafter be appointed to an office or position  
26 in the unclassified service shall be eligible to become a member of the retire-  
27 ment system and entitled to all the rights and privileges thereunder if he so  
28 elects. The board of trustees may deny the right to become members of the  
29 retirement system to any class of persons whose compensation is only partly  
30 paid by the State, or it may, in its discretion, make optional with persons in  
31 any such class their individual entrance into membership.] *Membership in*  
32 *the retirement system shall be optional for elected officials other than vet-*  
33 *erans.* State employees who become members of any other retirement system  
34 supported wholly or partly by the State as a condition of employment shall  
35 not be eligible to membership in this retirement system. Notwithstanding any  
36 other law to the contrary all other persons accepting [permanent] employ-  
37 ment in the [classified] service of the State shall be required to enroll in  
38 the retirement system as a condition of their employment, regardless of age.  
39 No person in employment, office or position, for which the annual salary or  
40 remuneration is fixed at less than \$500.00, shall be eligible to become a mem-  
41 ber of the retirement system.

42 e. Membership of any person in the retirement system shall cease if[.]  
43 *he shall discontinue his service for more than 2 consecutive years.* [in any 4-  
44 year period which elapses after his last becoming a member, he renders to  
45 the State less than 2 years of service, but not otherwise except as provided  
46 in this act.]

47 f. The accumulated deductions of the members of the former "State Em-  
48 ployees' Retirement System" which have been set aside in a trust fund des-  
49 igned as Fund A as provided in section 5 of this act and which have not

50 been claimed for refund [within 30 days after the effective date of this sec-  
51 tion] prior to February 1, 1955 shall be transferred from said Fund A to the  
52 Annuity Savings Fund of the Retirement System, provided for in section 25  
53 of this act. Each member whose accumulated deductions are so transferred  
54 shall receive the same prior service credit, pension credit, and membership  
55 credit in the retirement system as he previously had in the former "State  
56 Employees' Retirement System" and shall have such accumulated deductions  
57 credited to his individual account in the Annuity Savings Fund. Any out-  
58 standing obligation of such member shall be continued.

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

3       8. a. If a member of the [former "State Employees' Retirement System"  
4 or the] retirement system has been discontinued from service *through no fault*  
5 *of his own or through leave of absence granted by his employer or permitted*  
6 *by any law of this State* and he has *not* withdrawn his accumulated deductions  
7 [in either of said systems, his prior service credit and membership credit at  
8 the time of leaving service shall be restored in full], *his membership may con-*  
9 *tinue, notwithstanding any provisions of this act* if such member returns to  
10 service *within a period of 5 years from the date of his discontinuance from*  
11 *service.* [and deposits in the retirement system the total amount as the board  
12 of trustees shall determine to be due in order to give such person the same  
13 credit for such service as he had at the time of leaving service. Subject to the  
14 rules and regulations of the board such deposit may be paid in regular in-  
15 stallments. Subsequent normal contributions shall be at the rate determined  
16 by the board of trustees.

17       If such member has not withdrawn his accumulated contributions his  
18 membership may continue in the retirement system, notwithstanding any  
19 provisions of this act, but such continuance shall not extend beyond a period  
20 of 5 years from the date of his discontinuance from service.]

21       No credit for pension purposes shall be allowed to such member, covering  
22 the period of his [lay-off or] discontinuance, unless leave of absence was

23 granted by [the head of his department] *his employer* and the board, as pro-  
24 vided for in section 39 of this act.

25     *b.* [Should] *If* an employee who has withdrawn his accumulated deduc-  
26 tions from the former "State Employees' Retirement System" or the retire-  
27 ment system as provided in section 41 of this act [be] *is* re-enrolled as a mem-  
28 ber of the retirement system [and pay], *he may purchase credit for all of his*  
29 *previous membership service by paying* into the annuity savings fund the  
30 [total] amount [as the board of trustees shall determine to be due] *required*  
31 *by applying the factor, supplied by the actuary, as being applicable to his age*  
32 *at the time of the purchase, to his salary at that time. Such purchase may be*  
33 *made in regular installments, equal to at least 1/2 the full normal contribution*  
34 *to the retirement system, over a maximum period of 10 years. [in] In order to*  
35 *give to such person the same credit for such service as he had at the time of*  
36 *[leaving service, there] withdrawal, his pension credit shall be restored [his*  
37 *annuity credit, and in addition.] as it was at the time of his withdrawal upon*  
38 *the completion of 1 year [thereafter] of membership after his election to*  
39 *make the purchase and the payment of at least 1/2 [of such obligation, his*  
40 *pension credit shall be restored as it was at the time of his withdrawal. Sub-*  
41 *sequent normal contributions shall be at the rate determined by the board of*  
42 *trustees] the total amount due, except that in the case of retirement pursuant*  
43 *to sections 38, 41(b), 48 and 61, the credit granted for the service being pur-*  
44 *chased shall be in direct proportion as the amount paid bears to the total*  
45 *amount of the arrearage obligation.*

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

3     9. Any person other than a veteran who was in the employ of the State  
4 prior to [the effective date of this act,] *January 2, 1955,* and who did not  
5 join the former "State Employees' Retirement System," may join the retire-  
6 ment system at any time. [upon paying into the retirement system such  
7 arrears over a period of not more than 10 years in regular installments, with  
8 interest, as the board of trustees shall determine to be due, in order to give



9 to such person the same standing as a member of the retirement system as  
 10 other members who joined the former "State Employees' Retirement Sys-  
 11 tem" when the law providing for such retirement system first applied to  
 12 them, or he shall have the option of joining as a new member upon proper  
 13 application to the board of trustees, with no credit for previous service.】  
 14 *Such person shall have the option of joining the retirement system as a new*  
 15 *member upon proper application with no credit for previous service, or he*  
 16 *may purchase membership credit for his previous service by paying into the*  
 17 *annuity savings fund the amount required by applying the factor, supplied*  
 18 *by the actuary, as being applicable to his age at the time of the purchase, to*  
 19 *his salary at that time. Such purchase may be made in regular installments,*  
 20 *equal to at least 1/2 the full normal contribution to the retirement system,*  
 21 *over a maximum period of 10 years.*

22 In the case of any person coming under the provisions of this section,  
 23 【full annuity credit for the period of employment for which arrears are being  
 24 paid shall be given upon the payment of the total amount due, and】 full pen-  
 25 sion credit for 【such】 *the period of employment for which arrears are being*  
 26 *paid* shall be given upon the payment of at least 1/2 of the total arrearage  
 27 obligation and the completion of 1 year of *membership and the making of*  
 28 *such* arrears payments, except *that* in the case of retirement *pursuant to sec-*  
 29 *tions 38, 41(b), 48 and 61* 【for service, in which case】 the total membership  
 30 credit for such service shall be in direct proportion 【to】 *as* the amount paid  
 31 【of】 *bears to* the total amount of the arrearage obligation【, upon the com-  
 32 pletion of 1 year of making arrears payments】.

1 5. Section 34 of the act of which this act is amendatory is amended to read  
 2 as follows:

3 34. Any member who has at least 3 years of service *to his credit* for which  
 4 he has contributed as a member 【to his credit】 may borrow from the retire-  
 5 ment system, 【with the approval of the retirement board,】 an amount equal  
 6 to not more than 50% of the amount of his accumulated deductions, but not  
 7 less than \$50.00; provided, that the amount so borrowed, together with in-

8 terest thereon, can be repaid by additional deductions from [compensations]  
9 *compensation*, not in excess of 25% of the member's compensation, made at  
10 the same time compensation is paid to the member, but not after the attain-  
11 ment of age 60. The amount so borrowed, together with interest at the rate  
12 of 4% per annum on any unpaid balance thereof, shall be repaid to the re-  
13 tirement system in equal installments by deduction from the compensation  
14 of the member at the time the compensation is paid or in some other manner  
15 [and in such amounts as the retirement board shall approve,] but such in-  
16 stallments shall be at least equal to the member's *full rate of contribution* to  
17 the retirement system and at least sufficient to repay the amount borrowed  
18 with interest thereon by the time the member attains age 60. Not more than  
19 2 loans may be granted to any member in any [fiscal] *calendar* year. Not-  
20 withstanding any other law affecting the salary or compensation of any per-  
21 son or persons to whom this act applies or shall apply, the additional deduc-  
22 tions required to repay the loan shall be made. Any unpaid balance of a loan  
23 at the time any benefit may become payable [before the attainment of age 60],  
24 shall be deducted from the benefit otherwise payable.

25 Loans may be made to a member from his accumulated deductions. In  
26 addition the board of trustees is hereby authorized to set aside moneys  
27 within the contingent reserve fund from which loans to members may be  
28 made. If such moneys are used for the purpose of making loans, the interest  
29 earned on such loans shall be treated in the same manner as interest earned  
30 from investments of the retirement system.

31 [No loans to members shall be granted until 3 months after the establish-  
32 ment of the Public Employees' Retirement System; provided, however, that  
33 loans outstanding as of the effective date of the repeal of the former "State  
34 Employees' Retirement System" shall have the identical status in the Public  
35 Employees' Retirement System and that the repayment of loans from the  
36 former "State Employees' Retirement System" shall continue to be made to  
37 the Public Employees' Retirement System in accordance with rules estab-  
38 lished by the board of trustees.]

1       6. Section 38 of the act of which this act is amendatory is amended to  
2 read as follows:

3       38. Should a member of the Public Employees' Retirement System, after  
4 having completed **20** 15 years of service, be separated voluntarily or in-  
5 voluntarily from the service, before reaching service retirement age, and  
6 not by removal for cause on charges of misconduct or delinquency, such per-  
7 son may elect to receive:

8       (a) The payments provided for in section 41b of this act, if he so qualifies  
9 under said section, or;

10       (b) A deferred retirement allowance, beginning at the retirement age,  
11 which shall be made up of an annuity derived from the accumulated deduc-  
12 tions standing to the credit of the individual member's account in the an-  
13 nuity savings fund at the time of his severance from the service together  
14 with regular interest, and a pension which when added to the annuity will  
15 produce a total retirement allowance of 1/70 of his final compensation for  
16 each year of service credited as Class A service and 1/60 of his final compen-  
17 sation for each year of service credited as Class B service, calculated in ac-  
18 cordance with section 48 of this act, with optional privileges provided for in  
19 section 50 of this act *if he exercises such optional privilege at least 30 days*  
20 *before his attainment of the normal retirement age*; provided, **also** that  
21 such election is communicated by such member to the **board of trustees** *re-*  
22 *tirement system* in writing stating at what time subsequent to the execution  
23 and filing thereof he desires to be retired; and provided further, that such  
24 member, as referred to in *this* subsection **(b)** may later elect: (1) **(a)**  
25 to receive the payments provided for in section 41b of this act, if he had  
26 qualified under that section at the time of leaving service, *except that in*  
27 *order to avail himself of the optional privileges pursuant to section 50, he*  
28 *must exercise such optional privilege at least 30 days before the effective date*  
29 *of his retirement* or; (2) **(b)** to withdraw his accumulated deductions *with*  
30 *interest as provided in section 41a* **or, if**. *If such member shall die before*  
31 *attaining service retirement age then his accumulated deductions, plus reg-*

32 *ular interest*, shall be paid [to such person, if living, as he shall have nomi-  
33 nated by written designation duly executed and filed with the board of trustees  
34 otherwise to the executor or administrator of the member's estate.] *in accord-*  
35 *ance with section 41c; or if such member shall die after attaining service re-*  
36 *tirement age and has not withdrawn his accumulated deductions, an amount*  
37 *equal to 3/16 of the compensation received by the member in the last year of*  
38 *creditable service shall be paid to such person, if living, as he shall have*  
39 *nominated by written designation duly executed and filed with the retirement*  
40 *system otherwise to the executor or administrator of the member's estate.*

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

3       39. In computing for retirement purposes the total service as a member  
4 about to be retired, the [board of trustees] *retirement system* shall credit  
5 him with the time of all service rendered by him since he last became a mem-  
6 ber, 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,] *to which*  
8 *he is entitled* and with no other service. Except as otherwise provided in this  
9 act, [a service certificate or modified service certificate,] *such service credit*  
10 *shall be final and conclusive for retirement purposes [as to service certified*  
11 *therein,] unless [in any 4-year period which elapses subsequent to its issu-*  
12 *ance the member to whom it was issued fails to render 2 additional years of*  
13 *service] the member shall discontinue his service for more than 2 consecutive*  
14 *years [in which case it shall be void].*

15       For the purpose of computing service for retirement purposes, the board  
16 shall fix and determine by appropriate rules and regulations how much serv-  
17 ice in any year shall equal a year of service and a part of a year of service.  
18 Not more than 1 year shall be credited for all service in a calendar year. In  
19 computing the service or in computing final compensation, no time during  
20 which a member was absent on leave without pay shall be credited, *unless*  
21 *such absence was for a period of less than 3 months or unless the period of*  
22 *leave [service was] is allowed for retirement purposes within 1 year follow-*

23 *ing his return to service after the termination of such leave*, both by the [head  
24 of the employing department] *employer* and by the board of trustees, or  
25 unless the *period of leave* [service rendered to an employer other than the  
26 State or a political subdivision thereof] was *specifically* allowed for retire-  
27 ment purposes by the provisions of any law of this State. Any such member  
28 shall be required to contribute, either in a lump sum or by installment pay-  
29 ments, an amount calculated, in accordance with the rules and regulations  
30 of the board of trustees, to cover [the contributions he would have paid for  
31 any service or compensation credited for] the period of such official leave of  
32 absence without pay[, unless the service rendered to an employer other than  
33 the State or political subdivision thereof was allowed for retirement pur-  
34 poses by the provisions of any law of this State]. In computing the service  
35 or in computing final compensation no time during which a member was in  
36 employment, office, or position, for which the annual salary or remuneration  
37 was fixed at less than \$500.00 shall be credited, except that in the case of a  
38 veteran member credit shall be given for service rendered prior to January  
39 2, 1955, in an employment, office or position if the annual salary or remunera-  
40 tion therefor was fixed at not less than \$300.00 and such service consisted of  
41 the performance of the full duties of such employment, office or position.

1 8. Section 41 of the act of which this act is amendatory is amended to read  
2 as follows:

3 41. a. A member who withdraws from service or ceases to be an employee  
4 for any cause other than death or retirement shall receive all[, or such part  
5 as he demands,] of the accumulated deductions standing to the credit of his  
6 individual account in the annuity savings fund, plus regular interest, less  
7 any outstanding loan, except that for any period after June 30, 1944, the in-  
8 terest payable shall be such proportion of the interest determined at the  
9 regular rate of 2% per annum bears to the regular rate of interest, *and*  
10 except that no interest shall be payable on members' contributions made  
11 after December 30, 1954, in the case of [those members] *a member* who  
12 [resign from service with] *has* less than [5] 3 years of membership credit

13 for which *he has made* contributions [have been made]. Except as provided  
14 for in sections 8 and 38 of this act, he shall cease to be a member 2 years from  
15 the date he discontinued service as an employee, or, if prior thereto, upon [the  
16 date when] payment to him [on demand] of his accumulated deductions  
17 [exceeds  $\frac{1}{2}$  of the accumulated deductions. The board of trustees may, in  
18 its discretion, withhold, for not more than 1 year after a member ceases to be  
19 an employee, all or part of his accumulated deductions, if he previously with-  
20 drew from the annuity savings fund all or part of his accumulated deduc-  
21 tions and failed to redeposit that amount to the credit of his individual  
22 account in the fund]. No [veteran] member shall be entitled to withdraw  
23 the [amount of his accumulated deductions] *amounts* contributed by his em-  
24 ployer covering his military leave unless he shall have returned to the pay-  
25 roll and contributed to the retirement system for a period of 90 days.

26       b. Should a member resign after having [completed] *established* 25 years  
27 of *creditable* service[.] before reaching [service retirement] age 60, he may  
28 elect to receive, in lieu of the payment provided for above *but subject to the*  
29 *provisions of section 59 of this act*, an annuity which is the actuarial equiva-  
30 lent of his accumulated deductions together with regular interest, and in  
31 addition a pension which when added to the annuity will produce a total re-  
32 tirement allowance of  $\frac{1}{70}$  of his final compensation for each year of service  
33 credited as Class A service and  $\frac{1}{60}$  of his final compensation for each year of  
34 service credited as Class B service, reduced by  $\frac{1}{2}$  of 1% for each month that  
35 the member lacks of being age 60, except that in the case of a member who  
36 has not attained age 53 the reduction is equal to 42% plus  $\frac{1}{6}$  of 1% for each  
37 month the member lacks of being age 53, and with the optional privileges  
38 provided for in section 50 of this act; provided, however, that upon the re-  
39 ceipt of proper proofs of the death of such a member after [the member] *he*  
40 shall have reached 60 years of age there shall be paid to [such person, if liv-  
41 ing, as he shall have nominated by written designation duly executed and filed  
42 with the board of trustees, otherwise to the executor or administrator of the  
43 member's estate,] *his beneficiary* an amount equal to  $\frac{3}{16}$  of the compensa-

44 tion **[received]** upon which contributions by the member to the annuity sav-  
45 ings fund were based in the last year of creditable service.

46 c. Upon the receipt of proper **[proof]** proofs of the death of a member in  
47 service on account of which no accidental death benefit is payable under sec-  
48 tion 49 there shall be paid to such **[person, if living, as he shall have nom-**  
49 inated by written designation duly executed and filed with the board of  
50 trustees, otherwise to the executor or administrator of the member's estate;]  
51 member's beneficiary:

52 (1) **[His]** The member's accumulated deductions at the time of death  
53 together with regular interest; and

54 (2) An amount equal to  $1\frac{1}{2}$  times the compensation upon which **[his]**  
55 contributions **[are based or received]** by the member to the annuity savings  
56 fund were based in the last year of creditable service; provided, however, that  
57 if such death shall occur **[on or after July 1, 1956, and]** after the member  
58 shall have attained age 70, the amount payable shall equal  $\frac{3}{16}$  of **[the]** such  
59 compensation **[received by the member in the last year of creditable service]**  
60 instead of  $1\frac{1}{2}$  times such compensation.

61 **[d.** A member may file with the board of trustees, and alter from time to  
62 time during his lifetime, as desired, a duly attested written new nomination  
63 of the payee of the death benefit provided under this section. Such member  
64 may also file, and alter from time to time during his lifetime, as desired, a re-  
65 quest with the board of trustees directing payment of said benefit in one sum  
66 or in equal annual installments over a period of years or as a life annuity.  
67 Upon the death of such a member, a beneficiary to whom a benefit is payable  
68 in one sum may elect to receive the amount payable in equal annual install-  
69 ments over a period of years or as a life annuity.]

1 9. Section 49 of the act of which this act is amendatory is amended to read  
2 as follows:

3 49. Upon the death of a member in active service as a result of an acci-  
4 dent arising out of and in the course of his employment and not as the result  
5 of his willful negligence, an accident death benefit shall be payable, if a re-

6 port, in a form acceptable to the board of trustees, of the accident is filed  
7 in the office of the retirement system within 60 days next following the acci-  
8 dent, but the board of trustees may waive such time limit, for a reasonable  
9 period, if in the judgment of the board the circumstances warrant such ac-  
10 tion. Evidence must be submitted to the board of trustees proving that the  
11 natural and proximate cause of his death was an accident arising out of and  
12 in the course of employment at some definite time and place.

13       Upon application by or on behalf of the dependents of such deceased  
14 member, [the board of trustees,] in addition to the payment of his accumu-  
15 lated deductions [as provided in section 41 of this act] *with regular interest*,  
16 [shall grant] an allowance of  $\frac{1}{2}$  of the final compensation of such employee,  
17 if the member was a male employee, *shall be payable* as a pension to his  
18 widow, to continue during her widowhood; or, if no widow, or in case the  
19 widow dies or [remarried] *remarries* before the youngest child of such de-  
20 ceased member attains age 18, or if the member was a married female em-  
21 ployee, then to the child or children of such member under age 18, [divided  
22 in such manner as the board in its discretion shall determine] to continue  
23 until the youngest surviving child dies or attains age 18. If there be no  
24 widow or child under age 18 surviving such member, or if the member was  
25 never married, then there shall be paid a cash sum equal to the amount  
26 stipulated under section 41(c) (2) of this act to his or her [estate or to such  
27 person as he or she shall have nominated by written designation duly ac-  
28 knowledged and filed with the board] *beneficiary*. In no case shall the acci-  
29 dent death benefit under this section [payable to the widow or children] be  
30 less than that provided for ordinary death benefit under the provisions of  
31 section 41(c) (2).

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



1       10. Section 50 of chapter 84 of the laws of 1954 is amended to read as  
2 follows:

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

10       Option 1. If he dies before he has received in payments the present value  
11 of his [annuity, his pension or his] retirement allowance as it was at the  
12 time of his retirement, the balance shall be paid to his legal representa-  
13 tives or to such person as he shall nominate by written designation ac-  
14 knowledged and filed with the [board of trustees at the time of his retire-  
15 ment] retirement system, either in a lump sum or by equal payments over  
16 a period of years at the option of the payee. *If the member shall have desig-*  
17 *nated a natural person as the payee, said payee may elect to receive such*  
18 *payments in the form of a life annuity.*

19       Option 2. Upon his death, his [annuity, his pension or his] retirement  
20 allowance shall be continued throughout the life of and paid to such person  
21 as he shall nominate by written designation duly acknowledged and filed with  
22 the [board of trustees] retirement system at the time of his retirement.

23       Option 3. Upon his death,  $\frac{1}{2}$  of his [annuity, his pension or] retire-  
24 ment allowance shall be continued throughout the life of and paid to such  
25 person as he shall nominate by written designation duly acknowledged and  
26 filed with the [board of trustees] retirement system at the time of his re-  
27 tirement.

28       Option 4. Some other benefit or benefits shall be paid either to the mem-  
29 ber or to whomever he nominates, if such other benefit or benefits, together  
30 with the lesser [annuity, or lesser pension, or lesser] retirement allowance,  
31 shall be certified by the actuary to be of equivalent actuarial value [and

32 shall be approved by the board of trustees]. *In no case, however, shall the*  
 33 *lesser retirement allowance be smaller than that provided under Option 2.*

34 *Except in the case of members who have elected to receive (1) a deferred*  
 35 *retirement allowance pursuant to section 38 or (2) early retirement allow-*  
 36 *ances pursuant to section 41b after separation from service pursuant to sec-*  
 37 *tion 38, if a member dies within 30 days after the date of retirement or the*  
 38 *date of board approval, whichever is later, his retirement allowance shall*  
 39 *not become effective and he shall be considered an active member at the time*  
 40 *of death.*

41 [No optional selection shall be effective in case a beneficiary dies within  
 42 30 days after retirement and such beneficiary shall be considered an active  
 43 member at the time of death until the first payment on account of any benefit  
 44 becomes normally due.]

1 11. Section 61 of chapter 84 of the laws of 1954 is amended to read as  
 2 follows:

3 61. a. [Any] *Subject to the provisions of section 59 of this act, any pub-*  
 4 *lic employee veteran member in office, position or employment of this State*  
 5 *or of a county, municipality, public agency, or school district or board of*  
 6 *education on January 2, 1955, who remains in such service thereafter and*  
 7 *who has or shall have attained the age of 60 years and who has or shall have*  
 8 *been for 20 years in the aggregate in office, position or employment of this*  
 9 *State or of a county, municipality, public agency, or school district or board*  
 10 *of education, [satisfactory evidence of which service has been presented to*  
 11 *the board of trustees,] shall have the privilege of retiring for service and of*  
 12 *receiving, instead of the retirement allowance provided under section 48 of*  
 13 *this act, a retirement allowance of ½ of the compensation received during the*  
 14 *last year of employment upon which contributions to the annuity savings*  
 15 *fund or contingent reserve fund are made with the optional privileges pro-*  
 16 *vided for in section 50 of this act.*

17 b. [Any] *Subject to the provisions of section 59 of this act, any veteran*  
 18 *becoming a member after January 2, 1955 who shall be in office, position or*

19 employment of this State or of a county, municipality, *public agency*, or  
20 school district or board of education and who shall have attained 62 years  
21 of age and who [shall present to the board of trustees satisfactory evidence  
22 of] *has* 20 years of aggregate service *credit* in such office, position or employ-  
23 ment, shall have the privilege of retiring *for service* and of receiving, *instead*  
24 *of the retirement allowance provided under section 48 of this act*, a retire-  
25 ment allowance of  $\frac{1}{2}$  of the compensation received during the last year of  
26 employment upon which contributions to the annuity savings fund or con-  
27 tingent reserve fund are made with the optional privileges provided for in  
28 section 50 of this act. *The provisions of this subsection shall also apply to*  
29 *any veteran who was a member on January 2, 1955, but whose service was*  
30 *not continuous thereafter.*

31 c. [Any] *Subject to the provisions of section 59 of this act, any public em-*  
32 *ployee veteran member who has been for 20 years in the aggregate in office,*  
33 *position or employment of this State or of a county, municipality, public*  
34 *agency, or school district or board of education as of [the effective date of*  
35 *this section] January 2, 1955 shall have the privilege of retiring for ordinary*  
36 *disability and of receiving, instead of the retirement allowance provided*  
37 *under section 45 of this act, a retirement allowance of  $\frac{1}{2}$  of the compensation*  
38 *received during the last year of employment upon which contributions to the*  
39 *annuity savings fund or contingent reserve fund are made with the optional*  
40 *privileges provided for in section 50 of this act. Such retirement shall be*  
41 *subject to the provisions governing ordinary disability retirement in sections*  
42 *42 and 44 of this act.*

43 d. *The death benefit provided in subsection d of section 48 shall apply*  
44 *in the case of any member retiring under the provisions of subsections a and*  
45 *b of this section. The death benefit provided in section 45 shall apply in the*  
46 *case of any member retiring under the provisions of subsection c of this sec-*  
47 *tion.*

1 12. Section 62 of the act of which this act is amendatory is amended to  
2 read as follows:

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

17       [b. Where any public agency of the State, as defined in section 71 of this  
18 act, has previously been covered by the former "State Employees' Retirement  
19 ment System" such public agency shall be covered under the provisions of  
20 this act and the employees of such public agency shall have the same rights  
21 and obligations with regard to becoming members of the Public Employees'  
22 Retirement System as they had with regard to the former "State Employees'  
23 ployees' Retirement System."]

1       13. Section 63 of the act of which this act is amendatory is amended to  
2 read as follows:

3       63. Any [public employee] veteran *in office, position or employment of*  
4 *this State or* of a county, municipality, [or] school district or [board of  
5 education] *public* agency who on [the effective date of this section] *January*  
6 *2, 1955* is in [a] *in office, position or employment* not covered by a retirement  
7 ment system to which [both he and his] *such* employer *and its employees*  
8 make monetary contributions, other than the old-age and survivors' insurance  
9 provisions of Title II of the Federal Social Security Act, unless he  
10 shall have notified the board of trustees that he does not desire to become a

11 member, shall be a member of the Public Employees' Retirement System as  
 12 of [the effective date of this section] *January 2, 1955*; and any veteran [be-  
 13 coming an employee of] *taking office, position or employment in the service*  
 14 *of this State or of a county, municipality, [or] school district or [board of*  
 15 *education in such a position,] public agency, which office, position or em-*  
 16 *ployment is not covered by such a retirement system after January 2, 1955*  
 17 [the effective date of this section], shall be a member of the Public Em-  
 18 ployees' Retirement System. The employer of such public employee veterans  
 19 shall make such contributions to the retirement system on behalf of all service  
 20 rendered by such employees in office, position[, ] or employment of this State  
 21 or of any county, municipality, [or] school district *or public agency* as are  
 22 required of employers under the provisions of this act.

1 14. Section 64 of the act of which this act is amendatory is amended to  
 2 read as follows:

3 64. Any other provision of this act notwithstanding, any member of the  
 4 retirement system who is not covered under the old-age and survivors' insur-  
 5 ance provisions of Title II of the Federal Social Security Act as a public  
 6 employee[, or his designated beneficiary,] shall not be eligible for the death  
 7 benefit provisions of sections 41, 45(c), 46(c), [and] 48(d) *and 57, except*  
 8 *for the payment of accumulated deductions together with regular interest.*

1 15. Section 65 of the act of which this act is amendatory is amended to  
 2 read as follows:

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

13       (b) *Notwithstanding the provisions of paragraph (a) of this section,*  
14 *every person becoming an employee of a public agency or organization of this*  
15 *State, which employs persons engaged in service to the public, after June 30,*  
16 *1966, who is not eligible to become a member of any other retirement system,*  
17 *shall be required to participate in the Public Employees' Retirement*  
18 *System. Notwithstanding the provisions of paragraph (a) of this section,*  
19 *membership in the Public Employees' Retirement System shall be optional*  
20 *with any person in the employ of any such public agency or organization*  
21 *on June 30, 1966, provided such person is not required to be a member pur-*  
22 *suant to another provision of this act, and provided further, that such person*  
23 *is not eligible to be a member of any other retirement system. The provisions*  
24 *of this subsection shall not apply to any person whose position is temporary*  
25 *or seasonal, nor to any person in office, position or employment for which*  
26 *the annual salary or remuneration is fixed at less than \$500.00, nor to any*  
27 *person whose position is not covered by the old-age and survivors' insurance*  
28 *provisions of the Federal Social Security Act. The public agency or organ-*  
29 *ization employing any such person who becomes a member of the retirement*  
30 *system pursuant to this paragraph shall contribute to the contingent reserve*  
31 *fund on account of such employees at the same rate per centum as would be*  
32 *paid by the State if the members were State employees.*

1       16. Section 66 of the act of which this act is amendatory is amended to  
2 read as follows:

3       66. (a) If the employer shall so consent to the enrollment of its em-  
4 ployees and the board of trustees shall so approve, participation in the  
5 retirement system shall become effective on the date fixed by such board,  
6 but not later than 6 months following such approval by the board of trustees  
7 of the retirement system. *In such event, [All] all service rendered to the*  
8 *employer by its employees previous to the effective date of such participa-*  
9 *tion or previous to July 1, 1965, whichever is earlier, shall be credited to its*  
10 *employees who file application for membership within 1 year from such*  
11 *effective date, and such credit to its employees shall be known as prior*

12 service credit, and the obligation of the employer on account of such credit  
13 shall be known as the accrued liability. Membership shall be compulsory  
14 for all employees entering the service of the employer after [such] the  
15 effective date of such participation or after June 30, 1966, whichever is earlier.

16 (b) No credit shall be allowed for service rendered to the employer prior  
17 to July 1, 1966 to any person becoming a member of the retirement system  
18 pursuant to subsection b of section 65 of this act unless the employer con-  
19 sents thereto by resolution pertaining to all eligible employees and files a  
20 certified copy of such resolution with the board of trustees of the Public  
21 Employees' Retirement System and the said board of trustees approves  
22 thereof.

1 17. Section 67 of the act of which this act is amendatory is amended to  
3 read as follows:

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

1 18. Section 68 of the act of which this act is amendatory is amended to  
2 read as follows:

3 68. The [board of trustees of the] Public Employees' Retirement Sys-  
4 tem shall certify to the chief fiscal officer of the employer [so consenting]  
5 the rates of contributions payable by members, as if they were State em-  
6 ployees. The [board] system shall further certify the contributions, includ-  
7 ing the accrued liability contribution similar to the State accrued liability  
8 contribution, payable by the employer to the Contingent Reserve Fund on  
9 behalf of these members, as if they were State employees, and a pro rata  
10 share of the cost of the administration of the retirement system, based upon  
11 the payroll of the members who are employees of the employer. The initial  
12 actuarial expense incident to the determination of the accrued liability con-

13 tribution, payable by the employer [so consenting], shall be paid by the  
14 employer. The amount certified by the [board of trustees] *system* as payable  
15 by such employer to the Contingent Reserve Fund shall be included in the  
16 next budget subsequent to the certification by the [board of trustees] *sys-*  
17 *tem*. The treasurer or corresponding officer shall pay on July 1 in each year  
18 to the State Treasurer the amount of the employer's charges so certified. If  
19 payment of the full amount of such obligation is not made within 30 days  
20 after July 1, interest at the rate of 4% per annum shall commence to run  
21 against the unpaid balance thereof on the first day after such thirtieth day.  
22 The treasurer or corresponding officer shall also pay to the State Treasurer  
23 the amount of the deductions from the compensation of the members who  
24 are employees of the employer in accordance with the rules and regulations  
25 established by the board of trustees. The State Treasurer shall credit  
26 these amounts to the appropriate fund or account.

1 19. 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 *or in subsection b of section 75 of this act*, this act shall not become  
5 effective in any county or municipality which has not previously been cov-  
6 ered by the former "State Employees' Retirement System" until its gov-  
7 erning body shall, by resolution, have directed that the question of adoption  
8 by that county or municipality shall be submitted to the qualified voters  
9 thereof at a general election and a majority of the voters voting on the ques-  
10 tion at such election shall have voted in favor of its adoption. This act shall  
11 be effective without referendum in any county or municipality in which chap-  
12 ter 15 of Title 43 of the Revised Statutes has been adopted. Any employee  
13 of any such county or municipality who prior to July 1, 1955, has filed an  
14 application covering service rendered to such county or municipality prior  
15 to the date upon which chapter 15 of Title 43 of the Revised Statutes became  
16 effective therein shall be entitled to [a] prior service [certificate] covering  
17 such service.



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

3       75. (a) If this act is so adopted it shall become effective in the county  
4 or municipality adopting it on June 30 of the following year. Membership  
5 in 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 *or on June 30, 1966, whichever is earlier*, in such county  
8 or municipality except in the case of public employee veterans who on such  
9 date are members. An employee who elects to become a member within 1  
10 year after this act so takes effect shall be entitled to **[a]** prior service **[cer-**  
11 **tificate]** covering service rendered to the county or municipality prior to  
12 *July 1, 1966 or prior to the date this act so becomes effective, whichever is*  
13 *earlier*. Membership shall be compulsory for all employees entering the serv-  
14 ice of the county or municipality *on July 1, 1966 or after the date this act*  
15 *becomes effective, whichever is earlier*. Where any such employee entering  
16 the service of the county or municipality after the date **[of]** this act so be-  
17 comes effective has had prior service for which evidence satisfactory to the  
18 **[board of trustees]** *retirement system* is presented, as an employee in such  
19 county or municipality before the date upon which this act so becomes ef-  
20 fective, *or July 1, 1966, whichever is earlier*, such employee shall be entitled  
21 to **[a]** prior service **[certificate]** covering service rendered to the county or  
22 municipality prior to the date this act so becomes effective, *or July 1, 1966,*  
23 *whichever is earlier*.

24       (b) *Notwithstanding the provisions of section 74 of this act and subsec-*  
25 *tion (a) of this section, every person, other than a nonveteran elected offi-*  
26 *cial, becoming an employee of a county, municipality or school district after*  
27 *June 30, 1966 who is not eligible to become a member of another retirement*  
28 *system, shall be required to become a member of the Public Employees'*  
29 *Retirement System. Notwithstanding the provisions of section 74 of this act*  
30 *and subsection (a) of this section, membership in the retirement system shall*  
31 *be optional with any elected official who is not a veteran, regardless of the*

32 date he assumes office, and with any other person in the employ of any  
33 county, municipality or school district on June 30, 1966, provided such elected  
34 official or other person is not then a member and is not required to be a  
35 member of the retirement system pursuant to another provision of this act,  
36 and provided further that such person is not eligible to be a member of an-  
37 other retirement system. The provisions of this subsection shall not apply to  
38 any person whose position is temporary or seasonal, nor to any person in  
39 office, position or employment for which the annual salary or remuneration  
40 is fixed at less than \$500.00, nor to any person whose position is not covered  
41 by the old age and survivors' insurance provisions of the Federal Social Se-  
42 curity Act. No credit shall be allowed to any person becoming a member of  
43 the retirement system pursuant to this subsection for service rendered to the  
44 employer prior to July 1, 1966, until the provisions of section 74 of this act  
45 have been complied with, in which event such credit shall be allowed in ac-  
46 cordance with the provisions of subsection (a) of this section.

1       21. Section 76 of the act of which this act is amendatory is amended to  
2 read as follows:

3       76. Any employee of any county, **[or]** municipality or public agency  
4 which has **[whose voters have]** adopted or shall hereafter adopt the retire-  
5 ment **[act]** system as provided in this act, who **[was]** has entered or shall  
6 hereafter **[be inducted]** enter into the active air, military or naval service of  
7 the United States before making application for enrollment in the retire-  
8 ment system, shall be accepted as a member upon his filing application, pro-  
9 vided that, if an employee enters such service after January 1, 1955 and  
10 after the date upon which this act becomes effective with regard to his em-  
11 ployer, such application is made within 3 months after entering such service  
12 or within 3 months after the date this act becomes effective with regard to his  
13 employer, whichever is later. **[and his]** His regular salary deductions as  
14 determined by the **[board of trustees]** retirement system shall be paid to the  
15 **[retirement]** system by his employer, as provided by chapter 252 of the laws  
16 of 1942, as amended by chapter 326 of the laws of 1942. If he entered such

17 *service prior to January 2, 1955, and was a contributing member of the State*  
18 *Employees' Retirement System at that time, upon establishing his status as*  
19 *a veteran and contributing to the retirement system for a period of 90 days*  
20 *after his discharge from such service, he shall receive free prior service credit*  
21 *for all public employment prior to January 2, 1955. This provision shall not*  
22 *apply to any employee whose appointment is temporary or seasonal.*

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

1 22. 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 those  
5 of a municipality, or more than one 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 municipal-  
11 ities are entitled to receive and the school district shall have the same obliga-  
12 tions with respect to such employees as the municipality has to its own em-  
13 ployees under this act; provided, such employee has been admitted to receive  
14 the benefits of the fund established under chapter 15 of Title 43 of the Revised  
15 Statutes, or shall make application to be admitted to such benefits within 6  
16 months from January 2, 1955, or within 1 year from the effective date of said  
17 chapter 15 of Title 43 of the Revised Statutes in such municipality or mu-  
18 nicipalities, whichever is later.

19 *Any school district which is comprised of 2 or more municipalities may*  
20 *be deemed a municipality for the purposes of this act if all municipalities*  
21 *comprising such school district have not either adopted the provisions of*  
22 *chapter 15 of Title 43 of the Revised Statutes or complied with the provisions*

23 of section 74 of this act. In any such case the board of education of such  
24 school district may direct that the question of adopting the retirement  
25 system shall be submitted to the qualified voters of the school district at a  
26 school election.

1 23. Section 80 of the act of which this act is amendatory is amended to  
2 read as follows:

3 80. The chief fiscal officer of the county or municipality [adopting this  
4 act] or the secretary of the board of education of the school district shall  
5 submit to the [board of trustees of the] Public Employees' Retirement  
6 System such information and shall cause to be performed in respect to each  
7 of the employees of the county, [or] municipality or school district such  
8 duties as would be performed in the State service by the head of a depart-  
9 ment of the State employing members of the retirement system.

1 24. Section 81 of the act of which this act is amendatory is amended to  
2 read as follows:

3 81. The [board of trustees of the] Public Employees' Retirement  
4 System shall certify to each employer the rates of contributions payable by  
5 members who are county, [or] municipal or school district employees, as if  
6 they were State employees. The [board] system shall further certify the  
7 contributions, including the accrued liability contribution similar to the State  
8 accrued liability contribution, payable by the county, [or] municipality or  
9 school district to the contingent reserve fund on behalf of these members,  
10 as if they were State employees, and a pro rata share of the cost of the  
11 administration of the retirement system, based upon the payroll of the mem-  
12 bers who are employees of the county, [or] municipality or school district.  
13 The initial actuarial expense incident to the determination of the accrued  
14 liability contribution, payable by the county, [or] municipality or school dis-  
15 trict [adopting this act], shall be paid by the county, [or] municipality or  
16 school district. The amount certified by the [board of trustees] system as  
17 payable by the county, [or] municipality or school district to the contingent  
18 reserve fund shall be included in the next budget subsequent to the certifica-

19 tion by the [board of trustees] *system* and levied and collected as any other  
20 taxes are levied and collected. The treasurer or corresponding officer of any  
21 county, [or] municipality *or school district* shall pay on or before July 1 in  
22 each year to the State Treasurer the amount of the county, [or] municipal  
23 *or school district* charges so certified. If payment of the full amount of such  
24 obligation is not made within 30 days after July 1, interest at the rate of 4%  
25 per annum shall commence to run against the unpaid balance thereof on the  
26 first day after such thirtieth day. The treasurer or corresponding officer  
27 shall also pay to the State Treasurer the amount of deductions from the com-  
28 pensation of the members who are employees of the county, [or] municipal-  
29 ity *or school district* in accordance with the rules and regulations established  
30 by the board of trustees. The State Treasurer shall credit these amounts  
31 to the appropriate fund or account.

1     25. The designation of beneficiary by a member or retirant shall be made  
2 in writing on a form satisfactory to the retirement system, and filed with  
3 the retirement system. The member or retirant may, from time to time and  
4 without the consent of his death benefit designee, change the beneficiary by  
5 filing written notice of the change with the system on a form satisfactory to  
6 it. The new nomination will be effective on the date the notice, in proper  
7 form, is received by the system, and any prior nomination shall thereupon  
8 become void.

9     If more than one beneficiary is nominated and in such nomination the  
10 member or retirant has failed to specify their respective interests, the bene-  
11 ficiaries shall share equally. If any beneficiary predeceases the member or  
12 retirant, the interest of such beneficiary shall terminate and shall be shared  
13 equally by such of the beneficiaries as survive the member or retirant, un-  
14 less the member or retirant has made written request to the contrary in his  
15 beneficiary nomination.

16     Any amounts due for which there is no beneficiary at the death of a mem-  
17 ber, retirant or beneficiary shall be payable to the estate of such member,  
18 retirant or beneficiary.

19 Except with regard to the payment of the member's accumulated de-  
20 ductions with regular interest and the payment, upon the death of a retirant  
21 after attaining the age of 60 years, of the death benefits provided in sections  
22 41, 45, 46, 48, and 57 of the act to which this section is a supplement, a mem-  
23 ber may elect, by making written request to the retirement system, that the  
24 whole or any part of his death benefits be made payable in accordance with  
25 rules and regulations of the board of trustees to his beneficiary either as a  
26 life annuity or in equal annual installments over a period of years specified  
27 in such election, and may alter such election from time to time during his  
28 lifetime by again making such written request. In the event of a change of  
29 beneficiary, any previous arrangement by the member or retirant under this  
30 paragraph shall be void. The election set forth in this paragraph shall not  
31 apply or be available when the beneficiary is an estate, or a corporation,  
32 partnership, association, institution, trustee, or any fiduciary.

33 If, at the member's or retirant's death, an amount of death benefit  
34 would be payable to the beneficiary in a single sum, any election with regard  
35 to such amount which was available to the member or retirant immediately  
36 prior to his death in accordance with the provisions of the immediately pre-  
37 ceding paragraph shall then be available to such beneficiary for the benefit  
38 of such beneficiary.

39 The provisions of this section shall be construed separately with respect  
40 to each of the death benefits for which a beneficiary is designated by the mem-  
41 ber or retirant.

1 26. a. Any veteran who was in the employ of the State, or of a county,  
2 municipality, public agency, school district or board of education of this State  
3 on January 2, 1955 and who elected not to become a member of the retirement  
4 system by notifying the system in writing of his desire not to become a  
5 member, may join the retirement system at any time during the continuation  
6 of such employment by filing an application for membership and agreeing to  
7 purchase membership credit for all service rendered after January 1, 1955.  
8 If such veteran becomes a member pursuant to this section, service rendered

9 by him prior to January 2, 1955 shall be credited to him in accordance with  
10 the provisions of paragraph a of section 60 of the act to which this section  
11 is a supplement. The employer of such public employee veteran on the date  
12 of his becoming a member shall pay the accrued liability on behalf of such  
13 prior service and such accrued liability shall be paid in such a manner that  
14 the total obligation will be met within the period of time fixed for the liquida-  
15 tion of all veteran accrued liabilities of the employer.

16 b. Any person other than a veteran who was in the employ of the State,  
17 or of a county, municipality, public agency, school district or board of edu-  
18 cation of this State on January 2, 1955 and who elected not to become a  
19 member of the retirement system by claiming a refund of his accumulated  
20 deductions may join the retirement system at any time during the continua-  
21 tion of such employment by filing an application for membership and agree-  
22 ing to purchase membership credit for all service rendered subsequent to  
23 January 1, 1955. Any such member may also be permitted to purchase  
24 credit pursuant to any other applicable provision of the act to which this  
25 section is a supplement and to purchase credit for service previously estab-  
26 lished in the former "State Employees' Retirement System" in order to give  
27 such person the same credit for such service as he had at the time of with-  
28 drawing his membership.

29 c. The purchase of credit pursuant to this section shall be made by a  
30 member's paying into the retirement system the amount required by apply-  
31 ing the factor supplied by the actuary as being applicable to the member's  
32 age at the time of his election to make the purchase to his salary at the time  
33 of such election. Such purchases may be made in regular installments equal  
34 to at least  $\frac{1}{2}$  of the full normal contribution to the retirement system over  
35 a maximum period of 10 years. In the event that such member retires before  
36 he completes the payment for all service for which he agreed to purchase  
37 credit, credit for such service shall be given in direct proportion as the  
38 amount paid bears to the total amount of the arrearage obligation, except  
39 that if any such veteran retires before he completes the purchase of credit  
40 for all service rendered by him subsequent to January 1, 1955, no credit for

41 service rendered by him prior to January 2, 1955 shall be considered for  
42 retirement purposes.

43 d. Notwithstanding any other provision of the act of which this section is  
44 a supplement, any person becoming a member of the retirement system  
45 pursuant to the provisions of this section shall not be allowed any of the  
46 death benefits established by sections 41, 45, 46, 48 and 57 of the act to which  
47 this section is a supplement unless he shall have furnished satisfactory evi-  
48 dence of insurability.

1 27. If a former member of the State Employees' Retirement System or  
2 the retirement system, who has been granted a retirement allowance for any  
3 cause other than disability, becomes employed again in a position which makes  
4 him eligible to be a member of the retirement system, the pension portion of  
5 his retirement allowance, together with any optional selection pursuant to  
6 section 50 of the act to which this section is a supplement and the right to  
7 any death benefit as a result of his former membership, shall be suspended  
8 until he again retires.

9 Such person shall be re-enrolled in the retirement system and shall con-  
10 tribute thereto at a rate based on his age at the time of re-enrollment. Such  
11 person shall be treated as an active member for determining disability or  
12 death benefits while in service and no benefits pursuant to an optional selec-  
13 tion with respect to his former membership shall be paid if his death shall  
14 occur during the period of such re-enrollment.

15 Upon subsequent retirement of such member, the pension portion of his  
16 former retirement allowance shall, subject to the provisions of section 59 of  
17 the act to which this section is a supplement, be reinstated together with any  
18 optional selection, pursuant to section 50, based on his former membership.  
19 In addition, such member shall receive an additional retirement allowance,  
20 computed in accordance with applicable provisions of the act to which this  
21 section is a supplement including the reduction provided by section 59 and  
22 the optional privileges of section 50, provided, however, that his total retire-  
23 ment allowance upon such subsequent retirement shall not be a greater pro-  
24 portion of his final compensation than the proportion to which he would have



25 been entitled had he remained in service during the period of his prior re-  
26 tirement. Any death benefit to which such member shall be eligible shall be  
27 based on his latest retirement, but shall not be less than the death benefit  
28 that was applicable to his former retirement.

1     28. a. If any member of the retirement system receives periodic benefits  
2 payable under the Workmen's Compensation Law during the course of his  
3 active service, in lieu of his normal compensation, his regular salary de-  
4 ductions shall be paid to the retirement system by his employer. Such pay-  
5 ments shall be computed at the full rate of contribution on the base salary  
6 subject to the retirement system, just prior to the receipt of the workmen's  
7 compensation benefits. The moneys paid by the employer shall be credited  
8 to the member's account in the annuity savings fund and shall be treated as  
9 employee contributions for all purposes. The employer will terminate the pay-  
10 ment of these moneys when the periodic benefits payable under the Work-  
11 men's Compensation Law are terminated.

12     The member for whom the employer is making such payments, will be  
13 considered as if he were in the active service and shall be permitted to con-  
14 tinue to make contributions to purchase the additional death benefit coverage  
15 provided by section 57 of the act to which this section is a supplement.

16     b. No application for retirement benefits may be approved by the board  
17 of trustees while the member, applying for such benefits, is in receipt of pe-  
18 riodic benefits under the Workmen's Compensation Law.

19     29. Any member who held multiple positions in public employment cov-  
2 ered by the retirement system, and who retired from one of these positions  
3 prior to the enactment of chapter 229, P. L. 1964, shall (a) not be required  
4 to enroll from any position covered by the retirement system, or (b) if en-  
5 rolled, be permitted to withdraw from the retirement system upon waiver  
6 of his rights as an active member in the system.

7     30. a. Sections 12 and 78 of P. L. 1954, chapter 84 are repealed.

8     b. P. L. 1955, chapter 166 is repealed.

9     c. P. L. 1959, chapter 196 is repealed.

- 4 d. P. L. 1965, chapter 234 is repealed.  
1 31. This act shall take effect immediately.

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#### STATEMENT

The purpose of this omnibus bill is to amend and supplement the act governing the Public Employees' Retirement System in order to recognize in the statutes the many administrative changes which have been prescribed in the decade following the establishment of the system. The important provisions are as follows:

1. It redefines the Korean Emergency by establishing the same period followed by the Civil Service statute.
2. It clarifies the provisions of the statute concerning reinstatement and the re-establishment of credit when a former member returns to employment.
3. The limitation on the number of loans to members follows that of the comparable Teachers' Pension and Annuity Fund statute by placing it on the basis of a calendar year rather than a fiscal year.
4. It provides for vesting after 15 years of service instead of after 20 years.
5. It provides for the payment of interest on member's contributions when he withdraws if he only has 3 years of credit instead of 5 years and thereby makes the provision identical to that of the comparable provision in the teachers' fund statute.
6. It clarifies the statute concerning accidental death to specifically provide for the inclusion of interest in the return of the member's contributions.
7. It makes changes required by recent court decisions dealing with the optional methods of settlement.
8. It amends several sections of the statute in order to provide for compulsory coverage of all newly employed, eligible nonveteran public employees. The funding of the service for employees performed before July 1, 1966 is optional with the employer on the basis of either a referendum to be conducted at a general election in the case of counties and municipalities, or by the adoption of a resolution by the governing body of a public agency. All present employees are given a year to consider their option to enroll in the retirement

system. Optional coverage is afforded to nonveteran elected officials while coverage is not extended to anyone who would not normally be eligible for membership, such as a temporary or seasonal employee, a person whose annual compensation is less than \$500.00 a year or someone who is not covered by Social Security as a result of his public employment.

9. It permits a school district composed of 2 or more municipalities to hold a separate election on the question of funding the prior service liability.

10. It clarifies the provisions concerning the designation of beneficiary.

11. It permits veterans and nonveterans who had elected not to enroll in the system in 1955 to re-enroll and establishes the necessary formula for the purchase of service.

12. It clarifies the statute for those receiving workmen's compensation benefits.

FISCAL NOTE TO  
ASSEMBLY, No. 787

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STATE OF NEW JERSEY

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DATED: JUNE 13, 1966

Assembly Bill No. 787 amends and supplements the "Public Employees Retirement-Social Security Integration Act." It makes technical changes in order to recognize in the statute the many administrative changes that have taken place since the establishment of the system.

If this legislation is enacted, it is estimated that the cost would be \$328,980.00 to the State, and that the cost would continue to be reflected in the normal contributions for the life of the system.

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In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.