

43:15A-6 et seq

December 18, 1970

LEGISLATIVE HISTORY OF R.S. <sup>43</sup>15A-6 et seq.  
(Method of investing public employee pension funds)

No similar bill introduced in 1969.

Copy

L.1970 - Chap.57 - A966.

April 23 - Introduced by De Korte, Parker.

May 11 - Passed Assembly, amended.

May 11 - Passed Senate.

Bill had statement (copy enclosed)

The report mentioned in the statement is:

974.90 New Jersey. Governor's Management  
B424 Commission  
1970c Survey report and recommendations  
(see p.30).

Governor made statement on signing (copy enclosed)  
No hearings or reports on the bill were located.

Articles located:

"Wagner charges bill makes Treasurer czar..."

974.905 The Spotlights  
S765  
Vol.21, No.5, p.1

"Warns of bill to strip PERS board's power"  
The Shield, Civil Service Association  
May 16, 1970, p.1

"Teacher control of pension fund in jeopardy"

974.905 School legislation  
S35  
No.5, May4, 1970

"Hudson opens fight on bill to cut PERS board  
power"

The Shield, May 23, 1970 p.3

"Pension titbits"

974.90 New Jersey's Finest  
P34  
vol.4, No.7, July 1970, p.8  
(copies enclosed)

RSL/EH  
Enclosure

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ASSEMBLY, No. 966

STATE OF NEW JERSEY

INTRODUCED APRIL 23, 1970

By Assemblymen DE KORTE and PARKER

Referred to Committee on State Government

AN ACT concerning pensions and the investment of pension funds  
and revising parts of the statutory law.

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

1 1. Section 6 of P. L. 1954, chapter 84 (C. 43:15A-6) is amended  
2 to read as follows:

3 6. As used in this act:

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

8 b. "Annuity" means payments for life derived from contribu-  
9 tions made by a member as provided in this act.

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

15 d. "Beneficiary" means any person receiving a retirement allow-  
16 ance or other benefit as provided in this act.

17 e. "Final compensation" means the average annual compensa-  
18 tion for which contributions are made for the 5 years of creditable  
19 service in New Jersey immediately preceding his retirement, or it  
20 shall mean the average annual compensation for which contribu-  
21 tions are made during any 5 fiscal years of his or her membership  
22 providing the largest possible benefit to the member or his  
23 beneficiary.

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

26 g. "Pension" means payments for life derived from appropria-

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

27 tions made by the employer as formerly provided in chapters 14  
28 and 15 of Title 43 of the Revised Statutes, or in this act.

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

35 i. "Public Employees' Retirement System of New Jersey,"  
36 hereinafter referred to as the "retirement system," is the corporate  
37 name of the arrangement for the payment of retirement allowances  
38 and other benefits under the provisions of this act and for the  
39 system including the several funds created and placed under the  
40 board of trustees of said system. By that name all of its business  
41 shall be transacted, its funds invested, warrants for money drawn  
42 and payments made and all of its cash and securities and other  
43 property held.

44 j. "Regular interest" shall mean interest as determined [from  
45 time to time] *annually* by the [board of trustees. The regular  
46 interest rate shall be limited to a minimum of 3% and a maximum  
47 of 4%] *State Treasurer after consultation with the Directors of the*  
48 *Divisions of Investment and Pensions and the actuary of the*  
49 *system.*

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

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

68 (1) The Indian wars and uprisings during any of the periods  
69 recognized by the War Department of the United States as periods

70 of active hostility;

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

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

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

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

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

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

84 (8) The Mexican border patrol, having actually participated in  
85 engagements against Mexicans between April 12, 1911, and June  
86 16, 1919;

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

88 (10) World War II, between September 16, 1940, and September  
89 2, 1945, who shall have served at least 90 days in such active service,  
90 exclusive of any period he was assigned (1) for a course of educa-  
91 tion or training under the Army specialized training program or  
92 the Navy college training program which course was a continuation  
93 of his civilian course and was pursued to completion, or (2) as a  
94 cadet or midshipman at one of the service academies any part of  
95 which 90 days was served between said dates; provided, that any  
96 person receiving an actual service incurred injury or disability  
97 shall be classed as a veteran whether or not he has completed the  
98 90-day service as herein provided.

99 (11) Korean Conflict after June 23, 1950, and prior to July 27,  
100 1953, who shall have served at least 90 days in such active service,  
101 exclusive of any period he was assigned (1) for a course of educa-  
102 tion or training under the Army specialized training program or  
103 the Navy college training program which course was a continuation  
104 of his civilian course and was pursued to completion, or (2) as a  
105 cadet or midshipman at one of the service academies, any part of  
106 which 90 days was served between said dates; provided, that any  
107 person receiving an actual service incurred injury or disability shall  
108 be classed as a veteran whether or not he has completed the 90-day  
109 service as herein provided, and provided further, that any member  
110 classed as a veteran pursuant to this subparagraph prior to the  
111 effective date of this amendatory act shall continue to be classed

112 as a veteran whether or not he completed the 90-day service between  
113 said dates as herein provided.

114 (12) Vietnam Conflict after December 31, 1960, and prior to  
115 the date of termination as proclaimed by the Governor, who shall  
116 have served at least 180 days in such active service on overseas  
117 duty, exclusive of any period he was assigned (1) for a course of  
118 education or training under the Army specialized training program  
119 or the Navy college training program which course was a con-  
120 tinuation of his civilian course and was pursued to completion, or  
121 (2) as a cadet or midshipman at one of the service academies, any  
122 part of which 180 days was served between said dates; and exclusive  
123 of any service performed pursuant to the provisions of section  
124 511(d) of Title 10 United States Code, pursuant to an enlistment  
125 in the Army National Guard or as a Reserve for service in the  
126 Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps  
127 Reserve, or Coast Guard Reserve.

1 2. Section 18 of P. L. 1954, chapter 84 (C. 43:15A-18) is amended  
2 to read as follows:

3 18. The board shall elect annually from its membership a chair-  
4 man and may also elect a vice-chairman, who shall have all the  
5 power and authority of the chairman in the event of the death,  
6 absence or disability of the chairman, **[It shall appoint an actuary.]**

7 *The actuary of the system shall be designated by the State Trea-*  
8 *surer after consultation with the Director of the Division of*  
9 *Pensions.*

10 The actuary shall be the technical adviser of the board on matters  
11 regarding the operation of the funds created by the provisions of  
12 this act and shall perform such other duties as are required in con-  
13 nection therewith.

14 The Attorney General shall be the legal adviser of the retirement  
15 system.

16 The chief or assistant chief of the office of secretarial services  
17 of the Division of Pensions of the State Department of the Trea-  
18 sury, shall be the secretary of the board. The chief and assistant  
19 chief of the office of secretarial services shall be in the competitive  
20 division of the State classified service. The secretary presently  
21 in office shall hold the position as assistant chief of the office of  
22 secretarial services subject to all of the provisions of Title 11 of  
23 the Revised Statutes and shall not be removed from said office  
24 except in the manner provided under the provisions of said Title  
25 relating to permanent employees in the competitive division of the  
26 State classified service. The board of trustees shall select its secre-  
27 tary from among the eligible candidates.

1 3. Section 32 of P. L. 1954, chapter 84 (C. 43:15A-32) is amended  
2 to read as follows :

3 32. The board of trustees shall be and are hereby constituted  
4 trustees of the various funds and accounts established by this act;  
5 provided, however, that all functions, powers, and duties relating  
6 to the investment or reinvestment of moneys of, and purchase, sale,  
7 or exchange of any investments or securities, of or for any fund  
8 or account established under this act, shall be exercised and per-  
9 formed by the Director of the Division of Investment in accordance  
10 with the provisions of chapter 270, P. L. 1950, as amended and sup-  
11 plemented. [Before any such investment, reinvestment, purchase,  
12 sale, or exchange shall be made by said director for or on behalf  
13 of the board of trustees, the Director of the Division of Investment  
14 shall submit the details thereof to such board of trustees, which  
15 shall itself or by its finance committee, within 48 hours, exclusive  
16 of Sundays and public holidays, after such submission to it, file  
17 with the director its written acceptance or rejection of such pro-  
18 posed investment, reinvestment, purchase, sale, or exchange; and  
19 the director shall have authority to make such investment, reinvest-  
20 ment, purchase, sale, or exchange for or on behalf of such board of  
21 trustees unless there shall have been filed with him a written  
22 rejection thereof by such board of trustees or its finance committee  
23 as herein provided.] The *secretary of the* board of trustees shall  
24 determine from time to time the cash requirements of the various  
25 funds and accounts established by this act and the amount available  
26 for investment, all of which shall be certified to [by the State  
27 Treasurer and] the Director of the Division of Investment.

28 The members of the finance committee of the board of trustees  
29 shall be appointed at or after July 1 of each calendar year by the  
30 chairman of the board of trustees to serve through June 30 of the  
31 ensuing calendar year and until their successors are appointed.  
32 The finance committee of the board of trustees shall consist of five  
33 members of the board of trustees, one of whom shall be the State  
34 Treasurer, and one of whom shall be the member designated to  
35 serve on the State Investment Council. At least three members  
36 of the finance committee shall be members of the board of trustees  
37 who have been elected by members of the system. A quorum of the  
38 finance committee shall consist of three members thereof.

39 A member of the board of trustees to be designated by a majority  
40 vote thereof shall serve on the State Investment Council as a repre-  
41 sentative of said board of trustees, for a term of 1 year and until  
42 his successor is elected and qualified.

1 4. Section 36 of P. L. 1954, chapter 84 (C. 43:15A-36) is amended  
2 to read as follows:

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

1 5. Section 18A:66-2 of the New Jersey Statutes is amended to  
2 read as follows:

3 18A:66-2. As used in this article:

4 a. "Accumulated deductions" means the sum of all the amounts,  
5 deducted from the compensation of a member or contributed by  
6 him or on his behalf, including interest credited prior to January  
7 1, 1956, standing to the credit of his individual account in the  
8 annuity savings fund.

9 b. "Annuity" means payments for life derived from the ac-  
10 cumulated deductions of a member as provided in this article.

11 c. "Beneficiary" means any person receiving a retirement al-  
12 lowance or other benefit as provided in this article.

13 d. "Compensation" means the contractual salary for services  
14 as a teacher as defined in this article.

15 e. "Employer" means the State, the board of education or any  
16 educational institution or agency of or within the State by which  
17 a teacher is paid.

18 f. "Final compensation" means the average annual compensa-  
19 tion for which contributions are made for the 5 years of creditable  
20 service in New Jersey immediately preceding his retirement, or  
21 it shall mean the average annual compensation for which contri-  
22 butions are made during any 5 fiscal years of his or her membership  
23 providing the largest possible benefit to the member or his bene-  
24 ficiary.

25 g. "Fiscal year" means any year commencing with July 1, and  
26 ending with June 30, next following.

27 h. "Pension" means payments for life derived from appropria-  
28 tions made by the State or employers to the Teachers' Pension  
29 and Annuity Fund.

30 i. "Annuity reserve" means the present value of all payments  
 31 to be made on account of any annuity or benefit in lieu of an annuity,  
 32 granted under the provisions of this article, computed on the basis  
 33 of such mortality tables recommended by the actuary as the board  
 34 of trustees adopts, with regular interest.

35 j. "Pension reserve" means the present value of all payments  
 36 to be made on account of any pension or benefit in lieu of a pension  
 37 granted to a member from the Teacher's Pension and Annuity  
 38 Fund computed on the basis of such mortality tables recommended  
 39 by the actuary as the board of trustees adopts, with regular in-  
 40 terest.

41 k. "Present-entrant" means any member of the Teachers' Pen-  
 42 sion and Annuity Fund who has established status as a "present-  
 43 entrant member" of said fund prior to January 1, 1956.

44 l. "Rate of contribution initially certified" means the rate of  
 45 contribution certified based upon the member's age when last he  
 46 became a member.

47 m. "Regular interest" shall mean interest as determined [from  
 48 time to time] *annually* by the [board of trustees with the advice  
 49 of the actuary. The regular interest rate shall be limited to a  
 50 minimum of 3% per annum, and a maximum of 4% per annum]  
 51 *State Treasurer after consultation with the Directors of the Di-*  
 52 *visions of Investment and Pensions and the actuary of the fund.*

53 n. "Retirement allowance" means the pension plus the annuity.

54 o. "School service" means any service as a "teacher" as de-  
 55 fined in this section.

56 p. "Teacher" means any regular teacher, special teacher, help-  
 57 ing teacher, teacher clerk, principal, vice-principal, supervisor, su-  
 58 pervising principal, director, superintendent, city superintendent,  
 59 assistant city superintendent, county superintendent, State Com-  
 60 missioner or Assistant Commissioner of Education and other mem-  
 61 bers of the teaching or professional staff of any class, public  
 62 school, high school, normal school, model school, training school,  
 63 vocational school, truant reformatory school, or parental school,  
 64 and of any and all classes or schools within the State conducted  
 65 under the order and superintendence, and wholly or partly at the  
 66 expense of the State Board of Education, of a duly elected or ap-  
 67 pointed board of education, board of school directors, or board of  
 68 trustees of the State or of any school district or normal school dis-  
 69 trict thereof, and any such persons under contract or engagement  
 70 to perform one or more of these functions. No person shall be  
 71 deemed a teacher within the meaning of this article who is a substi-  
 72 tute teacher or is a teacher not regularly engaged in performing one



73 or more of these functions as a full-time occupation outside of vaca-  
74 tion periods. In all cases of doubt the board of trustees shall deter-  
75 mine whether any person is a teacher as defined in this article.

76 q. "Teachers' Pension and Annuity Fund" hereinafter referred  
77 to as the "retirement system," is the corporate name of the ar-  
78 rangement for the payment of retirement allowances and other  
79 benefits under the provisions of this article including the several  
80 funds placed under said system. By that name all its business shall  
81 be transacted, its funds invested, warrants for money drawn, and  
82 payments made and all of its cash and securities and other property  
83 held.

84 r. "Veteran" means any honorably discharged officer, soldier,  
85 sailor, airman, marine or nurse who served in any army, air force  
86 or navy of the allies of the United States in World War I between  
87 July 14, 1914, and November 11, 1918, or who served in any army,  
88 air force or navy of the allies of the United States in World War  
89 II, between September 1, 1939, and September 2, 1945, and who was  
90 inducted into such service through voluntary enlistment, and was  
91 a citizen of the United States at the time of such enlistment, and  
92 who did not, during or by reason of such service, renounce or lose  
93 his United States citizenship, and any officer, soldier, sailor, marine,  
94 airman, nurse or army field clerk who has served in the active mili-  
95 tary or naval service of the United States and has or shall be dis-  
96 charged or released therefrom under conditions other than dis-  
97 honorable, in any of the following wars, uprisings, insurrections,  
98 expeditions or emergencies, and who has presented to the retire-  
99 ment system evidence of such record of service in form and content  
100 satisfactory to said retirement system:

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

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

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

109 (4) The Peking relief expedition between June 20, 1900, and May  
110 27, 1902;

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

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

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

117 (8) The Mexican borer patrol, having actually participated in  
118 engagements against Mexicans between April 12, 1911, and June  
119 16, 1919;

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

121 (10) World War II, between September 16, 1940, and Septem-  
122 ber 2, 1945, who shall have served at least 90 days in such active  
123 service, exclusive of any period he was assigned (1) for a course  
124 of education or training under the Army specialized training pro-  
125 gram or the Navy college training program which course was a  
126 continuation of his civilian course and was pursued to completion,  
127 or (2) as a cadet or midshipman at one of the service academies  
128 any part of which 90 days was served between said dates; provided,  
129 that any person receiving an actual service incurred injury or dis-  
130 ability shall be classed as a veteran whether or not he has completed  
131 the 90-day service as herein provided;

132 (11) Korean conflict after June 23, 1950, and prior to July 27,  
133 1953, who shall have served at least 90 days in such active service,  
134 exclusive of any period he was assigned (1) for a course of educa-  
135 tion or training under the Army specialized training program or  
136 the Navy college training program which course was a continuation  
137 of his civilian course and was pursued to completion, or (2) as a  
138 cadet or midshipman at one of the service academies, any part of  
139 which 90 days was served between said dates; provided, that any  
140 person receiving an actual service-incurred injury or disability  
141 shall be classed as a veteran whether or not he has completed the  
142 90-day service as herein provided; and provided further, that any  
143 member classed as a veteran pursuant to this subsection prior to  
144 August 1, 1966, shall continue to be classed as a veteran whether  
145 or not he completed the 90-day service between said dates as herein  
146 provided;

147 (12) Vietnam conflict after December 31, 1960, and prior to the  
148 date of termination as proclaimed by the Governor who (a) received  
149 an actual service-incurred injury or disability or (b) shall have  
150 served at least 180 days in such active service on overseas duty,  
151 exclusive of any period he was assigned (1) for a course of edu-  
152 cation or training under the Army specialized training program or  
153 the Navy college training program which course was a continuation  
154 of his civilian course and was pursued to completion, or (2) as a  
155 cadet or midshipman at one of the service academies, any part of  
156 which 180 days was served between said dates; and exclusive of  
157 any service performed pursuant to the provisions of section 511(d)

158 of Title 10, United States Code, pursuant to an enlistment in the  
 159 Army National Guard or as a reserve for service in the Army Re-  
 160 serve, Naval Reserve, Air Force Reserve, Marine Corps Reserve,  
 161 or Coast Guard Reserve.

162 s. "Child" means a deceased member's unmarried child either  
 163 (a) under the age of 18 or (b) of any age who, at the time of the  
 164 member's death, is disabled because of mental retardation or physi-  
 165 cal incapacity, is unable to do any substantial, gainful work because  
 166 of the impairment and his impairment has lasted or can be expected  
 167 to last for a continuous period of not less than 12 months, as af-  
 168 firmed by the medical board.

169 t. "Dependent widower" means the man to whom a member was  
 170 married at least 5 years before the date of her death and who was  
 171 receiving at least  $\frac{1}{2}$  of his support from the member in the 12-  
 172 month period immediately preceding the member's death. The de-  
 173 pendency of such a widower will be considered terminated by  
 174 marriage of the widower subsequent to the death of the member.  
 175 In the event of the payment of an accidental death benefit, the 5-  
 176 year qualification shall be waived.

177 u. "Widow" means the woman to whom a member was married  
 178 at least 5 years before the date of his death and to whom he con-  
 179 tinued to be married until the date of his death and who has not  
 180 remarried subsequent to the member's death. In the event of the  
 181 payment of an accidental death benefit, the 5-year qualification  
 182 shall be waived.

1 6. Section 18A:66-57 of the New Jersey Statutes is amended to  
 2 read as follows:

3 18A:66-57. The board shall elect annually from its membership  
 4 a chairman and may also elect a vice chairman, who shall have all  
 5 the power and authority of the chairman in the event of the death,  
 6 absence or disability of the chairman. **[It shall appoint an actuary.]**  
 7 *The actuary of the fund shall be designated by the State Treasurer*  
 8 *after consultation with the Director of the Division of Pensions.*

9 The actuary shall be the technical adviser of the board on matters  
 10 regarding the operation of the funds created by the provisions of  
 11 this article and shall perform such other duties as are required in  
 12 connection therewith.

13 The Attorney General shall be legal adviser of the retirement  
 14 system.

15 The chief or assistant chief of the office of secretarial services of  
 16 the Division of Pensions of the State Department of the Treasury,  
 17 shall be the secretary of the board. The chief and assistant chief of  
 18 the office of secretarial services shall be in the competitive division

19 of the State classified service. The secretary presently in office shall  
 20 hold the position as chief of the office of secretarial services subject  
 21 to all of the provisions of Title 11 of the Revised Statutes and shall  
 22 not be removed from said office except in the manner provided under  
 23 the provisions of said title relating to permanent employees in the  
 24 competitive division of the State classified service. The board of  
 25 trustees shall select its secretary from among the eligible candi-  
 26 dates.

1 7. Section 18A:66-60 of the New Jersey Statutes is amended to  
 2 read as follows:

3 18A:66-60. Except as otherwise herein provided, no trustee and  
 4 no employee of the board of trustees shall have any direct interest  
 5 in the gains or profits of any investments **【made by the board】** of  
 6 **【trustees】** *the retirement system*; nor shall any trustee or employee  
 7 of the board directly or indirectly, for himself or as an agent,  
 8 in any manner use the moneys of the retirement system, except  
 9 to make such current and necessary payments as are authorized  
 10 by the board of trustees; nor shall any trustee or employee of the  
 11 board of trustees become an endorser or surety, or in any manner  
 12 an obligor for moneys loaned to or borrowed from the **【board of**  
 13 **trustees】** *retirement system*.

1 8. Section 18A:66-61 of the New Jersey Statutes is amended to  
 2 read as follows:

3 18A:66-61. The board of trustees shall be and are hereby con-  
 4 stituted trustees of the various funds and accounts established  
 5 by this article; provided, however, that all functions, powers and  
 6 duties relating to the investment or reinvestment of moneys of,  
 7 and purchase, sale or exchange of any investments or securities,  
 8 of or for any fund or account established under this article, shall be  
 9 exercised and performed by the Director of the Division of Invest-  
 10 ment in accordance with the provisions of chapter 270, of the laws of  
 11 1950. **【**Before any such investment, reinvestment, purchase, sale  
 12 or exchange shall be made by said director for or on behalf of the  
 13 board of trustees, the Director of the Division of Investment shall  
 14 submit the details thereof to such board of trustees, which shall,  
 15 itself or by its finance committee, within 48 hours, exclusive of  
 16 Sundays and public holidays, after such submission to it, file with  
 17 the director its written acceptance or rejection of such proposed  
 18 investment, reinvestment, purchase, sale or exchange; and the  
 19 director shall have authority to make such investment, reinvestment,  
 20 purchase, sale or exchange for or on behalf of such board of trus-  
 21 tees, unless there shall have been filed with him a written rejection  
 22 thereof by such board of trustees or its finance committee as herein

23 provided.] The *secretary of the* board of trustees shall determine  
 24 from time to time the cash requirements of the various funds and  
 25 accounts established by this article and the amount available for  
 26 investment, all of which shall be certified to the [State Treasurer  
 27 and the] Director of the Division of Investment.

28 A member of the board of trustees to be designated by a majority  
 29 vote thereof shall serve on the state investment council as a repre-  
 30 sentative of said board of trustees, for a term of 1 year and until  
 31 his successor is elected and qualified.

32 The finance committee of the board of trustees shall be appointed  
 33 on or before July 1 of each calendar year by the chairman of the  
 34 board of trustees to serve through June 30 of the ensuing calendar  
 35 year and until their successors are appointed. The finance com-  
 36 mittee of the board of trustees shall consist of three members of  
 37 the board of trustees, one of whom shall be the State Treasurer.

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

3 1. The following words and phrases as used in this act unless a  
 4 different meaning is plainly required by the context shall have the  
 5 following meanings:

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

9 (2) "Policeman or fireman" shall mean any permanent and full-  
 10 time active uniformed employee, and any active permanent and full-  
 11 time employee who is a detective, lineman, fire alarm operator,  
 12 mechanical repairman, automotive mechanic, supervisor of auto-  
 13 motive mechanics or inspector of combustibles of any police or fire  
 14 department of a municipality or a fire department of a fire district  
 15 located in a township or a county police department.

16 (3) "Member" shall mean any policeman or fireman included in  
 17 the membership of the retirement system as provided in section  
 18 3 of this act.

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

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

23 (6) "Employer" shall mean the county, municipality or political  
 24 subdivision thereof which pays the particular policeman or fireman.

25 (7) "Service" shall mean service as a policeman or fireman or  
 26 county policeman paid for by an employer.

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

29 (9) "Regular interest" shall mean interest as determined [from  
30 time to time] *annually* by the [board of trustees with the advice  
31 of the actuary under the provisions of section 13, subsection 15,  
32 of this act] *State Treasurer after consultation with the Directors*  
33 *of the Divisions of Investment and Pensions and the actuary of the*  
34 *System.*

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

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

41 (12) "Pension" shall mean payments for life derived from con-  
42 tributions by the employer.

43 (13) "Retirement allowance" shall mean the pension plus the  
44 annuity.

45 (14) "Earnable compensation" shall mean the full rate of the  
46 salary that would be payable to an employee if he worked the full  
47 normal working time for his position. In cases where salary in-  
48 cludes maintenance, the retirement system shall fix the value of that  
49 part of the salary not paid in money which shall be considered under  
50 this act.

50A (15) "Average final compensation" shall mean the average an-  
51 nual salary upon which contributions are made for the 5 years of  
52 creditable service immediately preceding his retirement or it shall  
53 mean the average annual salary for which contributions are made  
54 during any 5 fiscal years of his or her membership providing the  
55 largest possible benefit to the member or his beneficiary.

56 (16) "Retirement" shall mean withdrawal from active service  
57 with a retirement allowance granted under the provisions of this  
58 act.

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

63A (18) "Pension reserve" shall mean the present value of all pay-  
64 ments to be made on account of any pension or benefit in lieu of  
65 any pension computed upon the basis of such mortality tables  
66 recommended by the actuary as shall be adopted by the board of  
67 trustees, and regular interest.

68-69 (19) "Actuarial equivalent" shall mean a benefit of equal value  
70 when computed upon the basis of such mortality tables recom-

71 mended by the actuary as shall be adopted by the board of trustees,  
72 and regular interest.

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

75 (21) "Child" shall mean a deceased member's unmarried child  
76 either (a) under the age of 18 or (b) of any age who, at the time  
77 of the member's death, is disabled because of mental retardation  
78 or physical incapacity, is unable to do any substantial, gainful work  
79 because of the impairment and his impairment has lasted or can be  
80 expected to last for a continuous period of not less than 12 months,  
81 as affirmed by the medical board.

82 (22) "Dependent parent" shall mean the parent of a member  
83 who was receiving at least  $\frac{1}{2}$  of his support from the member in  
84 the 12-month period immediately preceding the member's death.  
85 The dependency of such a parent will be considered terminated by  
86 marriage of the parent subsequent to the death of the member.

87 (23) "Dependent widower" shall mean the man to whom a mem-  
88 ber was married at least 5 years before the date of her death and to  
89 whom she continued to be married until the date of her death and  
90 who was receiving at least  $\frac{1}{2}$  of his support from the member in the  
91 12-month period immediately preceding the member's death. The  
92 dependency of such a widower will be considered terminated by  
93 marriage of the widower subsequent to the death of the member.  
94 In the event of the payment of an accidental death benefit, the  
94A 5-year qualification shall be waived.

95 (24) "Widow" shall mean the woman to whom a member was  
96 married at least 5 years before the date of his death and to whom  
97 he continued to be married until the date of his death and who has  
98 not remarried subsequent to the member's death. In the event of  
99 the payment of an accidental death benefit, the 5-year qualification  
100 shall be waived.

1 10. Section 13 of P. L. 1944, chapter 255 (C. 43:16A-13) is  
2 amended to read as follows:

3 13. (1) Subject to the provisions of chapter 70 of the laws of  
4 1955, the general responsibility for the proper operation of the re-  
5 tirement system and for making effective the provisions of this  
6 act are hereby vested in a board of trustees.

7 (2) The board shall consist of nine trustees as follows:

8 (a) Four members to be appointed by the Governor, who shall  
9 serve at the pleasure of the Governor and until their successors are  
10 appointed and who shall be private citizens of the State of New  
11 Jersey who are neither an officer thereof nor a member of any police  
12 or fire department thereof.

13 (b) The State Treasurer, *ex officio*.

14 (c) Two policemen and two firemen who shall be members of the  
15 system and who shall be elected by the members of the system for  
16 a term of 4 years according to such rules and regulations as the  
17 board of trustees shall adopt to govern such election; provided,  
18 however, that the elections conducted for the terms commencing  
19 July 1, 1964 shall provide for the election of two firemen representa-  
20 tives, the candidate receiving the highest number of votes to be  
21 elected for a 4-year term and the candidate receiving the next  
22 highest number of votes to be elected for a 2-year term, and pro-  
23 vided further, the elections conducted for the terms commencing  
24 July 1, 1966 shall provide for the election of two policemen repre-  
25 sentatives, the candidate receiving the highest number of votes to  
26 be elected for a 4-year term and the candidate receiving the next  
27 highest number of votes to be elected for a 2-year term. At each  
28 election thereafter, one policeman representative and one fireman  
29 representative shall be elected for a 4-year term.

30 (3) Each trustee shall, after his appointment or election, take  
31 an oath of office that, so far as it devolves upon him he will dili-  
32 gently and honestly administer the affairs of the said board, and  
33 that he will not knowingly violate or willingly permit to be violated  
34 any of the provisions of the law applicable to the retirement system.  
35 Such oath shall be subscribed by the member making it, and certified  
36 by the officer before whom it is taken, and immediately filed in the  
37 office of the Secretary of State.

38 (4) If a vacancy occurs in the office of a trustee, the vacancy shall  
39 be filled for the unexpired term in the same manner as the office  
40 was previously filled.

41 (5) The trustees shall serve without compensation, but they shall  
42 be reimbursed for all necessary expenses that they may incur  
43 through service on the board.

44 (6) Each trustee shall be entitled to one vote in the board. Five  
45 trustees must be present at any meeting of said board for the  
46 transaction of its business.

47 (7) Subject to the limitations of this act, the board of trustees  
48 shall, from time to time, establish rules and regulations for the  
49 administration of the funds created by this act and for the transac-  
50 tion of its business.

51 (8) The board of trustees shall elect from its membership a  
52 chairman. The Chief of the Bureau of Police and Fire Funds of  
53 the Division of Pensions of the State Department of the Treasury  
54 shall be the secretary of the board. The administration of the pro-



55 gram shall be performed by the personnel of the Division of  
56 Pensions.

57 (9) The board of trustees shall keep a record of all of its pro-  
58 ceedings which shall be open to public inspection. It shall publish  
59 annually a report showing the fiscal transactions of the retirement  
60 system for the preceding year, the amount of the accumulated cash  
61 and securities of the system, and the last balance sheet showing the  
62 financial condition of the system by means of an actuarial valuation  
63 of the assets and liabilities of the retirement system.

64 (10) The Attorney General of the State of New Jersey shall be  
65 the legal advisor of the board of trustees.

66 (11) The board of trustees shall designate a medical board to be  
67 composed of three physicians as the board shall designate who are  
68 not eligible to participate in the retirement system. If required,  
69 other physicians may be employed to report on special cases. The  
70 medical board shall pass upon all medical examinations required  
71 under the provisions of this act, shall investigate all essential state-  
72 ments and certificates by or on behalf of a member in connection  
73 with an application for disability retirement, and shall report in  
74 writing to the board of trustees its conclusions and recommenda-  
75 tions upon all matters referred to it.

76 (12) The [board of trustees shall designate an actuary who]  
77 *actuary of the system shall be designated by the State Treasurer*  
78 *after consultation with the Director of the Division of Pensions. He*  
79 shall be the technical advisor of the board of trustees on matters  
80 regarding the operation of the funds created by the provisions of  
81 this act, and shall perform such other duties as are required in  
82 connection therewith.

83 (13) The actuary shall prepare and submit to the board of trus-  
84 tees the mortality and service tables which he recommends to the  
85 board for adoption and the board shall adopt for the retirement  
86 system such mortality and service tables as shall be deemed neces-  
87 sary, and shall certify the rates of contributions payable under  
88 the provisions of this act. At least once in each 5-year period fol-  
89 lowing the establishment of the system, the actuary shall make an  
90 actuarial investigation into the mortality, service and compensa-  
91 tion experience of the members and beneficiaries of the retirement  
92 system, and, taking into account the result of such investigation,  
93 the board of trustees shall adopt for the retirement system such  
94 mortality, service and other tables as shall be deemed necessary  
95 and shall certify the rates of contribution payable under the pro-  
96 visions of this act.

97 (14) [The board of trustees from time to time shall set the rate  
98 of regular interest at such per centum rate compounded annually  
99 as shall be determined by the board with the advice of the actuary  
100 to be equitable both to members and to the taxpayers of the State,  
101 such rate to be limited to a minimum of 2% and a maximum of 4%,  
102 with the rate of 3% applicable until changed by the board.]

103 *(Deleted by amendment.)*

104 (15) On the basis of such tables recommended by the actuary  
105 as the board of trustees shall adopt and regular interest, the ac-  
106 tuary shall make an annual valuation of the assets and liabilities  
107 of the funds of the system created by this act.

108 (16) The various funds created by this act shall be subject to  
109 the supervision of the Department of [Banking and] Insurance of  
110 the State of New Jersey.

111 (17) Each policeman or fireman member of the board of trustees  
112 shall be entitled to time off from his municipal or county duty, with  
113 pay, during the periods of his attendance upon regular or special  
114 meetings of the boards of trustees or its duly appointed committees,  
115 and such time off shall include reasonable travel time required in  
116 connection therewith.

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

3 14. (1) The board of trustees shall [have control and manage-  
4 ment of the several funds created by section 15 of this act. The  
5 board of trustees may invest and reinvest such funds in the bonds  
6 or obligations of the United States of America; or of the State of  
7 New Jersey; or of any municipality wherein the school district  
8 is authorized to issue bonds for school purposes wherein the net  
9 indebtedness does not exceed 7% of the average of the next three  
10 preceding valuations of taxable real property (including improve-  
11 ments); or of a municipality wherein the indebtedness created for  
12 school purposes is issued by the municipality, the total net indebted-  
13 ness (including the school debt) does not exceed 13% of the average  
14 of the next three preceding valuations of taxable real property  
15 (including improvements); or of a school district that finances its  
16 capital improvements by issuing school district bonds, in which  
17 the net indebtedness does not exceed 6% of the average of the next  
18 three preceding valuations of taxable real property (including  
19 improvements); or of a county wherein the net indebtedness does  
20 not exceed 4% of the average of the next three preceding valua-  
21 tions of taxable real property (including improvements). Net  
22 indebtedness, as used in this section, shall mean the net indebted-  
23 ness as defined by sections 40:1-75 to 40:1-81, inclusive, of the

24 Revised Statutes] *be and are hereby constituted trustees of the*  
25 *various funds and accounts established by this act; provided,*  
26 *however, that all functions, powers and duties relating to the invest-*  
27 *ment or reinvestment of moneys of, and purchase, sale or exchange*  
28 *of any investments or securities, of or for any fund or account*  
29 *established under this act, shall be exercised and performed by the*  
30 *director of the Division of Investment in accordance with the*  
31 *provisions of chapter 270, of the laws of 1950. The secretary of*  
32 *the board of trustees shall determine from time to time the cash*  
33 *requirements of the various funds and accounts established by this*  
34 *act and the amount available for investment, all of which shall be*  
35 *certified to the Director of the Division of Investment.*

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

40 (2) The Treasurer of the State of New Jersey shall be the custo-  
41 dian of the several funds *created by this act, shall select all deposi-*  
42 *tories and custodians and shall negotiate and execute custody agree-*  
43 *ments in connection with the assets or investments of any of said*  
44 *funds. All payments from said funds shall be made by him only upon*  
45 *vouchers signed by [two persons designated by the board of trustees.*  
46 *A duly attested copy of a resolution of the board of trustees desig-*  
47 *nating such persons and bearing on its face specimen signatures of*  
48 *such persons shall be filed with the treasurer as his authority for*  
49 *making payments upon such vouchers. No voucher shall be drawn*  
50 *unless it has previously been authorized by resolution of the board*  
51 *of trustees] the chairman and countersigned by the secretary of the*  
52 *board of trustees. No voucher shall be drawn, except upon the*  
53 *authority of the board duly entered in the records of its proceedings.*

54 (3) [For the purpose of meeting disbursements for pensions,  
55 annuities, and other payments there may be kept available cash,  
56 not exceeding 10% of the total amount in the several funds of the  
57 retirement system on deposit in one or more banks or trust com-  
58 panies of the State of New Jersey, organized under the laws of  
59 the State of New Jersey, or of the United States; provided, that  
60 the sum on deposit in any one bank or trust company shall not  
61 exceed 25% of the paid-up capital and surplus of such bank or  
62 trust company.] *(Deleted by amendment.)*

63 (4) Except as otherwise herein provided, no trustee and no  
64 employee of the board of trustees shall have any direct interest  
65 in the gains or profits of any investments [made by the board] of  
66 [trustees] *the retirement system; nor shall any trustee or em-*

67 ployee of the board directly or indirectly, for himself or as an  
68 agent in any manner use the moneys of the retirement system,  
69 except to make such current and necessary payments as are  
70 authorized by the board of trustees; nor shall any trustee or em-  
71 ployee of the board of trustees become an endorser or surety, or  
72 in any manner an obligor for moneys loaned to or borrowed from  
73 the [board of trustees] *retirement system*.

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

3 3. As used in this act:

4 a. "Aggregate contributions" means the sum of all the amounts,  
5 deducted from the salary of a member or contributed by him stand-  
6 ing to the credit of his individual account in the Annuity Savings  
7 Fund. Interest credited on contributions to the former "State  
8 Police Retirement and Benevolent Fund" shall be included in a  
9 member's aggregate contributions.

10 b. "Annuity" means payments for life derived from the aggre-  
11 gate contributions of a member. All annuities shall be paid in equal  
12 monthly installments.

13 c. "Annuity reserve" means the present value of all payments  
14 to be made on account of any annuity or benefit in lieu of an an-  
15 nuity, computed upon the basis of such mortality tables as the board  
16 of trustees adopts and regular interest.

17 d. "Beneficiary" means any person entitled to receive any bene-  
18 fit pursuant to the provisions of this act by reason of the death of a  
19 member or retirant.

20 e. "Board of trustees" or "board" means the board provided  
21 by this act to administer this retirement system.

22 f. "Child" shall mean a deceased member's unmarried child  
23 either (a) under the age of 18 or (b) of any age who, at the time  
24 of the member's death, is disabled because of mental retardation  
25 or physical incapacity, is unable to do any substantial, gainful work  
26 because of the impairment and his impairment has lasted or can be  
27 expected to last for a continuous period of not less than 12 months,  
28 as affirmed by the medical board.

29 g. "Creditable service" means service rendered for which credit  
30 is allowed on the basis of contributions made by the member or  
31 the State.

32 h. "Dependent parent" means the parent of a member who was  
33 receiving at least  $\frac{1}{2}$  of his support from the member in the 12-  
34 month period immediately preceding the member's death. The  
35 dependency of such a parent will be considered terminated by  
36 marriage of the parent subsequent to the death of the member.

37 i. "Final compensation" means the average compensation re-  
38 ceived by the member in the last 12 months of creditable service  
39 preceding his retirement or death. Such term includes the value  
40 of the member's maintenance allowance for this same period.

41 j. "Final salary" means the average salary received by the mem-  
42 ber in the last 12 months of creditable service preceding his retire-  
43 ment or death. Such term shall not include the value of the mem-  
44 ber's maintenance allowance.

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

47 l. "Medical board" means the board of physicians provided for  
48 in this act.

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

53 n. "Pension" means payment for life derived from contributions  
54 by the State. All pensions shall be paid in equal monthly install-  
55 ments.

56 o. "Pension reserve" means the present value of all payments to  
57 be made on account of any pension or benefit in lieu of any pension  
58 computed on the basis of such mortality tables as shall be adopted  
59 by the board of trustees and regular interest.

60 p. "Regular interest" means interest as determined [from time  
61 to time] *annually* by the [board of trustees. The regular interest  
62 rate shall be limited to a minimum of 3% and a maximum of 4%  
63 per annum] *State Treasurer after consultation with the Directors*  
64 *of the Divisions of Investment and Pensions and the actuary of the*  
65 *system.*

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

68 r. "Retirement allowance" means the sum of the pension and  
69 the annuity. All retirement allowances shall be paid in equal  
70 monthly installments.

71 s. "State Police Retirement System of New Jersey," herein  
72 also referred to as the "retirement system," is the corporate  
73 name of the arrangement for the payment of retirement allow-  
74 ances and of the benefits under the provisions of this act and for  
75 the system including the several funds created and placed under  
76 the management of the board of trustees of said system. By that  
77 name, all of its business shall be transacted, its funds invested,  
78 warrants for moneys drawn, and payments made and all of its cash  
78A and securities and other property held. All assets held in the name

79 of the former "State Police Retirement and Benevolent Fund"  
80 shall be transferred to the retirement system established by this act.

81 t. "Widow" means the woman to whom a member was married  
82 before he attained 50 years of age and to whom he continued to  
83 be married until the date of his death and who has not remarried  
84 subsequent to the member's death.

1 13. Section 30 of P. L. 1965, chapter 89 (C. 53:5A-30) is amended  
2 to read as follows:

3 30. a. **[The]** *Subject to the provisions of chapter 70*  
4 *of the laws of 1955, the general responsibility for the proper opera-*  
5 *tion of the retirement system is hereby vested in the board of trus-*  
6 *tees [which shall be organized immediately after three of the*  
7 *trustees provided for in this section have qualified and taken the*  
8 *oath of office].*

9 b. The board shall consist of five trustees as follows:

10 (1) Two active members of the system who shall be appointed by  
11 the Superintendent of State Police, who shall serve at the pleasure  
12 of the superintendent and until their successors are appointed and  
13 one of whom shall be a commissioned officer of the Division of  
14 State Police.

15 (2) Two members to be appointed by the Governor, who shall  
16 serve at the pleasure of the Governor and until their successors  
17 are appointed and who shall be private citizens of the State of New  
18 Jersey.

19 (3) The State Treasurer, ex officio. The Deputy State Treasurer,  
20 when designated for that purpose by the State Treasurer, may sit  
21 as a member of the board of trustees and when so sitting shall have  
22 all the powers and shall perform all the duties vested by this act  
23 in the State Treasurer.

24 c. Each trustee shall, after his appointment or election, take an  
25 oath of office that, so far as it devolves upon him, he will diligently  
26 and honestly fulfill his duties as a board member, that he will not  
27 knowingly violate or permit to be violated any of the provisions of  
28 the law applicable to the retirement system. Such oath shall be sub-  
29 scribed by the member taking it, and certified by the official before  
30 before whom it is taken, and immediately filed in the office of the  
31 Secretary of State.

32 d. If a vacancy occurs in the office of a trustee, the vacancy shall  
33 be filled for the unexpired term in the same manner as the office  
34 was previously filled.

35 e. The trustees shall serve without compensation, but they shall  
36 be reimbursed by the State for all necessary expenses that they  
37 may incur through service on the board. No employee member shall

38 suffer loss of salary through the serving on the board.

39 f. Except as otherwise herein provided, no member of the board  
40 of trustees shall have any direct interest in the gains or profits  
41 of any investments of the retirement system; nor shall any member  
42 of the board of trustees directly or indirectly, for himself or as an  
43 agent in any manner use the moneys of the retirement system, ex-  
44 cept to make such current and necessary payments as are autho-  
45 rized by the board of trustees; nor shall any member of the board  
46 of trustees become an endorser or surety, or in any manner an  
47 obligor for moneys loaned to or borrowed from the retirement  
48 system.

49 g. Each trustee shall be entitled to one vote in the board. A  
50 majority vote of all trustees shall be necessary for any decision  
51 by the trustees at any meeting of said board.

52 h. Subject to the limitations of this act, the board of trustees  
53 shall, from time to time, establish rules and regulations for the  
54 administration of the funds created by this act and for the trans-  
55 action of its business.

56 i. The [board shall designate an actuary who] *actuary of the*  
57 *system shall be designated by the State Treasurer after consul-*  
58 *tation with the Director of the Division of Pensions. He shall be*  
59 *the technical adviser of the board on matters regarding the opera-*  
60 *tion of the funds created by the provisions of this act and shall*  
61 *perform such other duties as are required in connection herewith.*

62 j. The Attorney General shall be the legal adviser of the retire-  
63 ment system.

64 k. The Chief of the Bureau of Police and Fire Funds of the Divi-  
65 sion of Pensions of the State Department of the Treasury shall be  
66 the secretary of the board.

67 l. The board of trustees shall keep a record of all of its pro-  
68 ceedings which shall be open to public inspection. It shall publish  
69 annually a report showing the fiscal transactions of the retirement  
70 system for the preceding year, the amount of the accumulated cash  
71 and securities of the system and the last balance sheet showing the  
72 financial condition of the system by means of an actuarial valuation  
73 of the assets and liabilities of the retirement system.

74 m. The board of trustees shall designate a medical board to be  
75 composed of three physicians. As required, other physicians may  
76 be employed to examine members where medical evidence is pre-  
77 scribed. The medical board shall pass on all medical examinations  
78 required under the provisions of this act, and shall report in writing  
79 to the board of trustees its conclusions and recommendations upon  
80 all matters referred to it.

81 n. The various funds created by this act shall be subject to the  
82 supervision of the Department of [Banking and] Insurance of the  
83 State of New Jersey.

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

3 31. a. The board of trustees shall be and are hereby constituted  
4 trustees of all the various funds established by this act except the  
5 group insurance premium fund; provided, however, that all func-  
6 tions, powers, and duties relating to the investment or reinvestment  
7 moneys of, and purchase, sale, or exchange of any investments  
8 or securities, of or for any fund established under this act, shall be  
9 exercised and performed by the Director of the Division of Invest-  
10 ment in accordance with the provisions of chapter 270, P. L. 1950, as  
11 amended and supplemented.

12 [Before any such investment, reinvestment, purchase, sale or ex-  
13 change shall be made by said director for or on behalf of the board  
14 of trustees, the Director of the Division of Investment shall sub-  
15 mit the details thereof to such board of trustees, which shall, itself  
16 or by its finance committee, within 48 hours, exclusive of Sundays  
17 and public holidays, after such submission to it, file with the direc-  
18 tor its written acceptance or rejection of such proposed investment,  
19 reinvestment, purchase, sale or exchange; and the director shall  
20 have authority to make such investment, reinvestment, purchase,  
21 sale or exchange for or on behalf of such board of trustees, unless  
22 there shall have been filed with him a written rejection thereof  
23 by such board of trustees or its finance committee as herein pro-  
24 vided.]

25 b. The secretary of the board shall determine from time to time  
26 the cash requirements of the various funds established by this act  
27 and the amount available for investment, all of which shall be  
28 certified to the [State Treasurer and the] Director of the Division  
29 of Investment.

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

34 The finance committee of the board of trustees shall be appointed  
35 on or before July 1 of each calendar year by the chairman of the  
36 board of trustees to serve through June 30 of the ensuing calendar  
37 year and until their successors are appointed. The finance com-  
38 mittee of the board of trustees shall consist of three members of  
39 the board of trustees, one of whom shall be the State Treasurer.



40 d. The Treasurer of the State of New Jersey shall be the cus-  
 41 todian of the several funds. All payments from said funds shall be  
 42 made by him only upon vouchers signed by the secretary and the  
 43 chairman of the board of trustees. A duly attested copy of the reso-  
 44 lution of the board of trustees designating the chairman and bearing  
 45 on its face specimen signatures of the chairman and the secretary  
 46 shall be filed with the treasurer as his authority for making pay-  
 47 ments upon such vouchers.

48 e. The administration of the program shall be performed by the  
 49 personnel of the Division of Pensions of the State Department of  
 50 the Treasury and the costs of administration shall be borne by the  
 51 State.

1 15. Section 7 of P. L. 1952, chapter 358 (C. 43:16-6.2) is amended  
 2 to read as follows:

3 7. On July 1, 1952, and in each succeeding year, or, when July 1  
 4 is a legal holiday, upon the first business day thereafter, the mem-  
 5 bers of the commission shall meet in annual meeting at which a  
 6 chairman shall be elected from the membership thereof, and a  
 7 suitable person, who need not be a member of said commission, shall  
 8 be appointed by a majority vote of said members as secretary  
 9 thereof. The commission shall employ such actuarial and other  
 10 services, including medical, as may be required for the transaction  
 11 of its business in the administration of the pension fund committed  
 12 to its charge. The compensation of all persons employed by the  
 13 commission and all other expenses thereof necessary for the opera-  
 14 tion of the pension system and the administration of the funds  
 15 consolidated by this chapter, shall be paid at such rates and in such  
 16 amounts as the commission shall approve. The commission shall  
 17 keep, in convenient form, such data as may be necessary for the  
 18 actuarial evaluation of the fund committed to its charge and to  
 19 serve as a record of its experience in the administration of the  
 20 pension system dependent upon such fund. A record shall be kept  
 21 of all proceedings of the commission, which shall be open to public  
 22 inspection. The Attorney General shall act as the legal adviser of  
 23 the commission. The [commission shall select and appoint an actu-  
 24 ary, who] *actuary of the fund shall be designated by the State*  
 25 *Treasurer after consultation with the Director of the Division of*  
 26 *Pensions. He shall be the technical adviser of the commission on*  
 27 *all matters regarding the operation of the pension fund not other-*  
 28 *wise prescribed by law.*

2 to read as follows:

1 16. Section 12 of P. L. 1944, chapter 253 (C. 43:16-17) is amended

3 12. The following words and phrases as used in this act, unless  
4 a different meaning is plainly required by the context, shall have  
5 the following meaning:

6 (1) "Member" shall mean a person who on the effective date  
7 of the act of which this act is amendatory, that is on July 1, 1944,  
8 was a member of a municipal police department or paid or part-  
9 paid fire department or county police department or a paid or  
10 part-paid fire department of a fire district located in a township  
11 and who has contributed to the pension fund established under  
12 chapter 16 of Title 43 of the Revised Statutes and shall hereafter  
13 contribute to said fund.

14 (2) "Active member" shall mean any "member" who is a po-  
15 liceman, fireman, detective, lineman, driver of police van, fire alarm  
16 operator or inspector of combustibles and who is subject to call  
17 for active service or duty as such.

18 (3) "Employee member" shall mean any "member" who is not  
19 subject to call for active service or duty as a policeman, fireman,  
20 detective, lineman, driver of police van, fire alarm operator or  
21 inspector of combustibles.

22 (4) "Commission" shall mean the board having control of the  
23 fund and the administration of this act.

24 (5) "Physician or surgeon" shall mean the surgeon or surgeons,  
25 physician or physicians who shall be called upon to determine the  
26 disability of members as provided by this act.

27 (6) "Employer" shall mean the county, municipality or agency  
28 thereof, by which a member is employed.

29 (7) "Service" shall mean service rendered while a member is  
30 employed by a municipal police department, paid or part-paid fire  
31 department, county police department or paid or part-paid fire  
32 department of a fire district located in a township prior to the effec-  
33 tive date of this act for such service to such departments thereafter.

34 (8) "Pension" shall mean the amount payable to a member or  
35 his beneficiary under the provisions of this act.

36 (9) "Average salary" shall mean the average salary paid dur-  
37 ing the last 3 years of a member's service, or in the event he has  
38 been employed for less than 3 years, the average pay he received  
39 during the time he was employed.

40 (10) "Beneficiary" shall mean any person or persons, other  
41 than a member, receiving or entitled to receive a pension or benefit  
42 as provided by this act.

43 (11) "Dependent parent" shall mean the parent of a member  
44 who was receiving at least  $\frac{1}{2}$  of his support from the member in  
45 the 12-month period immediately preceding the member's death.

46 The dependency of such a parent will be considered terminated by  
47 marriage of the parent subsequent to the death of the member.

48 (12) "County police" shall mean all police officers having su-  
49 pervision or regulation of traffic upon county roads.

50 (13) "Dependent widower" shall mean the man to whom a mem-  
51 ber was married before the date of her retirement or at least 5  
52 years before the date of her death and to whom she continued to  
53 be married until the date of her death and who was receiving at  
54 least  $\frac{1}{2}$  of his support from the member in the 12-month period  
55 immediately preceding the member's death. The dependency of  
56 such a widower will be considered terminated by marriage of the  
57 widower subsequent to the death of the member.

58 (14) "Widow" shall mean the woman to whom a member was  
59 married before the date of his retirement or at least 5 years before  
60 the date of his death and to whom he continued to be married until  
61 the date of his death and who has not remarried subsequent to  
62 the member's death.

63 (15) "Child" shall mean a deceased member's unmarried child  
64 either (a) under the age of 18 or (b) of any age who, at the time  
65 of the member's death, is disabled because of mental retardation  
66 or physical incapacity, is unable to do any substantial, gainful work  
67 because of the impairment and his impairment has lasted or can  
68 be expected to last for a continuous period of not less than 12 months,  
69 as affirmed by the examining physicians of the fund.

70 (16) "*Regular interest*" shall mean interest as determined an-  
71 nually by the State Treasurer after consultation with the Directors  
72 of the Divisions of Investment and Pensions and the actuary of the  
73 fund, as such will be considered by the actuary in determining the  
74 liabilities of the fund.

1 17. Section 7 of P. L. 1950, chapter 270 (C. 52:18A-85) is  
2 amended to read as follows:

3 7. The functions, powers and duties vested by law in the follow-  
4 ing enumerated agencies:

5 The Board of Trustees of the Public Employees' Retirement  
6 System; the Board of Trustees of the State Police Retirement  
7 System; the Prison Officers' Pension Commission; the Board of  
8 Trustees of the Teachers' Pension and Annuity Fund; the Board  
9 of Trustees of the Police and Firemen's Retirement System of New  
10 Jersey; and the Consolidated Police and Firemen's Pension Fund  
11 Commission; of, or relating to, investment or reinvestment of  
12 moneys of, and purchase, sale or exchange of any investments or  
13 securities of or for any funds or accounts under the control and  
14 management of such agencies, are hereby transferred to and shall

15 be exercised and performed for such agencies by the Director of  
 16 the Division of Investment established hereunder【; provided,  
 17 however, that before any such investment, reinvestment, purchase,  
 18 sale or exchange may be made by said director for or on behalf of  
 19 any such agency, he shall submit the details thereof to such agency,  
 20 which shall, within 48 hours, exclusive of Sundays and public  
 21 holidays, after such submission to it, file with the director its written  
 22 acceptance or rejection of such proposed investment, reinvestment,  
 23 purchase, sale or exchange, and the director shall have authority  
 24 to make such investment, reinvestment, purchase, sale or exchange  
 25 for or on behalf of such agency unless there shall have been filed  
 26 with him a written rejection thereof by such agency as herein  
 27 provided】.

1 18. Section 1 of P. L. 1959, chapter 17 (C. 52:18A-88.1) is  
 2 amended to read as follows:

3 1. The Director of the Division of Investment, in addition to  
 4 other investments, presently or from time to time hereafter  
 5 authorized by law, shall have authority【, subject to any acceptance  
 6 required,】 to invest and reinvest the moneys in, and to acquire  
 7 for or on behalf of the funds of the following enumerated agencies:

8 The Consolidated Police and Firemen's Pension Fund  
 9 Commission;

10 The Police and Firemen's Retirement System of New Jersey;

11 The Prison Officers' Pension Fund Commission;

12 The Public Employees' Retirement System of New Jersey;

13 The State Police Retirement 【and Benevolent Fund】  
 14 System; and

15 The Teachers' Pension and Annuity Fund;

16 such bonds or other evidences of indebtedness or capital stock or  
 17 other securities issued by any company incorporated within the  
 18 United States or within the Dominion of Canada, which shall be  
 19 authorized or approved for investment by regulation of the State  
 20 Investment Council and in which life insurance companies organized  
 21 under the laws of this State may legally invest, provided that the  
 22 book value of the total investment in common and preferred stock  
 23 for any one such fund does not exceed 15% of the book value of  
 24 such fund, except that not more than 10% of the book value of  
 25 any such fund shall be invested in common stock.

1 19. Section 4 of P. L. 1955, chapter 70 (C. 52:18A-98) is amended  
 2 to read as follows:

3 4. The authority, vested pursuant to any law in any of the respec-  
 4 tive agencies 【enumerated in section 2 hereof】, to appoint, employ  
 5 or remove administrative, clerical or any other personnel, 【except

6 the secretary and actuary of each of said agencies,] is hereby  
7 transferred to and vested in the State Treasurer. The State  
8 Treasurer shall fix the compensation and duties of persons ap-  
9 pointed or employed by him. [The secretary and actuary of each  
10 of said agencies shall continue to be appointed in accordance with  
11 existing law.]

1 20. This act shall take effect immediately.

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#### STATEMENT

This bill provides that: (a) the annual determination of the regular interest rate of the five major public employee retirement systems shall be made by the State Treasurer after consultation with the Directors of the Divisions of Investment and Pensions and the actuary of the particular system;

(b) The actuary of each system shall be designated by the State Treasurer after consultation with the Director of the Division of Pensions; and

(c) The investment of the funds of each of the systems shall be made on a purely professional basis in accordance with the recommendations of the Report of the Governor's Committee on Efficiency and Economy in Government.

Henceforth, the responsibility for determining the interest rate and the management of invested funds will be assigned to persons with expertise in forecasting pension fund investment trends and the actuary of each system will be designated in the same manner as are all persons rendering professional services to the State.

All other amendments to the statutes are designed to make the language of the several statutes uniform and thereby provide for the uniform administration of these retirement programs.

ASSEMBLY AMENDMENTS TO  
**ASSEMBLY, No. 966**

—◆—  
**STATE OF NEW JERSEY**  
—◆—

ADOPTED MAY 11, 1970

Amend page 2, section 1, line 49, add the following sentence: "It shall bear a reasonable relationship to the percentage rate of earnings on investments but shall not exceed 105% of such percentage rate."

Amend page 4, section 2, line 9, insert " , subject to veto by the board for valid reason", after "Pensions".

Amend page 7, section 5, line 52, add the following sentence: "It shall bear a reasonable relationship to the percentage rate of earnings on investments but shall not exceed 105% of such percentage rate."

Amend page 10, section 6, line 8, insert " , subject to veto by the board for valid reason", after "Pensions".

Amend page 13, section 9, line 34, add the following sentence: "It shall bear a reasonable relationship to the percentage rate of earnings on investments but shall not exceed 105% of such percentage rate."

Amend page 16, section 10, line 78, insert " , subject to veto by the board for valid reason", after "Pensions".

Amend page 20, section 12, line 65, add the following sentence: "It shall bear a reasonable relationship to the percentage rate of earnings on investments but shall not exceed 105% of such percentage rate."

Amend page 22, section 13, line 58, insert " , subject to veto by the board for valid reason", after "Pensions".

Amend page 24, section 15, line 26, insert " , subject to veto by the commission for valid reason", after "Pensions".

Amend page 26, section 16, line 74, add the following sentence: "It shall bear a reasonable relationship to the percentage rate of earnings on investments but shall not exceed 105% of such percentage rate."

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FISCAL NOTE TO  
**ASSEMBLY, No. 966**

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**STATE OF NEW JERSEY**

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DATED: MAY 11, 1970

Assembly Bill No. 966, 1970, prescribes the method of investing the public employees' pension funds of the five State retirement programs.

The Treasury Department estimates that enactment of this legislation would bring about savings to the State in fiscal 1971-72 of \$17,600,000.00 and to local governments of \$9,800,000.00. An increase in the earnings of the respective systems could permit an increase in the interest rate assumption and thereby achieve additional savings beyond what is projected for fiscal 1971-72.

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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.

CHAPTER 57 LAWS OF N. J. 1970

APPROVED 5/18/70

[OFFICIAL COPY REPRINT]

ASSEMBLY No. 966

STATE OF NEW JERSEY

INTRODUCED APRIL 23, 1970

By Assemblymen DE KORTE and PARKER

Referred to Committee on State Government

AN ACT concerning pensions and the investment of pension funds  
and revising parts of the statutory law.

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

1 1. Section 6 of P. L. 1954, chapter 84 (C. 43:15A-6) is amended  
2 to read as follows:

3 6. As used in this act:

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

8 b. "Annuity" means payments for life derived from contribu-  
9 tions made by a member as provided in this act.

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

15 d. "Beneficiary" means any person receiving a retirement allow-  
16 ance or other benefit as provided in this act.

17 e. "Final compensation" means the average annual compensa-  
18 tion for which contributions are made for the 5 years of creditable  
19 service in New Jersey immediately preceding his retirement, or it  
20 shall mean the average annual compensation for which contribu-  
21 tions are made during any 5 fiscal years of his or her membership  
22 providing the largest possible benefit to the member or his  
23 beneficiary.

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

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



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

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

35 i. "Public Employees' Retirement System of New Jersey,"  
36 hereinafter referred to as the "retirement system," is the corporate  
37 name of the arrangement for the payment of retirement allowances  
38 and other benefits under the provisions of this act and for the  
39 system including the several funds created and placed under the  
40 board of trustees of said system. By that name all of its business  
41 shall be transacted, its funds invested, warrants for money drawn  
42 and payments made and all of its cash and securities and other  
43 property held.

44 j. "Regular interest" shall mean interest as determined [from  
45 time to time] *annually* by the [board of trustees. The regular  
46 interest rate shall be limited to a minimum of 3% and a maximum  
47 of 4%] *State Treasurer after consultation with the Directors of the*  
48 *Divisions of Investment and Pensions and the actuary of the*  
49 *system. \*It shall bear a reasonable relationship to the percentage*  
49A *rate of earnings on investments but shall not exceed 105% of such*  
49B *percentage rate.\**

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

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

66 board of trustees evidence of such record of service in form and  
67 content satisfactory to said board of trustees:

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

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

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

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

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

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

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

84 (8) The Mexican border patrol, having actually participated in  
85 engagements against Mexicans between April 12, 1911, and June  
86 16, 1919;

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

88 (10) World War II, between September 16, 1940, and September  
89 2, 1945, who shall have served at least 90 days in such active service,  
90 exclusive of any period he was assigned (1) for a course of educa-  
91 tion or training under the Army specialized training program or  
92 the Navy college training program which course was a continuation  
93 of his civilian course and was pursued to completion, or (2) as a  
94 cadet or midshipman at one of the service academies any part of  
95 which 90 days was served between said dates; provided, that any  
96 person receiving an actual service incurred injury or disability  
97 shall be classed as a veteran whether or not he has completed the  
98 90-day service as herein provided.

99 (11) Korean Conflict after June 23, 1950, and prior to July 27,  
100 1953, who shall have served at least 90 days in such active service,  
101 exclusive of any period he was assigned (1) for a course of educa-  
102 tion or training under the Army specialized training program or  
103 the Navy college training program which course was a continuation  
104 of his civilian course and was pursued to completion, or (2) as a  
105 cadet or midshipman at one of the service academies, any part of  
106 which 90 days was served between said dates; provided, that any  
107 person receiving an actual service incurred injury or disability shall  
108 be classed as a veteran whether or not he has completed the 90-day

109 service as herein provided, and provided further, that any member  
110 classed as a veteran pursuant to this subparagraph prior to the  
111 effective date of this amendatory act shall continue to be classed  
112 as a veteran whether or not he completed the 90-day service between  
113 said dates as herein provided.

114 (12) Vietnam Conflict after December 31, 1960, and prior to  
115 the date of termination as proclaimed by the Governor, who shall  
116 have served at least 180 days in such active service on overseas  
117 duty, exclusive of any period he was assigned (1) for a course of  
118 education or training under the Army specialized training program  
119 or the Navy college training program which course was a con-  
120 tinuation of his civilian course and was pursued to completion, or  
121 (2) as a cadet or midshipman at one of the service academies, any  
122 part of which 180 days was served between said dates ; and exclusive  
123 of any service performed pursuant to the provisions of section  
124 511(d) of Title 10 United States Code, pursuant to an enlistment  
125 in the Army National Guard or as a Reserve for service in the  
126 Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps  
127 Reserve, or Coast Guard Reserve.

1 2. Section 18 of P. L. 1954, chapter 84 (C. 43:15A-18) is amended  
2 to read as follows :

3 18. The board shall elect annually from its membership a chair-  
4 man and may also elect a vice-chairman, who shall have all the  
5 power and authority of the chairman in the event of the death,  
6 absence or disability of the chairman, **[It shall appoint an actuary.]**

7 *The actuary of the system shall be designated by the State Trea-*  
8 *surer after consultation with the Director of the Division of*  
9 *Pensions\*, subject to veto by the board for valid reason\*.*

10 The actuary shall be the technical adviser of the board on matters  
11 regarding the operation of the funds created by the provisions of  
12 this act and shall perform such other duties as are required in con-  
13 nection therewith.

14 The Attorney General shall be the legal adviser of the retirement  
15 system.

16 The chief or assistant chief of the office of secretarial services  
17 of the Division of Pensions of the State Department of the Trea-  
18 sury, shall be the secretary of the board. The chief and assistant  
19 chief of the office of secretarial services shall be in the competitive  
20 division of the State classified service. The secretary presently  
21 in office shall hold the position as assistant chief of the office of  
22 secretarial services subject to all of the provisions of Title 11 of  
23 the Revised Statutes and shall not be removed from said office  
24 except in the manner provided under the provisions of said Title

25 relating to permanent employees in the competitive division of the  
26 State classified service. The board of trustees shall select its secre-  
27 tary from among the eligible candidates.

1 3. Section 32 of P. L. 1954, chapter 84 (C. 43:15A-32) is amended  
2 to read as follows:

3 32. The board of trustees shall be and are hereby constituted  
4 trustees of the various funds and accounts established by this act;  
5 provided, however, that all functions, powers, and duties relating  
6 to the investment or reinvestment of moneys of, and purchase, sale,  
7 or exchange of any investments or securities, of or for any fund  
8 or account established under this act, shall be exercised and per-  
9 formed by the Director of the Division of Investment in accordance  
10 with the provisions of chapter 270, P. L. 1950, as amended and sup-  
11 plemented. [Before any such investment, reinvestment, purchase,  
12 sale, or exchange shall be made by said director for or on behalf  
13 of the board of trustees, the Director of the Division of Investment  
14 shall submit the details thereof to such board of trustees, which  
15 shall itself or by its finance committee, within 48 hours, exclusive  
16 of Sundays and public holidays, after such submission to it, file  
17 with the director its written acceptance or rejection of such pro-  
18 posed investment, reinvestment, purchase, sale, or exchange; and  
19 the director shall have authority to make such investment, reinvest-  
20 ment, purchase, sale, or exchange for or on behalf of such board of  
21 trustees unless there shall have been filed with him a written  
22 rejection thereof by such board of trustees or its finance committee  
23 as herein provided.] The *secretary of the* board of trustees shall  
24 determine from time to time the cash requirements of the various  
25 funds and accounts established by this act and the amount available  
26 for investment, all of which shall be certified to [by the State  
27 Treasurer and] the Director of the Division of Investment.

28 The members of the finance committee of the board of trustees  
29 shall be appointed at or after July 1 of each calendar year by the  
30 chairman of the board of trustees to serve through June 30 of the  
31 ensuing calendar year and until their successors are appointed.  
32 The finance committee of the board of trustees shall consist of five  
33 members of the board of trustees, one of whom shall be the State  
34 Treasurer, and one of whom shall be the member designated to  
35 serve on the State Investment Council. At least three members  
36 of the finance committee shall be members of the board of trustees  
37 who have been elected by members of the system. A quorum of the  
38 finance committee shall consist of three members thereof.

39 A member of the board of trustees to be designated by a majority  
40 vote thereof shall serve on the State Investment Council as a repre-

41 tentative of said board of trustees, for a term of 1 year and until  
42 his successor is elected and qualified.

1 4. Section 36 of P. L. 1954, chapter 84 (C. 43:15A-36) is amended  
2 to read as follows:

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

1 5. Section 18A:66-2 of the New Jersey Statutes is amended to  
2 read as follows:

3 18A:66-2. As used in this article:

4 a. "Accumulated deductions" means the sum of all the amounts,  
5 deducted from the compensation of a member or contributed by  
6 him or on his behalf, including interest credited prior to January  
7 1, 1956, standing to the credit of his individual account in the  
8 annuity savings fund.

9 b. "Annuity" means payments for life derived from the ac-  
10 cumulated deductions of a member as provided in this article.

11 c. "Beneficiary" means any person receiving a retirement al-  
12 lowance or other benefit as provided in this article.

13 d. "Compensation" means the contractual salary for services  
14 as a teacher as defined in this article.

15 e. "Employer" means the State, the board of education or any  
16 educational institution or agency of or within the State by which  
17 a teacher is paid.

18 f. "Final compensation" means the average annual compensa-  
19 tion for which contributions are made for the 5 years of creditable  
20 service in New Jersey immediately preceding his retirement, or  
21 it shall mean the average annual compensation for which contri-  
22 butions are made during any 5 fiscal years of his or her membership  
23 providing the largest possible benefit to the member or his bene-  
24 ficiary.

25 g. "Fiscal year" means any year commencing with July 1, and  
26 ending with June 30, next following.

27 h. "Pension" means payments for life derived from appropria-  
28 tions made by the State or employers to the Teachers' Pension  
29 and Annuity Fund.

30 i. "Annuity reserve" means the present value of all payments  
31 to be made on account of any annuity or benefit in lieu of an annuity,  
32 granted under the provisions of this article, computed on the basis  
33 of such mortality tables recommended by the actuary as the board  
34 of trustees adopts, with regular interest.

35 j. "Pension reserve" means the present value of all payments  
36 to be made on account of any pension or benefit in lieu of a pension  
37 granted to a member from the Teacher's Pension and Annuity  
38 Fund computed on the basis of such mortality tables recommended  
39 by the actuary as the board of trustees adopts, with regular in-  
40 terest.

41 k. "Present-entrant" means any member of the Teachers' Pen-  
42 sion and Annuity Fund who has established status as a "present-  
43 entrant member" of said fund prior to January 1, 1956.

44 l. "Rate of contribution initially certified" means the rate of  
45 contribution certified based upon the member's age when last he  
46 became a member.

47 m. "Regular interest" shall mean interest as determined [from  
48 time to time] *annually* by the [board of trustees with the advice  
49 of the actuary. The regular interest rate shall be limited to a  
50 minimum of 3% per annum, and a maximum of 4% per annum]  
51 *State Treasurer after consultation with the Directors of the Di-*  
52 *visions of Investment and Pensions and the actuary of the fund.*  
52A *\*It shall bear a reasonable relationship to the percentage rate of*  
52B *earnings on investments but shall not exceed 105% of such percent-*  
52C *age rate.\**

53 n. "Retirement allowance" means the pension plus the annuity.

54 o. "School service" means any service as a "teacher" as de-  
55 fined in this section.

56 p. "Teacher" means any regular teacher, special teacher, help-  
57 ing teacher, teacher clerk, principal, vice-principal, supervisor, su-  
58 pervising principal, director, superintendent, city superintendent,  
59 assistant city superintendent, county superintendent, State Com-  
60 missioner or Assistant Commissioner of Education and other mem-  
61 bers of the teaching or professional staff of any class, public  
62 school, high school, normal school, model school, training school,  
63 vocational school, truant reformatory school, or parental school,  
64 and of any and all classes or schools within the State conducted  
65 under the order and superintendence, and wholly or partly at the  
66 expense of the State Board of Education, of a duly elected or ap-

67 pointed board of education, board of school directors, or board of  
68 trustees of the State or of any school district or normal school dis-  
69 trict thereof, and any such persons under contract or engagement  
70 to perform one or more of these functions. No person shall be  
71 deemed a teacher within the meaning of this article who is a substi-  
72 tute teacher or is a teacher not regularly engaged in performing one  
73 or more of these functions as a full-time occupation outside of vaca-  
74 tion periods. In all cases of doubt the board of trustees shall deter-  
75 mine whether any person is a teacher as defined in this article.

76 q. "Teachers' Pension and Annuity Fund" hereinafter referred  
77 to as the "retirement system," is the corporate name of the ar-  
78 rangement for the payment of retirement allowances and other  
79 benefits under the provisions of this article including the several  
80 funds placed under said system. By that name all its business shall  
81 be transacted, its funds invested, warrants for money drawn, and  
82 payments made and all of its cash and securities and other property  
83 held.

84 r. "Veteran" means any honorably discharged officer, soldier,  
85 sailor, airman, marine or nurse who served in any army, air force  
86 or navy of the allies of the United States in World War I between  
87 July 14, 1914, and November 11, 1918, or who served in any army,  
88 air force or navy of the allies of the United States in World War  
89 II, between September 1, 1939, and September 2, 1945, and who was  
90 inducted into such service through voluntary enlistment, and was  
91 a citizen of the United States at the time of such enlistment, and  
92 who did not, during or by reason of such service, renounce or lose  
93 his United States citizenship, and any officer, soldier, sailor, marine,  
94 airman, nurse or army field clerk who has served in the active mili-  
95 tary or naval service of the United States and has or shall be dis-  
96 charged or released therefrom under conditions other than dis-  
97 honorable, in any of the following wars, uprisings, insurrections,  
98 expeditions or emergencies, and who has presented to the retire-  
99 ment system evidence of such record of service in form and content  
100 satisfactory to said retirement system:

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

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

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

109 (4) The Peking relief expedition between June 20, 1900, and May  
110 27, 1902;

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

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

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

117 (8) The Mexican border patrol, having actually participated in  
118 engagements against Mexicans between April 12, 1911, and June  
119 16, 1919;

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

121 (10) World War II, between September 16, 1940, and Septem-  
122 ber 2, 1945, who shall have served at least 90 days in such active  
123 service, exclusive of any period he was assigned (1) for a course  
124 of education or training under the Army specialized training pro-  
125 gram or the Navy college training program which course was a  
126 continuation of his civilian course and was pursued to completion,  
127 or (2) as a cadet or midshipman at one of the service academies  
128 any part of which 90 days was served between said dates; provided,  
129 that any person receiving an actual service incurred injury or dis-  
130 ability shall be classed as a veteran whether or not he has completed  
131 the 90-day service as herein provided;

132 (11) Korean conflict after June 23, 1950, and prior to July 27,  
133 1953, who shall have served at least 90 days in such active service,  
134 exclusive of any period he was assigned (1) for a course of educa-  
135 tion or training under the Army specialized training program or  
136 the Navy college training program which course was a continuation  
137 of his civilian course and was pursued to completion, or (2) as a  
138 cadet or midshipman at one of the service academies, any part of  
139 which 90 days was served between said dates; provided, that any  
140 person receiving an actual service-incurred injury or disability  
141 shall be classed as a veteran whether or not he has completed the  
142 90-day service as herein provided; and provided further, that any  
143 member classed as a veteran pursuant to this subsection prior to  
144 August 1, 1966, shall continue to be classed as a veteran whether  
145 or not he completed the 90-day service between said dates as herein  
146 provided;

147 (12) Vietnam conflict after December 31, 1960, and prior to the  
148 date of termination as proclaimed by the Governor who (a) received  
149 an actual service-incurred injury or disability or (b) shall have  
150 served at least 180 days in such active service on overseas duty,  
151 exclusive of any period he was assigned (1) for a course of edu-



152 cation or training under the Army specialized training program or  
153 the Navy college training program which course was a continuation  
154 of his civilian course and was pursued to completion, or (2) as a  
155 cadet or midshipman at one of the service academies, any part of  
156 which 180 days was served between said dates; and exclusive of  
157 any service performed pursuant to the provisions of section 511(d)  
158 of Title 10, United States Code, pursuant to an enlistment in the  
159 Army National Guard or as a reserve for service in the Army Re-  
160 serve, Naval Reserve, Air Force Reserve, Marine Corps Reserve,  
161 or Coast Guard Reserve.

162 s. "Child" means a deceased member's unmarried child either  
163 (a) under the age of 18 or (b) of any age who, at the time of the  
164 member's death, is disabled because of mental retardation or physi-  
165 cal incapacity, is unable to do any substantial, gainful work because  
166 of the impairment and his impairment has lasted or can be expected  
167 to last for a continuous period of not less than 12 months, as af-  
168 firmed by the medical board.

169 t. "Dependent widower" means the man to whom a member was  
170 married at least 5 years before the date of her death and who was  
171 receiving at least  $\frac{1}{2}$  of his support from the member in the 12-  
172 month period immediately preceding the member's death. The de-  
173 pendency of such a widower will be considered terminated by  
174 marriage of the widower subsequent to the death of the member.  
175 In the event of the payment of an accidental death benefit, the 5-  
176 year qualification shall be waived.

177 u. "Widow" means the woman to whom a member was married  
178 at least 5 years before the date of his death and to whom he con-  
179 tinued to be married until the date of his death and who has not  
180 remarried subsequent to the member's death. In the event of the  
181 payment of an accidental death benefit, the 5-year qualification  
182 shall be waived.

1 6. Section 18A:66-57 of the New Jersey Statutes is amended to  
2 read as follows:

3 18A:66-57. The board shall elect annually from its membership  
4 a chairman and may also elect a vice chairman, who shall have all  
5 the power and authority of the chairman in the event of the death,  
6 absence or disability of the chairman. **[It shall appoint an actuary.]**  
7 *The actuary of the fund shall be designated by the State Treasurer*  
8 *after consultation with the Director of the Division of Pensions\*,*  
8A *subject to veto by the board for valid reason\*.*

9 The actuary shall be the technical adviser of the board on matters  
10 regarding the operation of the funds created by the provisions of

11 this article and shall perform such other duties as are required in  
12 connection therewith.

13 The Attorney General shall be legal adviser of the retirement  
14 system.

15 The chief or assistant chief of the office of secretarial services of  
16 the Division of Pensions of the State Department of the Treasury,  
17 shall be the secretary of the board. The chief and assistant chief of  
18 the office of secretarial services shall be in the competitive division  
19 of the State classified service. The secretary presently in office shall  
20 hold the position as chief of the office of secretarial services subject  
21 to all of the provisions of Title 11 of the Revised Statutes and shall  
22 not be removed from said office except in the manner provided under  
23 the provisions of said title relating to permanent employees in the  
24 competitive division of the State classified service. The board of  
25 trustees shall select its secretary from among the eligible candi-  
26 dates.

1 7. Section 18A:66-60 of the New Jersey Statutes is amended to  
2 read as follows:

3 18A:66-60. Except as otherwise herein provided, no trustee and  
4 no employee of the board of trustees shall have any direct interest  
5 in the gains or profits of any investments **【made by the board】** of  
6 **【trustees】** *the retirement system*; nor shall any trustee or employee  
7 of the board directly or indirectly, for himself or as an agent,  
8 in any manner use the moneys of the retirement system, except  
9 to make such current and necessary payments as are authorized  
10 by the board of trustees; nor shall any trustee or employee of the  
11 board of trustees become an endorser or surety, or in any manner  
12 an obligor for moneys loaned to or borrowed from the **【board of**  
13 **trustees】** *retirement system*.

1 8. Section 18A:66-61 of the New Jersey Statutes is amended to  
2 read as follows:

3 18A:66-61. The board of trustees shall be and are hereby con-  
4 stituted trustees of the various funds and accounts established  
5 by this article; provided, however, that all functions, powers and  
6 duties relating to the investment or reinvestment of moneys of,  
7 and purchase, sale or exchange of any investments or securities,  
8 of or for any fund or account established under this article, shall be  
9 exercised and performed by the Director of the Division of Invest-  
10 ment in accordance with the provisions of chapter 270, of the laws of  
11 1950. **【Before any such investment, reinvestment, purchase, sale**  
12 **or exchange shall be made by said director for or on behalf of the**  
13 **board of trustees, the Director of the Division of Investment shall**  
14 **submit the details thereof to such board of trustees, which shall,**

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

28 A member of the board of trustees to be designated by a majority  
 29 vote thereof shall serve on the state investment council as a repre-  
 30 sentative of said board of trustees, for a term of 1 year and until  
 31 his successor is elected and qualified.

32 The finance committee of the board of trustees shall be appointed  
 33 on or before July 1 of each calendar year by the chairman of the  
 34 board of trustees to serve through June 30 of the ensuing calendar  
 35 year and until their successors are appointed. The finance com-  
 36 mittee of the board of trustees shall consist of three members of  
 37 the board of trustees, one of whom shall be the State Treasurer.

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

3 1. The following words and phrases as used in this act unless a  
 4 different meaning is plainly required by the context shall have the  
 5 following meanings:

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

9 (2) "Policeman or fireman" shall mean any permanent and full-  
 10 time active uniformed employee, and any active permanent and full-  
 11 time employee who is a detective, lineman, fire alarm operator,  
 12 mechanical repairman, automotive mechanic, supervisor of auto-  
 13 motive mechanics or inspector of combustibles of any police or fire  
 14 department of a municipality or a fire department of a fire district  
 15 located in a township or a county police department.

16 (3) "Member" shall mean any policeman or fireman included in  
 17 the membership of the retirement system as provided in section  
 18 3 of this act.

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

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

23 (6) "Employer" shall mean the county, municipality or political  
24 subdivision thereof which pays the particular policeman or fireman.

25 (7) "Service" shall mean service as a policeman or fireman or  
26 county policeman paid for by an employer.

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

29 (9) "Regular interest" shall mean interest as determined [from  
30 time to time] *annually* by the [board of trustees with the advice  
31 of the actuary under the provisions of section 13, subsection 15,  
32 of this act] *State Treasurer after consultation with the Directors  
33 of the Divisions of Investment and Pensions and the actuary of the  
34 System. \*It shall bear a reasonable relationship to the percentage  
34A rate of earnings on investments but shall not exceed 105% of such  
34B percentage rate.\**

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

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

41 (12) "Pension" shall mean payments for life derived from con-  
42 tributions by the employer.

43 (13) "Retirement allowance" shall mean the pension plus the  
44 annuity.

45 (14) "Earnable compensation" shall mean the full rate of the  
46 salary that would be payable to an employee if he worked the full  
47 normal working time for his position. In cases where salary in-  
48 cludes maintenance, the retirement system shall fix the value of that  
49 part of the salary not paid in money which shall be considered under  
50 this act.

50A (15) "Average final compensation" shall mean the average an-  
51 nual salary upon which contributions are made for the 5 years of  
52 creditable service immediately preceding his retirement or it shall  
53 mean the average annual salary for which contributions are made  
54 during any 5 fiscal years of his or her membership providing the  
55 largest possible benefit to the member or his beneficiary.

56 (16) "Retirement" shall mean withdrawal from active service  
57 with a retirement allowance granted under the provisions of this  
58 act.

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

63A (18) "Pension reserve" shall mean the present value of all pay-  
64 ments to be made on account of any pension or benefit in lieu of  
65 any pension computed upon the basis of such mortality tables  
66 recommended by the actuary as shall be adopted by the board of  
67 trustees, and regular interest.

68-69 (19) "Actuarial equivalent" shall mean a benefit of equal value  
70 when computed upon the basis of such mortality tables recom-  
71 mended by the actuary as shall be adopted by the board of trustees,  
72 and regular interest.

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

75 (21) "Child" shall mean a deceased member's unmarried child  
76 either (a) under the age of 18 or (b) of any age who, at the time  
77 of the member's death, is disabled because of mental retardation  
78 or physical incapacity, is unable to do any substantial, gainful work  
79 because of the impairment and his impairment has lasted or can be  
80 expected to last for a continuous period of not less than 12 months,  
81 as affirmed by the medical board.

82 (22) "Dependent parent" shall mean the parent of a member  
83 who was receiving at least  $\frac{1}{2}$  of his support from the member in  
84 the 12-month period immediately preceding the member's death.  
85 The dependency of such a parent will be considered terminated by  
86 marriage of the parent subsequent to the death of the member.

87 (23) "Dependent widower" shall mean the man to whom a mem-  
88 ber was married at least 5 years before the date of her death and to  
89 whom she continued to be married until the date of her death and  
90 who was receiving at least  $\frac{1}{2}$  of his support from the member in the  
91 12-month period immediately preceding the member's death. The  
92 dependency of such a widower will be considered terminated by  
93 marriage of the widower subsequent to the death of the member.  
94 In the event of the payment of an accidental death benefit, the  
94A 5-year qualification shall be waived.

95 (24) "Widow" shall mean the woman to whom a member was  
96 married at least 5 years before the date of his death and to whom  
97 he continued to be married until the date of his death and who has  
98 not remarried subsequent to the member's death. In the event of  
99 the payment of an accidental death benefit, the 5-year qualification  
100 shall be waived.

1 10. Section 13 of P. L. 1944, chapter 255 (C. 43:16A-13) is  
2 amended to read as follows:

3 13. (1) Subject to the provisions of chapter 70 of the laws of  
4 1955, the general responsibility for the proper operation of the re-  
5 tirement system and for making effective the provisions of this  
6 act are hereby vested in a board of trustees.

7 (2) The board shall consist of nine trustees as follows:

8 (a) Four members to be appointed by the Governor, who shall  
9 serve at the pleasure of the Governor and until their successors are  
10 appointed and who shall be private citizens of the State of New  
11 Jersey who are neither an officer thereof nor a member of any police  
12 or fire department thereof.

13 (b) The State Treasurer, *ex officio*.

14 (c) Two policemen and two firemen who shall be members of the  
15 system and who shall be elected by the members of the system for  
16 a term of 4 years according to such rules and regulations as the  
17 board of trustees shall adopt to govern such election; provided,  
18 however, that the elections conducted for the terms commencing  
19 July 1, 1964 shall provide for the election of two firemen representa-  
20 tives, the candidate receiving the highest number of votes to be  
21 elected for a 4-year term and the candidate receiving the next  
22 highest number of votes to be elected for a 2-year term, and pro-  
23 vided further, the elections conducted for the terms commencing  
24 July 1, 1966 shall provide for the election of two policemen repre-  
25 sentatives, the candidate receiving the highest number of votes to  
26 be elected for a 4-year term and the candidate receiving the next  
27 highest number of votes to be elected for a 2-year term. At each  
28 election thereafter, one policeman representative and one fireman  
29 representative shall be elected for a 4-year term.

30 (3) Each trustee shall, after his appointment or election, take  
31 an oath of office that, so far as it devolves upon him he will dili-  
32 gently and honestly administer the affairs of the said board, and  
33 that he will not knowingly violate or willingly permit to be violated  
34 any of the provisions of the law applicable to the retirement system.  
35 Such oath shall be subscribed by the member making it, and certified  
36 by the officer before whom it is taken, and immediately filed in the  
37 office of the Secretary of State.

38 (4) If a vacancy occurs in the office of a trustee, the vacancy shall  
39 be filled for the unexpired term in the same manner as the office  
40 was previously filled.

41 (5) The trustees shall serve without compensation, but they shall  
42 be reimbursed for all necessary expenses that they may incur  
43 through service on the board.

44 (6) Each trustee shall be entitled to one vote in the board. Five  
45 trustees must be present at any meeting of said board for the  
46 transaction of its business.

47 (7) Subject to the limitations of this act, the board of trustees  
48 shall, from time to time, establish rules and regulations for the  
49 administration of the funds created by this act and for the transac-  
50 tion of its business.

51 (8) The board of trustees shall elect from its membership a  
52 chairman. The Chief of the Bureau of Police and Fire Funds of  
53 the Division of Pensions of the State Department of the Treasury  
54 shall be the secretary of the board. The administration of the pro-  
55 gram shall be performed by the personnel of the Division of  
56 Pensions.

57 (9) The board of trustees shall keep a record of all of its pro-  
58 ceedings which shall be open to public inspection. It shall publish  
59 annually a report showing the fiscal transactions of the retirement  
60 system for the preceding year, the amount of the accumulated cash  
61 and securities of the system, and the last balance sheet showing the  
62 financial condition of the system by means of an actuarial valuation  
63 of the assets and liabilities of the retirement system.

64 (10) The Attorney General of the State of New Jersey shall be  
65 the legal advisor of the board of trustees.

66 (11) The board of trustees shall designate a medical board to be  
67 composed of three physicians as the board shall designate who are  
68 not eligible to participate in the retirement system. If required,  
69 other physicians may be employed to report on special cases. The  
70 medical board shall pass upon all medical examinations required  
71 under the provisions of this act, shall investigate all essential state-  
72 ments and certificates by or on behalf of a member in connection  
73 with an application for disability retirement, and shall report in  
74 writing to the board of trustees its conclusions and recommenda-  
75 tions upon all matters referred to it.

76 (12) The [board of trustees shall designate an actuary who]  
77 *actuary of the system shall be designated by the State Treasurer*  
78 *after consultation with the Director of the Division of Pensions\*,*  
79 *subject to veto by the board for valid reason.\** He shall be the  
80 technical advisor of the board of trustees on matters regarding the  
81 operation of the funds created by the provisions of this act, and  
82 shall perform such other duties as are required in connection  
82A therewith.

83 (13) The actuary shall prepare and submit to the board of trus-  
84 tees the mortality and service tables which he recommends to the  
85 board for adoption and the board shall adopt for the retirement

86 system such mortality and service tables as shall be deemed neces-  
87 sary, and shall certify the rates of contributions payable under  
88 the provisions of this act. At least once in each 5-year period fol-  
89 lowing the establishment of the system, the actuary shall make an  
90 actuarial investigation into the mortality, service and compensa-  
91 tion experience of the members and beneficiaries of the retirement  
92 system, and, taking into account the result of such investigation,  
93 the board of trustees shall adopt for the retirement system such  
94 mortality, service and other tables as shall be deemed necessary  
95 and shall certify the rates of contribution payable under the pro-  
96 visions of this act.

97 (14) [The board of trustees from time to time shall set the rate  
98 of regular interest at such per centum rate compounded annually  
99 as shall be determined by the board with the advice of the actuary  
100 to be equitable both to members and to the taxpayers of the State,  
101 such rate to be limited to a minimum of 2% and a maximum of 4%,  
102 with the rate of 3% applicable until changed by the board.]  
103 *(Deleted by amendment.)*

104 (15) On the basis of such tables recommended by the actuary  
105 as the board of trustees shall adopt and regular interest, the ac-  
106 tuary shall make an annual valuation of the assets and liabilities  
107 of the funds of the system created by this act.

108 (16) The various funds created by this act shall be subject to  
109 the supervision of the Department of [Banking and] Insurance of  
110 the State of New Jersey.

111 (17) Each policeman or fireman member of the board of trustees  
112 shall be entitled to time off from his municipal or county duty, with  
113 pay, during the periods of his attendance upon regular or special  
114 meetings of the boards of trustees or its duly appointed committees,  
115 and such time off shall include reasonable travel time required in  
116 connection therewith.

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

3 14. (1) The board of trustees shall [have control and manage-  
4 ment of the several funds created by section 15 of this act. The  
5 board of trustees may invest and reinvest such funds in the bonds  
6 or obligations of the United States of America; or of the State of  
7 New Jersey; or of any municipality wherein the school district  
8 is authorized to issue bonds for school purposes wherein the net  
9 indebtedness does not exceed 7% of the average of the next three  
10 preceding valuations of taxable real property (including improve-  
11 ments); or of a municipality wherein the indebtedness created for  
12 school purposes is issued by the municipality, the total net indebted-



13 ness (including the school debt) does not exceed 13% of the average  
14 of the next three preceding valuations of taxable real property  
15 (including improvements); or of a school district that finances its  
16 capital improvements by issuing school district bonds, in which  
17 the net indebtedness does not exceed 6% of the average of the next  
18 three preceding valuations of taxable real property (including  
19 improvements); or of a county wherein the net indebtedness does  
20 not exceed 4% of the average of the next three preceding valua-  
21 tions of taxable real property (including improvements). Net  
22 indebtedness, as used in this section, shall mean the net indebted-  
23 ness as defined by sections 40:1-75 to 40:1-81, inclusive, of the  
24 Revised Statutes.] *be and are hereby constituted trustees of the*  
25 *various funds and accounts established by this act; provided,*  
26 *however, that all functions, powers and duties relating to the invest-*  
27 *ment or reinvestment of moneys of, and purchase, sale or exchange*  
28 *of any investments or securities, of or for any fund or account*  
29 *established under this act, shall be exercised and performed by the*  
30 *director of the Division of Investment in accordance with the*  
31 *provisions of chapter 270, of the laws of 1950. The secretary of*  
32 *the board of trustees shall determine from time to time the cash*  
33 *requirements of the various funds and accounts established by this*  
34 *act and the amount available for investment, all of which shall be*  
35 *certified to the Director of the Division of Investment.*

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

40 (2) The Treasurer of the State of New Jersey shall be the custo-  
41 dian of the several funds *created by this act, shall select all deposi-*  
42 *tories and custodians and shall negotiate and execute custody agree-*  
43 *ments in connection with the assets or investments of any of said*  
44 *funds. All payments from said funds shall be made by him only upon*  
45 *vouchers signed by [two persons designated by the board of trustees.*  
46 *A duly attested copy of a resolution of the board of trustees desig-*  
47 *nating such persons and bearing on its face specimen signatures of*  
48 *such persons shall be filed with the treasurer as his authority for*  
49 *making payments upon such vouchers. No voucher shall be drawn*  
50 *unless it has previously been authorized by resolution of the board*  
51 *of trustees] the chairman and countersigned by the secretary of the*  
52 *board of trustees. No voucher shall be drawn, except upon the*  
53 *authority of the board duly entered in the records of its proceedings.*

54 (3) [For the purpose of meeting disbursements for pensions,  
55 annuities, and other payments there may be kept available cash,

56 not exceeding 10% of the total amount in the several funds of the  
57 retirement system on deposit in one or more banks or trust com-  
58 panies of the State of New Jersey, organized under the laws of  
59 the State of New Jersey, or of the United States; provided, that  
60 the sum on deposit in any one bank or trust company shall not  
61 exceed 25% of the paid-up capital and surplus of such bank or  
62 trust company.】 (*Deleted by amendment.*)

63 (4) Except as otherwise herein provided, no trustee and no  
64 employee of the board of trustees shall have any direct interest  
65 in the gains or profits of any investments 【made by the board】 of  
66 【trustees】 *the retirement system*; nor shall any trustee or em-  
67 ployee of the board directly or indirectly, for himself or as an  
68 agent in any manner use the moneys of the retirement system,  
69 except to make such current and necessary payments as are  
70 authorized by the board of trustees; nor shall any trustee or em-  
71 ployee of the board of trustees become an endorser or surety, or  
72 in any manner an obligor for moneys loaned to or borrowed from  
73 the 【board of trustees】 *retirement system*.

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

3 3. As used in this act:

4 a. "Aggregate contributions" means the sum of all the amounts,  
5 deducted from the salary of a member or contributed by him stand-  
6 ing to the credit of his individual account in the Annuity Savings  
7 Fund. Interest credited on contributions to the former "State  
8 Police Retirement and Benevolent Fund" shall be included in a  
9 member's aggregate contributions.

10 b. "Annuity" means payments for life derived from the aggre-  
11 gate contributions of a member. All annuities shall be paid in equal  
12 monthly installments.

13 c. "Annuity reserve" means the present value of all payments  
14 to be made on account of any annuity or benefit in lieu of an an-  
15 nuity, computed upon the basis of such mortality tables as the board  
16 of trustees adopts and regular interest.

17 d. "Beneficiary" means any person entitled to receive any bene-  
18 fit pursuant to the provisions of this act by reason of the death of a  
19 member or retirant.

20 e. "Board of trustees" or "board" means the board provided  
21 by this act to administer this retirement system.

22 f. "Child" shall mean a deceased member's unmarried child  
23 either (a) under the age of 18 or (b) of any age who, at the time  
24 of the member's death, is disabled because of mental retardation  
25 or physical incapacity, is unable to do any substantial, gainful work

26 because of the impairment and his impairment has lasted or can be  
27 expected to last for a continuous period of not less than 12 months,  
28 as affirmed by the medical board.

29 g. "Creditable service" means service rendered for which credit  
30 is allowed on the basis of contributions made by the member or  
31 the State.

32 h. "Dependent parent" means the parent of a member who was  
33 receiving at least  $\frac{1}{2}$  of his support from the member in the 12-  
34 month period immediately preceding the member's death. The  
35 dependency of such a parent will be considered terminated by  
36 marriage of the parent subsequent to the death of the member.

37 i. "Final compensation" means the average compensation re-  
38 ceived by the member in the last 12 months of creditable service  
39 preceding his retirement or death. Such term includes the value  
40 of the member's maintenance allowance for this same period.

41 j. "Final salary" means the average salary received by the mem-  
42 ber in the last 12 months of creditable service preceding his retire-  
43 ment or death. Such term shall not include the value of the mem-  
44 ber's maintenance allowance.

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

47 l. "Medical board" means the board of physicians provided for  
48 in this act.

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

53 n. "Pension" means payment for life derived from contributions  
54 by the State. All pensions shall be paid in equal monthly install-  
55 ments.

56 o. "Pension reserve" means the present value of all payments to  
57 be made on account of any pension or benefit in lieu of any pension  
58 computed on the basis of such mortality tables as shall be adopted  
59 by the board of trustees and regular interest.

60 p. "Regular interest" means interest as determined [from time  
61 to time] *annually* by the [board of trustees. The regular interest  
62 rate shall be limited to a minimum of 3% and a maximum of 4%  
63 per annum] *State Treasurer after consultation with the Directors*  
64 *of the Divisions of Investment and Pensions and the actuary of the*  
65 *system. \*It shall bear a reasonable relationship to the percentage*  
65A *rate of earnings on investments but shall not exceed 105% of such*  
65B *percentage rate.\**

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

68 r. "Retirement allowance" means the sum of the pension and  
69 the annuity. All retirement allowances shall be paid in equal  
70 monthly installments.

71 s. "State Police Retirement System of New Jersey," herein  
72 also referred to as the "retirement system," is the corporate  
73 name of the arrangement for the payment of retirement allow-  
74 ances and of the benefits under the provisions of this act and for  
75 the system including the several funds created and placed under  
76 the management of the board of trustees of said system. By that  
77 name, all of its business shall be transacted, its funds invested,  
78 warrants for moneys drawn, and payments made and all of its cash  
78A and securities and other property held. All assets held in the name  
79 of the former "State Police Retirement and Benevolent Fund"  
80 shall be transferred to the retirement system established by this act.

81 t. "Widow" means the woman to whom a member was married  
82 before he attained 50 years of age and to whom he continued to  
83 be married until the date of his death and who has not remarried  
84 subsequent to the member's death.

1 13. Section 30 of P. L. 1965, chapter 89 (C. 53:5A-30) is amended  
2 to read as follows:

3 30. a. **[The]** *Subject to the provisions of chapter 70*  
4 *of the laws of 1955, the general responsibility for the proper opera-*  
5 *tion of the retirement system is hereby vested in the board of trus-*  
6 *tees [which shall be organized immediately after three of the*  
7 *trustees provided for in this section have qualified and taken the*  
8 *oath of office].*

9 b. The board shall consist of five trustees as follows:

10 (1) Two active members of the system who shall be appointed by  
11 the Superintendent of State Police, who shall serve at the pleasure  
12 of the superintendent and until their successors are appointed and  
13 one of whom shall be a commissioned officer of the Division of  
14 State Police.

15 (2) Two members to be appointed by the Governor, who shall  
16 serve at the pleasure of the Governor and until their successors  
17 are appointed and who shall be private citizens of the State of New  
18 Jersey.

19 (3) The State Treasurer, ex officio. The Deputy State Treasurer,  
20 when designated for that purpose by the State Treasurer, may sit  
21 as a member of the board of trustees and when so sitting shall have  
22 all the powers and shall perform all the duties vested by this act  
23 in the State Treasurer.

24 c. Each trustee shall, after his appointment or election, take an  
25 oath of office that, so far as it devolves upon him, he will diligently  
26 and honestly fulfill his duties as a board member, that he will not  
27 knowingly violate or permit to be violated any of the provisions of  
28 the law applicable to the retirement system. Such oath shall be sub-  
29 scribed by the member taking it, and certified by the official before  
30 before whom it is taken, and immediately filed in the office of the  
31 Secretary of State.

32 d. If a vacancy occurs in the office of a trustee, the vacancy shall  
33 be filled for the unexpired term in the same manner as the office  
34 was previously filled.

35 e. The trustees shall serve without compensation, but they shall  
36 be reimbursed by the State for all necessary expenses that they  
37 may incur through service on the board. No employee member shall  
38 suffer loss of salary through the serving on the board.

39 f. Except as otherwise herein provided, no member of the board  
40 of trustees shall have any direct interest in the gains or profits  
41 of any investments of the retirement system; nor shall any member  
42 of the board of trustees directly or indirectly, for himself or as an  
43 agent in any manner use the moneys of the retirement system, ex-  
44 cept to make such current and necessary payments as are autho-  
45 rized by the board of trustees; nor shall any member of the board  
46 of trustees become an endorser or surety, or in any manner an  
47 obligor for moneys loaned to or borrowed from the retirement  
48 system.

49 g. Each trustee shall be entitled to one vote in the board. A  
50 majority vote of all trustees shall be necessary for any decision  
51 by the trustees at any meeting of said board.

52 h. Subject to the limitations of this act, the board of trustees  
53 shall, from time to time, establish rules and regulations for the  
54 administration of the funds created by this act and for the trans-  
55 action of its business.

56 i. The [board shall designate an actuary who] *actuary of the*  
57 *system shall be designated by the State Treasurer after consul-*  
58 *tation with the Director of the Division of Pensions\*, subject to*  
59 *veto by the board for valid reason\*. He shall be the technical*  
60 *adviser of the board on matters regarding the operation of the*  
61 *funds created by the provisions of this act and shall perform such*  
61A *other duties as are required in connection herewith.*

62 j. The Attorney General shall be the legal adviser of the retire-  
63 ment system.

64 k. The Chief of the Bureau of Police and Fire Funds of the Divi-  
65 sion of Pensions of the State Department of the Treasury shall be  
66 the secretary of the board.

67 l. The board of trustees shall keep a record of all of its pro-  
68 ceedings which shall be open to public inspection. It shall publish  
69 annually a report showing the fiscal transactions of the retirement  
70 system for the preceding year, the amount of the accumulated cash  
71 and securities of the system and the last balance sheet showing the  
72 financial condition of the system by means of an actuarial valuation  
73 of the assets and liabilities of the retirement system.

74 m. The board of trustees shall designate a medical board to be  
75 composed of three physicians. As required, other physicians may  
76 be employed to examine members where medical evidence is pre-  
77 scribed. The medical board shall pass on all medical examinations  
78 required under the provisions of this act, and shall report in writing  
79 to the board of trustees its conclusions and recommendations upon  
80 all matters referred to it.

81 n. The various funds created by this act shall be subject to the  
82 supervision of the Department of [Banking and] Insurance of the  
83 State of New Jersey.

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

3 31. a. The board of trustees shall be and are hereby constituted  
4 trustees of all the various funds established by this act except the  
5 group insurance premium fund; provided, however, that all func-  
6 tions, powers, and duties relating to the investment or reinvestment  
7 moneys of, and purchase, sale, or exchange of any investments  
8 or securities, of or for any fund established under this act, shall be  
9 exercised and performed by the Director of the Division of Invest-  
10 ment in accordance with the provisions of chapter 270, P. L. 1950, as  
11 amended and supplemented.

12 [Before any such investment, reinvestment, purchase, sale or ex-  
13 change shall be made by said director for or on behalf of the board  
14 of trustees, the Director of the Division of Investment shall sub-  
15 mit the details thereof to such board of trustees, which shall, itself  
16 or by its finance committee, within 48 hours, exclusive of Sundays  
17 and public holidays, after such submission to it, file with the direc-  
18 tor its written acceptance or rejection of such proposed investment,  
19 reinvestment, purchase, sale or exchange; and the director shall  
20 have authority to make such investment, reinvestment, purchase,  
21 sale or exchange for or on behalf of such board of trustees, unless  
22 there shall have been filed with him a written rejection thereof

23 by such board of trustees or its finance committee as herein pro-  
24 vided.】

25 b. The secretary of the board shall determine from time to time  
26 the cash requirements of the various funds established by this act  
27 and the amount available for investment, all of which shall be  
28 certified to the 【State Treasurer and the】 Director of the Division  
29 of Investment.

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

34 The finance committee of the board of trustees shall be appointed  
35 on or before July 1 of each calendar year by the chairman of the  
36 board of trustees to serve through June 30 of the ensuing calendar  
37 year and until their successors are appointed. The finance com-  
38 mittee of the board of trustees shall consist of three members of  
39 the board of trustees, one of whom shall be the State Treasurer.

40 d. The Treasurer of the State of New Jersey shall be the cus-  
41 todian of the several funds. All payments from said funds shall be  
42 made by him only upon vouchers signed by the secretary and the  
43 chairman of the board of trustees. A duly attested copy of the reso-  
44 lution of the board of trustees designating the chairman and bearing  
45 on its face specimen signatures of the chairman and the secretary  
46 shall be filed with the treasurer as his authority for making pay-  
47 ments upon such vouchers.

48 e. The administration of the program shall be performed by the  
49 personnel of the Division of Pensions of the State Department of  
50 the Treasury and the costs of administration shall be borne by the  
51 State.

1 15. Section 7 of P. L. 1952, chapter 358 (C. 43:16-6.2) is amended  
2 to read as follows:

3 7. On July 1, 1952, and in each succeeding year, or, when July 1  
4 is a legal holiday, upon the first business day thereafter, the mem-  
5 bers of the commission shall meet in annual meeting at which a  
6 chairman shall be elected from the membership thereof【, and a  
7 suitable person, who need not be a member of said commission, shall  
8 be appointed by a majority vote of said members as secretary  
9 thereof. The commission shall employ such actuarial and other  
10 services, including medical, as may be required for the transaction  
11 of its business in the administration of the pension fund committed  
12 to its charge. The compensation of all persons employed by the  
13 commission and all other expenses thereof necessary for the opera-  
14 tion of the pension system and the administration of the funds

15 consolidated by this chapter, shall be paid at such rates and in such  
16 amounts as the commission shall approve]. The commission shall  
17 keep, in convenient form, such data as may be necessary for the  
18 actuarial evaluation of the fund committed to its charge and to  
19 serve as a record of its experience in the administration of the  
20 pension system dependent upon such fund. A record shall be kept  
21 of all proceedings of the commission, which shall be open to public  
22 inspection. The Attorney General shall act as the legal adviser of  
23 the commission. The [commission shall select and appoint an actu-  
24 ary, who] *actuary of the fund shall be designated by the State*  
25 *Treasurer after consultation with the Director of the Division of*  
26 *Pensions\*, subject to veto by the commission for valid reason\*. He*  
27 shall be the technical adviser of the commission on all matters  
28 regarding the operation of the pension fund not otherwise pre-  
29 scribed by law.

1 16. Section 12 of P. L. 1944, chapter 253 (C. 43:16-17) is amended  
2 to read as follows:

3 12. The following words and phrases as used in this act, unless  
4 a different meaning is plainly required by the context, shall have  
5 the following meaning:

6 (1) "Member" shall mean a person who on the effective date  
7 of the act of which this act is amendatory, that is on July 1, 1944,  
8 was a member of a municipal police department or paid or part-  
9 paid fire department or county police department or a paid or  
10 part-paid fire department of a fire district located in a township  
11 and who has contributed to the pension fund established under  
12 chapter 16 of Title 43 of the Revised Statutes and shall hereafter  
13 contribute to said fund.

14 (2) "Active member" shall mean any "member" who is a po-  
15 liceman, fireman, detective, lineman, driver of police van, fire alarm  
16 operator or inspector of combustibles and who is subject to call  
17 for active service or duty as such.

18 (3) "Employee member" shall mean any "member" who is not  
19 subject to call for active service or duty as a policeman, fireman,  
20 detective, lineman, driver of police van, fire alarm operator or  
21 inspector of combustibles.

22 (4) "Commission" shall mean the board having control of the  
23 fund and the administration of this act.

24 (5) "Physician or surgeon" shall mean the surgeon or surgeons,  
25 physician or physicians who shall be called upon to determine the  
26 disability of members as provided by this act.

27 (6) "Employer" shall mean the county, municipality or agency  
28 thereof, by which a member is employed.



29 (7) "Service" shall mean service rendered while a member is  
30 employed by a municipal police department, paid or part-paid fire  
31 department, county police department or paid or part-paid fire  
32 department of a fire district located in a township prior to the effec-  
33 tive date of this act for such service to such departments thereafter.

34 (8) "Pension" shall mean the amount payable to a member or  
35 his beneficiary under the provisions of this act.

36 (9) "Average salary" shall mean the average salary paid dur-  
37 ing the last 3 years of a member's service, or in the event he has  
38 been employed for less than 3 years, the average pay he received  
39 during the time he was employed.

40 (10) "Beneficiary" shall mean any person or persons, other  
41 than a member, receiving or entitled to receive a pension or benefit  
42 as provided by this act.

43 (11) "Dependent parent" shall mean the parent of a member  
44 who was receiving at least  $\frac{1}{2}$  of his support from the member in  
45 the 12-month period immediately preceding the member's death.  
46 The dependency of such a parent will be considered terminated by  
47 marriage of the parent subsequent to the death of the member.

48 (12) "County police" shall mean all police officers having su-  
49 pervision or regulation of traffic upon county roads.

50 (13) "Dependent widower" shall mean the man to whom a mem-  
51 ber was married before the date of her retirement or at least 5  
52 years before the date of her death and to whom she continued to  
53 be married until the date of her death and who was receiving at  
54 least  $\frac{1}{2}$  of his support from the member in the 12-month period  
55 immediately preceding the member's death. The dependency of  
56 such a widower will be considered terminated by marriage of the  
57 widower subsequent to the death of the member.

58 (14) "Widow" shall mean the woman to whom a member was  
59 married before the date of his retirement or at least 5 years before  
60 the date of his death and to whom he continued to be married until  
61 the date of his death and who has not remarried subsequent to  
62 the member's death.

63 (15) "Child" shall mean a deceased member's unmarried child  
64 either (a) under the age of 18 or (b) of any age who, at the time  
65 of the member's death, is disabled because of mental retardation  
66 or physical incapacity, is unable to do any substantial, gainful work  
67 because of the impairment and his impairment has lasted or can  
68 be expected to last for a continuous period of not less than 12 months,  
69 as affirmed by the examining physicians of the fund.

70 (16) "Regular interest" shall mean interest as determined an-  
71 nually by the State Treasurer after consultation with the Directors

72 of the Divisions of Investment and Pensions and the actuary of the  
 73 fund, as such will be considered by the actuary in determining the  
 74 liabilities of the fund. \*It shall bear a reasonable relationship to  
 75 the percentage rate of earnings on investments but shall not exceed  
 76 105% of such percentage rate.\*

1 17. Section 7 of P. L. 1950, chapter 270 (C. 52:18A-85) is  
 2 amended to read as follows:

3 7. The functions, powers and duties vested by law in the follow-  
 4 ing enumerated agencies:

5 The Board of Trustees of the Public Employees' Retirement  
 6 System; the Board of Trustees of the State Police Retirement  
 7 System; the Prison Officers' Pension Commission; the Board of  
 8 Trustees of the Teachers' Pension and Annuity Fund; the Board  
 9 of Trustees of the Police and Firemen's Retirement System of New  
 10 Jersey; and the Consolidated Police and Firemen's Pension Fund  
 11 Commission; of, or relating to, investment or reinvestment of  
 12 moneys of, and purchase, sale or exchange of any investments or  
 13 securities of or for any funds or accounts under the control and  
 14 management of such agencies, are hereby transferred to and shall  
 15 be exercised and performed for such agencies by the Director of  
 16 the Division of Investment established hereunder; provided,  
 17 however, that before any such investment, reinvestment, purchase,  
 18 sale or exchange may be made by said director for or on behalf of  
 19 any such agency, he shall submit the details thereof to such agency,  
 20 which shall, within 48 hours, exclusive of Sundays and public  
 21 holidays, after such submission to it, file with the director its written  
 22 acceptance or rejection of such proposed investment, reinvestment,  
 23 purchase, sale or exchange, and the director shall have authority  
 24 to make such investment, reinvestment, purchase, sale or exchange  
 25 for or on behalf of such agency unless there shall have been filed  
 26 with him a written rejection thereof by such agency as herein  
 27 provided].

1 18. Section 1 of P. L. 1959, chapter 17 (C. 52:18A-88.1) is  
 2 amended to read as follows:

3 1. The Director of the Division of Investment, in addition to  
 4 other investments, presently or from time to time hereafter  
 5 authorized by law, shall have authority, subject to any acceptance  
 6 required, to invest and reinvest the moneys in, and to acquire  
 7 for or on behalf of the funds of the following enumerated agencies:

8 The Consolidated Police and Firemen's Pension Fund  
 9 Commission;

10 The Police and Firemen's Retirement System of New Jersey;

11 The Prison Officers' Pension Fund Commission;

12           The Public Employees' Retirement System of New Jersey;  
13           The State Police Retirement **[and Benevolent Fund]**  
14           *System*; and

15           The Teachers' Pension and Annuity Fund;

16 such bonds or other evidences of indebtedness or capital stock or  
17 other securities issued by any company incorporated within the  
18 United States or within the Dominion of Canada, which shall be  
19 authorized or approved for investment by regulation of the State  
20 Investment Council and in which life insurance companies organized  
21 under the laws of this State may legally invest, provided that the  
22 book value of the total investment in common and preferred stock  
23 for any one such fund does not exceed 15% of the book value of  
24 such fund, except that not more than 10% of the book value of  
25 any such fund shall be invested in common stock.

1     19. Section 4 of P. L. 1955, chapter 70 (C. 52:18A-98) is amended  
2 to read as follows:

3     4. The authority, vested pursuant to any law in any of the respec-  
4 tive agencies **[enumerated in section 2 hereof]**, to appoint, employ  
5 or remove administrative, clerical or any other personnel, **[except**  
6 **the secretary and actuary of each of said agencies,]** is hereby  
7 transferred to and vested in the State Treasurer. The State  
8 Treasurer shall fix the compensation and duties of persons ap-  
9 pointed or employed by him. **[The secretary and actuary of each**  
10 **of said agencies shall continue to be appointed in accordance with**  
11 **existing law.]**

1     20. This act shall take effect immediately.

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FROM THE OFFICE OF THE GOVERNOR

MONDAY, MAY 18, 1970

FOR RELEASE:  
IMMEDIATE

Governor William T. Cahill today signed into law A966 which will result in an effective saving of up to \$25 million next year for the State.

In addition, the new law will result in approximately a \$10 million savings for the State's municipalities.

The new statute changes the law fixing the interest assumption rate on earnings from investments of the State's five retirement funds. The five pension funds cover the public employees, state police, teachers, police and firemen pension systems, and prison guards.

The change permits the State to assume higher earnings, more in keeping with today's investment market, on its investments from the five funds. And as a result, the State and the municipalities will not be required to set aside as much money to meet their retirement obligations.

Governor Cahill indicated that the change in the statute which now puts the State's investment program in the hands of a professional is another step in the administration's continuing attempt to get the maximum mileage out of its dollars.

The Governor stressed that the stability of the retirement funds is in no way jeopardized by the change in the laws and commended the representatives of the pension fund boards for assisting in working out the change in the law.

The Governor expressed his thanks to State Treasurer Joseph McGrane for initiating the program and to Assemblymen Richard DeKorte, R-Bergen, and Barry Parker, R-Burlington, for sponsoring the change in the law.

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