

# 43:3B-1

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 1971                      **CHAPTER:** 139  
**NJSA:** 43:3B-1                      (Provides for increases in the benefits of certain retired employees and beneficiaries)  
**BILL NO:** S2217

**SPONSOR:** Rinaldo and others

**DATE INTRODUCED:** April 15, 1971

**COMMITTEE:**                      **ASSEMBLY:** ---

**SENATE:** ---

**AMENDED DURING PASSAGE:**                      No

**DATE OF PASSAGE:**                      **ASSEMBLY:** May 3, 1971

**SENATE:** April 19, 1971

**DATE OF ENACTMENT:**                      May 12, 1971

### FOLLOWING ARE ATTACHED IF AVAILABLE:

**FINAL TEXT OF BILL** (Corrected copy of introduced bill enacted)

**SPONSOR'S STATEMENT:** (Begins on page 8 of original bill)                      Yes

**COMMITTEE STATEMENT:**                      **ASSEMBLY:**                      No

**SENATE:**                      No

**FLOOR AMENDMENT STATEMENT:**                      No

**LEGISLATIVE FISCAL ESTIMATE:**                      No

**VETO MESSAGE:**                      No

**GOVERNOR'S PRESS RELEASE ON SIGNING:**                      Yes

### FOLLOWING WERE PRINTED:

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**REPORTS:**                      Yes

**HEARINGS:**                      No

**NEWSPAPER ARTICLES:**                      No

974.90

C582

1970a Report to the Governor and Legislature of the State of New Jersey concerning state employees compensation, benefits, prerequisites and working conditions, and productivity. (Companion volume Supplement A, Salary range recommendations, preliminary listing under same call number).

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CORRECTED COPY  
SENATE, No. 2217

STATE OF NEW JERSEY

INTRODUCED APRIL 15, 1971

By Senators RINALDO, McDERMOTT, SCIRO, TANZMAN,  
CRABIEL, MATTURRI, FARLEY, GIULIANO, DUMONT,  
HAGEDORN, SCHOEM, WALDOR, H. A. KELLY, ITALIANO,  
BATEMAN, SEARS and MARAZITI

(Without Reference)

AN Act to amend the title of "An act to provide for increases in the retirement allowances of certain retired public employees," approved November 24, 1958 (P. L. 1958, c. 143) so that the same shall read "An act to provide for increases in the benefits of certain retired public employees and beneficiaries," to amend and supplement the body of said act, amending P. L. 1969, c. 169, and making an appropriation.

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

1 1. The title of P. L. 1958, c. 143 is amended to read as follows:  
2 An act to provide for increases in the [retirement allowances]  
3 *benefits* of certain retired public employees *and beneficiaries*.

1 2. Section 1 of P. L. 1958, c. 143 (C. 43:3B-1) is amended to read  
2 as follows:

3 1. As used in this act:

4 a. "Retirant" means any person who was employed by the State  
5 of New Jersey, any of its instrumentalities, any of its political  
6 subdivisions or any of the instrumentalities of its political sub-  
7 divisions, retired from such employment and, as a result of such  
8 employment, is receiving a retirement allowance or pension from  
9 a retirement system or under any law administered by the Division  
10 of Pensions of the State of New Jersey, other than one providing  
11 for individual annuity contracts purchased from private insurers.

12 b. "Survivorship benefit" means a monthly annuity to the des-  
13 ignee of a retirant who, at retirement, elected Option II, III or  
14 IV pursuant to the provisions of N. J. S. 18A:66-47 or P. L. 1954,  
15 c. 84, s. 50 (C. 43:15A-50) or P. L. 1944, c. 255, s. 12 (C. 43:16A-12),  
16 but it shall not mean (1) an annuity based on settlement of a self-

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

17 insured or insured lump sum death benefit or in lieu of a lump  
 18 sum death benefit, (2) an annuity based on the return of the mem-  
 19 ber's contributions or (3) any life annuity settlement payable  
 20 under Option I as provided by the aforesaid sections of the statu-  
 21 tory law.

22 c. "Beneficiary" means any person who is receiving a pension  
 23 as the result of the death of an active or retired member of a  
 24 State administered retirement system or who is receiving a sur-  
 25 vivorship benefit.

26 d. "Benefit year" means:

27 (1) the calendar year 1966 for:

28 (a) all retirants who retired before the calendar year 1955;  
 29 and

30 (b) all beneficiaries of members who retired or died before  
 31 the calendar year 1955 except those beneficiaries covered by  
 32 (4) of this subsection;

33 (2) the actual calendar year of retirement for:

34 (a) all members who retired after 1954; and

35 (b) all beneficiaries of retirants who retired after 1954 ex-  
 36 cept those beneficiaries covered by (4) of this subsection;

37 (3) the actual calendar year of death for all beneficiaries of  
 38 members who died after 1954 except those beneficiaries covered  
 39 by (4) of this subsection;

40 (4) the calendar year:

41 (a) 1967 for all beneficiaries of active or retired members  
 42 entitled to receive increased pensions in 1967 in accordance  
 43 with R. S. 43:16-3(c);

44 (b) 1968 for all beneficiaries of members entitled to receive  
 45 increased pensions in 1968 in accordance with R. S. 43:16-4(b);

46 (c) 1968 for all beneficiaries of active or retired members  
 47 entitled to receive increased pensions in 1968 in accordance  
 48 with P. L. 1967, c. 250, s. 26 (C. 43:16A-12.1);

49 (d) 1969 for all beneficiaries of active or retired members  
 50 entitled to receive increased pensions in 1969 in accordance  
 51 with P. L. 1941, c. 220, s. 3 (C. 43:7-9) as amended.

52 e. "Calendar year" means the 12-month period beginning Jan-  
 53 uary 1 and ending December 31.

54 ["Retirement year" is the calendar year 1967 for all retirants  
 55 who retired before the calendar year 1968; for all retirants who  
 56 retired after 1967, "retirement year" is the actual calendar year  
 57 of retirement.]

58 f. "Index" shall mean the annual average over a calendar year  
 59 of the Consumer Price Index for Urban Wage Earners and Cleri-

60 cal Workers, All Items Series A, of the United States Department  
61 of Labor (1957-1959 = 100). Should the reference base of said  
62 index be changed, the index used to determine the Consumer Price  
63 Index as defined herein will be the index converted to the new base  
64 by standard statistical methods.

65 *g.* “[Retirement] *Benefit year index*” shall be the index of the  
66 [calendar] *benefit year* [1967 for all retirants who retired prior  
67 to January 1, 1968 and the index for the calendar year of retire-  
68 ment for all retirants who retired thereafter].

69 This act shall be known and may be cited as the “Pension In-  
70 crease Act.”

1 3. Section 2 of P. L. 1958, c. 143 (C. 43:3B-2) is amended to read  
2 as follows:

3 2. The monthly retirement allowance or pension originally  
4 granted to any retirant [shall be increased in accordance with the  
5 provisions of this act.] *and the pension or survivorship benefit*  
6 *originally granted to any beneficiary shall be increased in accord-*  
7 *ance with the provisions of this act provided, however, that:*

8 *a. the maximum retirement allowance, without option, shall be*  
9 *considered the retirement allowance originally granted to any re-*  
10 *tirant who, at retirement, elected an Option I allowance pursuant*  
11 *to the provisions of the statutes stipulated in subsection b. of*  
12 *section 1 of this act (C. 43:3B-1); and*

13 *b. the minimum pension granted to any beneficiary stipulated*  
14 *in subsection d. (4) of section 1 of this act (C. 43:3B-1), shall be*  
15 *considered the pension originally granted to such beneficiary.*

16 Pension increases shall not be paid to retirants or beneficiaries  
17 who are not receiving their regular, full, monthly retirement  
18 allowances, [or] pensions or survivorship benefits. The increase  
19 granted under the provisions of this act shall be effective only on  
20 the first day of a month, shall be paid in monthly installments, and  
21 shall not be decreased, increased, revoked or repealed except as  
22 otherwise provided in this act. No increase shall be due to a re-  
23 tirant or [his] a beneficiary unless it constitutes a payment for an  
24 entire month.

1 4. Section 3 of P. L. 1958, c. 143 (C. 43:3B-3) is amended to read  
2 as follows:

3 3. [The] *For retirants, the “ratio of increase”* which shall apply  
4 to the retirement allowance or pension originally granted to a  
5 retirant shall be calculated in accordance with the following  
6 percentages as determined by the calendar year in which the  
7 retirement became effective; provided that, in no instance shall  
8 the amount of the retirement allowance or pension paid to any

9-10 retirant under this [amendatory and supplementary] act in-  
 11 including payments under future revisions be less than the retire-  
 12 ment allowance or pension paid under chapter 143, public laws of  
 13 1958 as amended by chapter 144, public laws of 1961 and chapter  
 14 198, public laws of 1964. *For beneficiaries, the "ratio of increase"*  
 15 *which shall apply to the pension or survivorship benefit originally*  
 16 *granted to a beneficiary shall be calculated in accordance with*  
 17 *the following percentages as determined by the calendar year in*  
 18 *which the member died or retired. In no event shall a beneficiary*  
 19 *whose benefit year is established by subsection d. (4) of section*  
 20 *1 of this act (C. 43:3B-1) be eligible for an increase under this*  
 21 *section.*

	Year of Retirement or Death	Ratio of Increase	Year of Retirement or Death	Ratio of Increase
21	1915	219%	1935	137%
22	1916	198%	1936	134%
23	1917	153%	1937	126%
24	1918	116%	1938	130%
25	1919	88%	1939	134%
26	1920	62%	1940	132%
27	1921	82%	1941	120%
28	1922	94%	1942	99%
29	1923	90%	1943	88%
30	1924	90%	1944	85%
31	1925	85%	1945	80%
32	1926	84%	1946	66%
33	1927	87%	1947	45%
34	1928	89%	1948	35%
35	1929	89%	1949	36%
36	1930	94%	1950	35%
37	1931	113%	1951	25%
38	1932	138%	1952	22%
39	1933	151%	1953	21%
40	1934	143%	1954	21%

1 5. Section 4 of P. L. 1958, c. 143 (C. 43:3B-4) is amended to read  
 2 as follows:

3 4. Except in the case of retirants *and beneficiaries* of the Teach-  
 4 ers' Pension and Annuity Fund, each employer shall bear the cost  
 5 of the increase in the retirement allowances or pensions payable to  
 6 retirants who retired from the employ of such employer *and the*  
 7 *cost of the increase in the survivorship benefits or pensions payable*  
 8 *to beneficiaries of active or retired members who were in the employ*

9 of such employer at the time of the member's death or retirement.  
10 Certification of the amounts due shall be made by the Director of  
11 the Division of Pensions to each employer other than the State,  
12 prior to December 1 of each year, commencing with December 1,  
13 1958. Each employer shall appropriate the amounts so certified in  
14 the fiscal year next following its fiscal year in which such certifica-  
15 tion is made. Such amounts shall be paid by each employer to the  
16 [Director of the] Division of Pensions by March 30 of each year  
17 in the case of employers whose fiscal year extends from January 1  
18 to December 31, and by July 15 of each year in the case of each  
19 employer whose fiscal year extends from July 1 of a given calendar  
20 year to June 30 of the following calendar year. In making such  
21 certifications to employers in the years after 1958 the Director of  
22 the Division of Pensions shall take into account payments made by  
23 the employer, payments to retirants *and beneficiaries of former*  
24 *employees* of such employer, prospective payments to be made to  
25 such retirants *and beneficiaries* in the following year and necessary  
26 administrative costs on behalf of such retirants *and beneficiaries*.

27 The Director of the Division of Pensions shall certify annually  
28 to the Director of the Division of Budget and Accounting the  
29 amount necessary to provide for the remaining cost of the increases  
30 in retirement allowances, *pensions and survivorship benefits* and  
31 necessary administrative costs.

32 Payment of invoices rendered by the Division of Pensions to  
33 public employers for the amounts required to meet the employer's  
34 obligation under the act shall be made payable to "State of New  
35 Jersey, Pension Increase Fund."

36 If payment of the full amount of such employer obligation is not  
37 made within 30 days of the due date, interest at the rate of [4] 6%  
38 per annum shall commence to run against the unpaid balance thereof  
39 on the first day after such thirtieth day.

40 The employer's failure to pay invoices within 30 days after being  
41 notified of his delinquency shall result in the suspension of pay-  
42 ments under this act to eligible retirants *and beneficiaries of former*  
43 *employees* of the employer on the first of the month 30 days sub-  
44 sequent thereto. The office of the Attorney General shall act to  
45 collect such outstanding amounts.

1 6. Section 5 of P. L. 1958, c. 143 (C. 43:3B-5) is amended to read  
2 as follows:

3 5. The increase in retirement allowances, *pensions and survivor-*  
4 *ship benefits* provided for under this act shall commence with  
5 retirement allowance, *pension and survivorship benefit* payments

6 for the month of January **[1959]** 1972 provided, that there is appro-  
 7 priated the amount certified by the Director of the Division of  
 8 Pensions to the Director of the Division of Budget and Accounting  
 9 as set forth in section 4 hereof. The increase in retirement allow-  
 10 ances, *pensions and survivorship benefits* shall continue to be paid  
 11 as long as there shall be appropriated the amounts so certified. In  
 12 the event that the necessary funds are not so appropriated, the  
 13 increase in retirement allowances, *pensions and survivorship bene-*  
 14 *fits* shall cease; no further payments shall be made by other em-  
 15 ployers; refunds shall be made by the Director of the Division of  
 16 Pensions to all employers of any balances unexpended on their  
 17 account; and charges shall be certified by the Director of the Divi-  
 18 sion of Pensions to all employers of any amounts which have been  
 19 paid on behalf of the retirants *and beneficiaries of former employees*  
 20 of such employer for which funds have not been paid to the director  
 21 by the employer. In the event that any such charges are certified,  
 22 provision for payment shall be made by the employer in the budget  
 23 for the ensuing fiscal year.

1 7. Section 6 of P. L. 1958, c. 143 (C. 43:3B-6) is amended to read  
 2 as follows:

3 6. Any person who is eligible to receive the increased retirement  
 4 allowance, *survivorship benefit* or pension under the provisions of  
 5 this act may, at any time, waive his right thereto by filing a written  
 6 notice of waiver with **[the Director of]** the Division of Pensions.  
 7 The application for the waiver of all or part of the increase shall  
 8 be made by the retirant *or beneficiary* at least 30 days prior to the  
 9 desired effective date on a form satisfactory to the Division of  
 10 Pensions and shall be effective on the first day of the following  
 11 month. Such waiver may be withdrawn at any time and upon such  
 12 withdrawal the increase in the retirement allowance, *survivorship*  
 13 *benefit* or pension shall commence with the **[retirement allowance or**  
 14 **pension]** payment for the next following month.

1 8. Section 6 of P. L. 1969, c. 169 (C. 43:3B-7) is amended to read  
 2 as follows:

3 6. On or before October 1, **[1969]** 1971 and by the same date in  
 4 each subsequent year, the Director of the Division of Pensions shall  
 5 review the index and determine the percentum of change in the index  
 6 from the **[retirement]** *benefit* year index. In determining the per-  
 7 centum of change the director shall use the index for the calendar  
 8 year preceding the date of review, dividing such index by the  
 9 **[retirement]** *benefit* year index for the year for which the increase  
 10 is being calculated and then subtracting 100% from the resulting

11 quotient expressed to the nearest 1/100 of 1%. The percentage of  
12 adjustment **[in the retirement allowances or pensions]** shall be  $\frac{1}{2}$   
13 of the percentum of change.

14 The director shall include (a) in his corpus appropriation request  
15 for the administration of the act on behalf of those retirants *and*  
16 *beneficiaries* for whom the State assumes the costs attributable to  
17 this act, and, (b) in his certification of amounts due from each em-  
18 ployer in accordance with section 4 of the Pension Increase Act,  
19 amounts sufficient to adjust the retirement allowances, *survivorship*  
20 *benefits* or pensions payable to all eligible retirants *and beneficiaries*  
21 by  $\frac{1}{2}$  of the percentum of change in the index as such retirement  
22 allowances, *survivorship benefits* or pensions may have been origin-  
23 ally granted, or increased for certain retirants *or beneficiaries* in  
24 accordance with section 3 of the Pension Increase Act. In no in-  
25 stance shall the amount of the retirement allowance or pension  
26 originally granted and payable to any retirant be reduced as a  
27 result of **[this]** *the adjustment made pursuant to the provisions of*  
28 *chapter 169 of the laws of 1969.*

29 For purposes of this section a "retirant" shall include all re-  
30 tirants except those whose retirement allowance or pension com-  
31 menced within the 3 calendar years prior to the first of the month  
32 in which the adjustment is to become effective in any year *and a*  
33 *"beneficiary" shall include all beneficiaries except those whose*  
34 *benefit year is within the 3 calendar years prior to the first of the*  
35 *month in which the adjustment is to become effective in any year.*

1 9. Section 7 of P. L. 1969, c. 169 (C. 43:3B-8) is amended to read  
2 as follows:

3 7. If legislation is adopted providing for a blanket increase in  
4 **[the]** original retirement allowances, *survivorship benefits* or  
5 pensions or for minimum allowances, *benefits* or pensions to any  
6 group of retirants *or beneficiaries* eligible for benefits under the  
7 Pension Increase Act, *other than legislation which was enacted*  
8 *prior to 1971*, all increases provided under this act shall be termi-  
9 nated on the first of the month when such blanket increases or mini-  
10 mum pensions are payable, except in those instances where the  
11 retirant's *or beneficiary's* original **[allowance]** *pension* plus the  
12 increases, *determined annually* as provided under the Pension In-  
13 crease Act, will exceed the amounts payable to such retirants *or*  
14 *beneficiaries* as a result of such other legislation: in such event the  
15 amount payable under the Pension Increase Act shall *thereafter*  
16 be the difference between the new allowance or pension payable by  
17 the respective retirement system and the amount which would other-



18 wise have been paid under this act. [Any subsequent annual review  
19 of amounts payable under the Pension Increase Act for such re-  
20 tirants shall continue to be determined on the basis of the original  
21 allowance or pension as granted by the respective retirement sys-  
22 tem prior to any blanket increase or provision for minimum pension  
23 for any group of retirants eligible for benefits under the Pension  
24 Increase Act.]

1 10. If, in any calendar year, the State does not appropriate the  
2 amount required under section 4 of P. L. 1958, c. 143 (C. 43:3B-4),  
3 no increases in benefits may be paid under any other law of New  
4 Jersey in such calendar year to retirants or beneficiaries of active or  
5 retired members of any retirement system or program which is not  
6 administered by the Division of Pensions of the State of New  
7 Jersey.

1 11. There is hereby appropriated an amount of \$3,500,000.00 for  
2 the purpose of providing for the increase in benefits payable to  
3 retirants and beneficiaries of the several systems in which the State  
4 participates and is required to provide the employer's share of the  
5 cost thereof.

1 12. This act shall take effect immediately with increased benefits  
2 initially payable to retirants and beneficiaries for the month of  
3 January, 1972.

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#### STATEMENT

The Pension Increase Act was first enacted in 1958 providing a modest fixed increase for those who retired prior to 1952. Over the years additional pensioners were added so that fixed increases are now provided to all who retired prior to 1955—prior to the advent of social security for public employees, guaranteed benefits in lieu of money-purchase retirement formulas, law enforcement officer formula of benefits in those systems providing such benefits for State and municipal police and firemen and other law enforcement officers, the elimination of the offset of social security benefits against the pension portion of the retirement allowances in the major retirement programs and prior to the advent of substantial amounts of group life insurance for public employees as members of State retirement programs.

In 1969 the act was importantly altered by the addition of increases to all eligible pensioners on the basis of  $\frac{1}{2}$  of the rise in the cost-of-living as reflected in the change in the Consumer Price Index. The initial cost-of-living increase reflected the difference in the indices for the years 1967 and 1968.

This legislation is designed to expand the cost-of-living features of the 1969 legislation by reflecting the change in the cost-of-living since 1955 for all pensioners and not only those who retired prior to 1955. Also, for the first time, survivors are qualified for a fixed, as well as a cost-of-living, increase on the same basis as pensioners. The legislation considers the blanket increases provided to certain survivors in specific systems in order to avoid inequities between survivors.

The cost implications are substantial. The appropriation requirements for all public employers under the current legislation totals \$7,600,000.00 for fiscal 1972 with the State's share amounting to \$4,950,000.00. As a result of this legislation the total annual cost is increased \$10 million with the State's share amounting to \$6.5 million while local employers will share an increase in cost of \$3.5 million. Since benefits are to be increased as of January 1, 1972, this legislation requires a supplemental appropriation of \$3.5 million by the State to provide the increased benefits for the period January-June, 1972.

SENATE, No. 2217

STATE OF NEW JERSEY

INTRODUCED APRIL 15, 1971

By Senators RINALDO, McDERMOTT, SCIRO, TANZMAN,  
CRABIEL, MATTURRI, FARLEY, GIULIANO, DUMONT,  
HAGEDORN, SCHOEM, WALDOR, H. A. KELLY, ITALIANO,  
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(Without Reference)

AN ACT to amend the title of "An act to provide for increases in the retirement allowances of certain retired public employees," approved November 24, 1958 (P. L. 1958, c. 143) so that the same shall read "An act to provide for increases in the benefits of certain retired public employees and beneficiaries," to amend and supplement the body of said act, amending P. L. 1969, c. 169, and making an appropriation.

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

1 1. The title of P. L. 1958, c. 143 is amended to read as follows:  
2 An act to provide for increases in the **[retirement allowances]**  
3 *benefits* of certain retired public employees *and beneficiaries.*

1 2. Section 1 of P. L. 1958, c. 143 (C. 43:3B-1) is amended to read  
2 as follows:

3 1. As used in this act:

4 a. "Retirant" means any person who was employed by the State  
5 of New Jersey, any of its instrumentalities, any of its political  
6 subdivisions or any of the instrumentalities of its political sub-  
7 divisions, retired from such employment and, as a result of such  
8 employment, is receiving a retirement allowance or pension from  
9 a retirement system or under any law administered by the Division  
10 of Pensions of the State of New Jersey, other than one providing  
11 for individual annuity contracts purchased from private insurers.

12 b. "Survivorship benefit" means a monthly annuity to the des-  
13 ignee of a retirant who, at retirement, elected Option II, III or  
14 IV pursuant to the provisions of N. J. S. 18A:66-47 or P. L. 1954,  
15 c. 84, s. 50 (C. 43:15A-50) or P. L. 1944, c. 250, s. 12 (C. 43:16A-12),  
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**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

17 *insured or insured lump sum death benefit or in lieu of a lump*  
 18 *sum death benefit, (2) an annuity based on the return of the mem-*  
 19 *ber's contributions or (3) any life annuity settlement payable*  
 20 *under Option I as provided by the aforesaid sections of the statu-*  
 21 *tory law.*

22 *c. "Beneficiary" means any person who is receiving a pension*  
 23 *as the result of the death of an active or retired member of a*  
 24 *State administered retirement system or who is receiving a sur-*  
 25 *vivorship benefit.*

26 *d. "Benefit year" means:*

27 *(1) the calendar year 1966 for:*

28 *(a) all retirants who retired before the calendar year 1955;*  
 29 *and*

30 *(b) all beneficiaries of members who retired or died before*  
 31 *the calendar year 1955 except those beneficiaries covered by*  
 32 *(4) of this subsection;*

33 *(2) the actual calendar year of retirement for:*

34 *(a) all members who retired after 1954; and*

35 *(b) all beneficiaries of retirants who retired after 1954 ex-*  
 36 *cept those beneficiaries covered by (4) of this subsection;*

37 *(3) the actual calendar year of death for all beneficiaries of*  
 38 *members who died after 1954 except those beneficiaries covered*  
 39 *by (4) of this subsection;*

40 *(4) the calendar year:*

41 *(a) 1967 for all beneficiaries of active or retired members*  
 42 *entitled to receive increased pensions in 1967 in accordance*  
 43 *with R. S. 43:16-3(c);*

44 *(b) 1968 for all beneficiaries of members entitled to receive*  
 45 *increased pensions in 1968 in accordance with R. S. 43:16-4(b);*

46 *(c) 1968 for all beneficiaries of active or retired members*  
 47 *entitled to receive increased pensions in 1968 in accordance*  
 48 *with P. L. 1967, c. 250, s. 26 (C. 43:16A-12.1);*

49 *(d) 1969 for all beneficiaries of active or retired members*  
 50 *entitled to receive increased pensions in 1969 in accordance*  
 51 *with P. L. 1941, c. 220, s. 3 (C. 43:7-9) as amended.*

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 53 *uary 1 and ending December 31.*

54 **["Retirement year" is the calendar year 1967 for all retirants**  
 55 **who retired before the calendar year 1968; for all retirants who**  
 56 **retired after 1967, "retirement year" is the actual calendar year**  
 57 **of retirement.]**

58 *f. "Index" shall mean the annual average over a calendar year*  
 59 *of the Consumer Price Index for Urban Wage Earners and Cleri-*

60 cal Workers, All Items Series A. of the United States Department  
 61 of Labor (1957-1959=100). Should the reference base of said  
 62 index be changed, the index used to determine the Consumer Price  
 63 Index as defined herein will be the index converted to the new base  
 64 by standard statistical methods.

65 g. "[Retirement] Benefit year index" shall be the index of the  
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 67 to January 1, 1968 and the index for the calendar year of retire-  
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 6 originally granted to any beneficiary shall be increased in accord-  
 7 ance with the provisions of this act provided, however, that:

8 a. the maximum retirement allowance, without option, shall be  
 9 considered the retirement allowance originally granted to any re-  
 10 tirant who, at retirement, elected an Option I allowance pursuant  
 11 to the provisions of the statutes stipulated in subsection b. of  
 12 section 1 of this act (C. 43:3B-1); and

13 b. the minimum pension granted to any beneficiary stipulated  
 14 in subsection d. (4) of section 1 of this act (C. 43:3B-1), shall be  
 15 considered the pension originally granted to such beneficiary.

16 Pension increases shall not be paid to retirants or beneficiaries  
 17 who are not receiving their regular, full, monthly retirement  
 18 allowances, [or] pensions or survivorship benefits. The increase  
 19 granted under the provisions of this act shall be effective only on  
 20 the first day of a month, shall be paid in monthly installments, and  
 21 shall not be decreased, increased, revoked or repealed except as  
 22 otherwise provided in this act. No increase shall be due to a re-  
 23 tirant or [his] a beneficiary unless it constitutes a payment for an  
 24 entire month.

1 4. Section 3 of P. L. 1958, c. 143 (C. 43:3B-3) is amended to read  
 2 as follows:

3 3. [The] For retirants, the "ratio of increase" which shall apply  
 4 to the retirement allowance or pension originally granted to a  
 5 retirant shall be calculated in accordance with the following  
 6 percentages as determined by the calendar year in which the  
 7 retirement became effective; provided that, in no instance shall  
 8 the amount of the retirement allowance or pension paid to any

9-10 retirant under this [amendatory and supplementary] act in-  
 11 including payments under future revisions be less than the retire-  
 12 ment allowance or pension paid under chapter 143, public laws of  
 13 1958 as amended by chapter 144, public laws of 1961 and chapter  
 14 198, public laws of 1964. *For beneficiaries, the "ratio of increase"*  
 15 *which shall apply to the pension or survivorship benefit originally*  
 16 *granted to a beneficiary shall be calculated in accordance with*  
 17 *the following percentages as determined by the calendar year in*  
 18 *which the member died or retired. In no event shall a beneficiary*  
 19 *whose benefit year is established by subsection d. (4) of section*  
 20 *1 of this act (C. 43:3B-1) be eligible for an increase under this*  
 21 *section.*

	Year of Retirement or Death	Ratio of Increase	Year of Retirement or Death	Ratio of Increase
21	1915	219%	1935	137%
22	1916	198%	1936	134%
23	1917	153%	1937	126%
24	1918	116%	1938	130%
25	1919	88%	1939	134%
26	1920	62%	1940	132%
27	1921	82%	1941	120%
28	1922	94%	1942	99%
29	1923	90%	1943	88%
30	1924	90%	1944	85%
31	1925	85%	1945	80%
32	1926	84%	1946	66%
33	1927	87%	1947	45%
34	1928	89%	1948	35%
35	1929	89%	1949	36%
36	1930	94%	1950	35%
37	1931	113%	1951	25%
38	1932	138%	1952	22%
39	1933	151%	1953	21%
40	1934	143%	1954	21%

1 5. Section 4 of P. L. 1958, c. 143 (C. 43:3B-4) is amended to read  
 2 as follows:

3 4. Except in the case of retirants *and beneficiaries* of the Teach-  
 4 ers' Pension and Annuity Fund, each employer shall bear the cost  
 5 of the increase in the retirement allowances or pensions payable to  
 6 retirants who retired from the employ of such employer *and the*  
 7 *cost of the increase in the survivorship benefits or pensions payable*  
 8 *to beneficiaries of active or retired members who were in the employ*

9 of such employer at the time of the member's death or retirement.  
10 Certification of the amounts due shall be made by the Director of  
11 the Division of Pensions to each employer other than the State,  
12 prior to December 1 of each year, commencing with December 1,  
13 1958. Each employer shall appropriate the amounts so certified in  
14 the fiscal year next following its fiscal year in which such certifica-  
15 tion is made. Such amounts shall be paid by each employer to the  
16 [Director of the] Division of Pensions by March 30 of each year  
17 in the case of employers whose fiscal year extends from January 1  
18 to December 31, and by July 15 of each year in the case of each  
19 employer whose fiscal year extends from July 1 of a given calendar  
20 year to June 30 of the following calendar year. In making such  
21 certifications to employers in the years after 1958 the Director of  
22 the Division of Pensions shall take into account payments made by  
23 the employer, payments to retirants *and beneficiaries of former*  
24 *employees* of such employer, prospective payments to be made to  
25 such retirants *and beneficiaries* in the following year and necessary  
26 administrative costs on behalf of such retirants *and beneficiaries*.

27 The Director of the Division of Pensions shall certify annually  
28 to the Director of the Division of Budget and Accounting the  
29 amount necessary to provide for the remaining cost of the increases  
30 in retirement allowances, *pensions and survivorship benefits* and  
31 necessary administrative costs.

32 Payment of invoices rendered by the Division of Pensions to  
33 public employers for the amounts required to meet the employer's  
34 obligation under the act shall be made payable to "State of New  
35 Jersey, Pension Increase Fund."

36 If payment of the full amount of such employer obligation is not  
37 made within 30 days of the due date, interest at the rate of [4] 6%  
38 per annum shall commence to run against the unpaid balance thereof  
39 on the first day after such thirtieth day.

40 The employer's failure to pay invoices within 30 days after being  
41 notified of his delinquency shall result in the suspension of pay-  
42 ments under this act to eligible retirants *and beneficiaries of former*  
43 *employees* of the employer on the first of the month 30 days sub-  
44 sequent thereto. The office of the Attorney General shall act to  
45 collect such outstanding amounts.

1 6. Section 5 of P. L. 1958, c. 143 (C. 43:3B-5) is amended to read  
2 as follows:

3 5. The increase in retirement allowances, *pensions and survivor-*  
4 *ship benefits* provided for under this act shall commence with  
5 retirement allowance, *pension and survivorship benefit* payments

6 for the month of January [1959] 1972 provided, that there is appropriate the amount certified by the Director of the Division of Pensions to the Director of the Division of Budget and Accounting as set forth in section 4 hereof. The increase in retirement allowances, *pensions and survivorship benefits* shall continue to be paid as long as there shall be appropriated the amounts so certified. In the event that the necessary funds are not so appropriated, the increase in retirement allowances, *pensions and survivorship benefits* shall cease; no further payments shall be made by other employees; refunds shall be made by the Director of the Division of Pensions to all employers of any balances unexpended on their account; and charges shall be certified by the Director of the Division of Pensions to all employers of any amounts which have been paid on behalf of the retirants *and beneficiaries of former employees* of such employer for which funds have not been paid to the director by the employer. In the event that any such charges are certified, provision for payment shall be made by the employer in the budget for the ensuing fiscal year.

1 7. Section 6 of P. L. 1958, c. 143 (C. 43:3B-6) is amended to read  
2 as follows:

3 6. Any person who is eligible to receive the increased retirement  
4 allowance, *survivorship benefit* or pension under the provisions of  
5 this act may, at any time, waive his right thereto by filing a written  
6 notice of waiver with [the Director of] the Division of Pensions.  
7 The application for the waiver of all or part of the increase shall  
8 be made by the retirant *or beneficiary* at least 30 days prior to the  
9 desired effective date on a form satisfactory to the Division of  
10 Pensions and shall be effective on the first day of the following  
11 month. Such waiver may be withdrawn at any time and upon such  
12 withdrawal the increase in the retirement allowance, *survivorship*  
13 *benefit* or pension shall commence with the [retirement allowance or  
14 pension] payment for the next following month.

1 8. Section 6 of P. L. 1969, c. 169 (C. 43:3B-7) is amended to read  
2 as follows:

3 6. On or before October 1, [1969] 1971 and by the same date in  
4 each subsequent year, the Director of the Division of Pensions shall  
5 review the index and determine the percentum of change in the index  
6 from the [retirement] *benefit* year index. In determining the percentum  
7 of change the director shall use the index for the calendar  
8 year preceding the date of review, dividing such index by the  
9 [retirement] *benefit* year index for the year for which the increase  
10 is being calculated and then subtracting 100% from the resulting



11 quotient expressed to the nearest 1/100 of 1%. The percentage of  
 12 adjustment [in the retirement allowances or pensions] shall be ½  
 13 of the percentum of change.

14 The director shall include (a) in his corpus appropriation request  
 15 for the administration of the act on behalf of those retirants *and*  
 16 *beneficiaries* for whom the State assumes the costs attributable to  
 17 this act, and, (b) in his certification of amounts due from each em-  
 18 ployer in accordance with section 4 of the Pension Increase Act,  
 19 amounts sufficient to adjust the retirement allowances, *survivorship*  
 20 *benefits* or pensions payable to all eligible retirants *and beneficiaries*  
 21 by ½ of the percentum of change in the index as such retirement  
 22 allowances, *survivorship benefits* or pensions may have been origin-  
 23 ally granted, or increased for certain retirants *or beneficiaries* in  
 24 accordance with section 3 of the Pension Increase Act. In no in-  
 25 stance shall the amount of the retirement allowance or pension  
 26 originally granted and payable to any retirant be reduced as a  
 27 result of [this] *the adjustment made pursuant to the provisions of*  
 28 *chapter 169 of the laws of 1969.*

29 For purposes of this section a "retirant" shall include all re-  
 30 tirants except those whose retirement allowance or pension com-  
 31 menced within the 3 calendar years prior to the first of the month  
 32 in which the adjustment is to become effective in any year *and a*  
 33 *"beneficiary" shall include all beneficiaries except those whose*  
 34 *benefit year is within the 3 calendar years prior to the first of the*  
 35 *month in which the adjustment is to become effective in any year.*

1 9. Section 7 of P. L. 1969, c. 169 (C. 43:3B-8) is amended to read  
 2 as follows:

3 7. If legislation is adopted providing for a blanket increase in  
 4 [the] original retirement allowances, *survivorship benefits* or  
 5 pensions or for minimum allowances, *benefits* or pensions to any  
 6 group of retirants *or beneficiaries* eligible for benefits under the  
 7 Pension Increase Act, *other than legislation which was enacted*  
 8 *prior to 1971*, all increases provided under this act shall be termi-  
 9 nated on the first of the month when such blanket increases or mini-  
 10 mum pensions are payable, except in those instances where the  
 11 retirant's *or beneficiary's* original [allowance] *pension* plus the  
 12 increases, *determined annually as provided under the Pension In-*  
 13 *crease Act*, will exceed the amounts payable to such retirants *or*  
 14 *beneficiaries* as a result of such other legislation; in such event the  
 15 amount payable under the Pension Increase Act shall *thereafter*  
 16 be the difference between the new allowance or pension payable by  
 17 the respective retirement system and the amount which would other-

18 wise have been paid under this act. [Any subsequent annual review  
19 of amounts payable under the Pension Increase Act for such re-  
20 tirants shall continue to be determined on the basis of the original  
21 allowance or pension as granted by the respective retirement sys-  
22 tem prior to any blanket increase or provision for minimum pension  
23 for any group of retirants eligible for benefits under the Pension  
24 Increase Act.]

1 10. If, in any calendar year, the State does not appropriate the  
2 amount required under section 4 of P. L. 1958, c. 143 (C. 43:3B-4),  
3 no increases in benefits may be paid under any other law of New  
4 Jersey in such calendar year to retirants or beneficiaries of active or  
5 retired members of any retirement system or program which is not  
6 administered by the Division of Pensions of the State of New  
7 Jersey.

1 11. There is hereby appropriated an amount of \$3,500,000.00 for  
2 the purpose of providing for the increase in benefits payable to  
3 retirants and beneficiaries of the several systems in which the State  
4 participates and is required to provide the employer's share of the  
5 cost thereof.

1 12. This act shall take effect immediately with increased benefits  
2 initially payable to retirants and beneficiaries for the month of  
3 January, 1972.

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### SPONSOR'S STATEMENT

The Pension Increase Act was first enacted in 1958 providing a modest fixed increase for those who retired prior to 1952. Over the years additional pensioners were added so that fixed increases are now provided to all who retired prior to 1955—prior to the advent of social security for public employees, guaranteed benefits in lieu of money-purchase retirement formulas, law enforcement officer formula of benefits in those systems providing such benefits for State and municipal police and firemen and other law enforcement officers, the elimination of the offset of social security benefits against the pension portion of the retirement allowances in the major retirement programs and prior to the advent of substantial amounts of group life insurance for public employees as members of State retirement programs.

In 1969 the act was importantly altered by the addition of increases to all eligible pensioners on the basis of  $\frac{1}{2}$  of the rise in the cost-of-living as reflected in the change in the Consumer Price Index. The initial cost-of-living increase reflected the difference in the indices for the years 1967 and 1968.

This legislation is designed to expand the cost-of-living features of the 1969 legislation by reflecting the change in the cost-of-living since 1955 for all pensioners and not only those who retired prior to 1955. Also, for the first time, survivors are qualified for a fixed, as well as a cost-of-living, increase on the same basis as pensioners. The legislation considers the blanket increases provided to certain survivors in specific systems in order to avoid inequities between survivors.

The cost implications are substantial. The appropriation requirements for all public employers under the current legislation totals \$7,600,000.00 for fiscal 1972 with the State's share amounting to \$4,950,000.00. As a result of this legislation the total annual cost is increased \$10 million with the State's share amounting to \$6.5 million while local employers will share an increase in cost of \$3.5 million. Since benefits are to be increased as of January 1, 1972, this legislation requires a supplemental appropriation of \$3.5 million by the State to provide the increased benefits for the period January-June, 1972.

S-2217 - Governor

Governor

May 11, 1971

S-2217

Re: Public Signing - S-2217

This bill represents another major achievement in this Administration's continuing efforts to provide benefits for public employees.

The foremost effect of this bill is to provide an additional \$10 million annually in pension benefits for the 40,000 members of the five major retirement systems which are administered by the Division of Pensions. In short, the size of the monthly pension checks will be increased for retired policemen, firemen, teachers and members of the Public Employees Retirement System.

This increase in benefits is accomplished through an amendment of the Pension Increase Act.

In addition, for the first time, this bill will provide for cost of living increases and benefits for survivors of members. In effect, this recognizes that survivor benefits are subject to cost of living rises.

P. P. G.

REMARKS IN CONNECTION WITH THE PUBLIC SIGNING

OF S-2217

(To be signed Wednesday, May 12, 1971, 10:30 A.M.)

This bill represents another major achievement in this Administration's continuing efforts to provide benefits for public employees.

The foremost effect of my signing this bill today will be to provide an additional \$10 million annually in pension benefits for the 40,000 retired members of the five major retirement systems which are administered by the Division of Pensions. In short, the size of the monthly pension checks will be increased for retired policemen, firemen, teachers and members of the Public Employees Retirement System. *J. Pollock*

This increase in benefits is accomplished through an amendment of the Pension Increase Act to provide increased benefits which will reflect 50% of the rise in the cost of living (Consumer's Price Index) for the years 1955 through 1966. This is the amount of the increase provided in the original Pension Increase Act. However, these particular years were not included.

In addition, this bill will provide, for the first time, for cost of living increases and benefits for "survivors" of members. It is only fitting and proper that their benefits also be increased as the cost of living rises. This cost of living increase will also benefit the 250,000 active members of these systems by providing for their survivors.

The bill complements the package of bills proposed by this Administration to provide additional benefits for active members of these various systems by insuring that our retired public employees will not be forgotten.

As I stated when I recently signed S-2186 (additional benefits for teachers), the benefits provided by this bill, as well as the entire package, is being accomplished without any increase in the annual cost to fund these pension systems.