

OR. HR. 157 72
APPROVED 9-27-72

SENATE, No. 437

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1972

By Senators BEADLESTON and CRABIEL

Referred to Committee on State Government and Federal and
Interstate Relations

AN ACT concerning periodic actuarial investigation of pension and
retirement systems funded by the State and amending N. J. S.
18A:66-58, P. L. 1954, c. 84, s. 19, P. L. 1944, c. 255, s. 13 and P. L.
1965, c. 89, s. 32.

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

1 1. N. J. S. 18A:66-58 is amended to read as follows:

2 18A:66-58. The actuary shall recommend, and the Division of
3 Pensions shall keep in convenient form, such data as shall be neces-
4 sary for actuarial valuation of the various funds created by this
5 article. **[Once]** *At least once* in every **[5-year]** *3-year* period the
6 actuary shall make an actuarial investigation into the mortality,
7 service and compensation or salary experience of the members and
8 beneficiaries as defined in this article and shall make a valuation
9 of the assets and liabilities of the various funds created by this
10 article. Upon the basis of such investigation and valuation, with the
11 advice of the actuary, the board shall:

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

14 (b) Certify the rates of deduction from compensation computed
15 to be necessary to pay the annuities authorized under the provisions
16 of this article; and

17 (c) Certify the rates of contribution, expressed as a proportion
18 of the compensation of members, which shall be made by the State
19 to the contingent reserve fund.

1 2. Section 19 of P. L. 1954, c. 84 (C. 43:15A-19) is amended to
2 read as follows:

3 19. The actuary shall recommend, and the Division of Pensions
4 shall keep in convenient form, such data as shall be necessary for

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

5 actuarial valuation of the various funds created by this act. **[Once]**
6 *At least once* in every **[5-year]** *3-year* period, the actuary shall
7 make an actuarial investigation into the mortality, service, and
8 compensation or salary experience of the members and beneficiaries
9 as defined in this chapter and shall make a valuation of the assets
10 and liabilities of the various funds created by this act. Upon the
11 basis of such investigation and valuation, with the advice of the
12 actuary, the board shall:

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

15 b. Certify the rates of deduction from compensation computed
16 to be necessary to pay the annuities authorized under the provisions
17 of this act; and,

18 c. Certify the rates of contribution, expressed as a proportion
19 of the compensation of members which shall be made by the State
20 and other employers to the contingent reserve fund.

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

3 13. (1) Subject to the provisions of P. L. 1955, c. 70, the general
4 responsibility for the proper operation of the retirement system
5 is hereby vested in a board of trustees.

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

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

12 (b) The State Treasurer or the Deputy State Treasurer, when
13 designated for that purpose by the State Treasurer.

14 (c) Two policemen and two firemen who shall be members of
15 the system and who shall be elected by the members of the system
16 for a term of 4 years according to such rules and regulations as
17 the board of trustees shall adopt to govern such election.

18 (3) Each trustee shall, after his appointment or election, take
19 an oath of office that, so far as it devolves upon him he will dili-
20 gently and honestly fulfill his duties as a board member, and that
21 he will not knowingly violate or willingly permit to be violated any
22 of the provisions of the law applicable to the retirement system.
23 Such oath shall be subscribed by the member making it, and certified
24 by the officer before whom it is taken, and immediately filed in the
25 office of the Secretary of State.

26 (4) If a vacancy occurs in the office of a trustee, the vacancy
27 shall be filled in the same manner as the officer was previously filled.

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

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

34 (7) Subject to the limitations of this act, the board of trustees
35 shall annually establish rules and regulations for the administra-
36 tion of the funds created by this act and for the transaction of its
37 business. Such rules and regulations shall be consistent with those
38 adopted by the other pension funds within the Division of Pensions
39 in order to permit the most economical and uniform administration
40 of all such retirement systems.

41 (8) The board of trustees shall elect from its membership a
42 chairman. The Chief of the Bureau of Police and Fire Funds of
43 the Division of Pensions of the State Department of the Treasury
44 shall be the secretary of the board. The administration of the
45 program shall be performed by the personnel of the Division of
46 Pensions.

47 (9) The board of trustees shall keep a record of all of its
48 proceedings which shall be open to public inspection. The retire-
49 ment system shall publish annually a report showing the fiscal
50 transactions of the retirement system for the preceding year, the
51 amount of the accumulated cash and securities of the system, and
52 the last balance sheet showing the financial condition of the system
53 by means of an actuarial valuation of the assets and liabilities of
54-55 the retirement system.

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

58 (11) The State Treasurer shall designate a medical board after
59 consultation with the Director of the Division of Pensions, subject
60 to veto by the board of trustees for valid reason. It shall be com-
61 posed of three physicians who are not eligible to participate in the
62 retirement system. The medical board shall pass upon all medical
63 examinations required under the provisions of this act, shall in-
64 vestigate all essential statements and certificates by or on behalf
65 of a member in connection with an application for disability retire-
66 ment, and shall report in writing to the retirement system its con-
67 clusions and recommendations upon all matters referred to it.

68 (12) The actuary of the system shall be designated by the State
69 Treasurer after consultation with the Director of the Division of
70 Pensions, subject to veto by the board for valid reason. He shall
71 be the technical advisor of the board of trustees on matters regard-

72 ing the operation of the funds created by the provisions of this
 73 act, and shall perform such other duties as are required in connec-
 74 tion therewith.

75 (13) **【Once】** *At least once* in each **【5-year】** *3-year* period the
 76 actuary shall make an actuarial investigation into the mortality,
 77 service and compensation experience of the members and bene-
 78 ficiaries of the retirement system and, with the advice of the act-
 79 uary, the board of trustees shall adopt for the retirement system
 80 such mortality, service and other tables as shall be deemed neces-
 81 sary and shall certify the rates of contribution payable under the
 82 provisions of this act.

83 (14) (Deleted by amendment.)

84 (15) On the basis of such tables recommended by the actuary as
 85 the board of trustees shall adopt and regular interest, the actuary
 86 shall make an annual valuation of the assets and liabilities of the
 87 funds of the system created by this act.

88 (16) The various funds created by this act shall be subject to
 89 the supervision of the Department of Insurance of the State of
 90 New Jersey.

91 (17) Each policeman or fireman member of the board of trustees
 92 shall be entitled to time off from his municipal or county duty, with
 93 pay, during the periods of his attendance upon regular or special
 94 meetings of the board of trustees, and such time off shall include
 95 reasonable travel time required in connection therewith.

1 4. Section 32 of P. L. 1965, c. 89 (C. 53:5A-32) is amended to
 2 read as follows:

3 32. The actuary shall recommend such data as shall be necessary
 4 for actuarial valuation of the various funds created by this act.
 5 **【Once】** *At least once* in every **【5-year】** *3-year* period the actuary
 6 shall make an actuarial investigation into the mortality, service and
 7 compensation experience of the members and beneficiaries and shall
 8 make a valuation of the assets and liabilities of the various funds
 9 created by this act. Upon the basis of such investigation and valua-
 10 tion, with the advice of the actuary, the board shall adopt for the
 11 retirement system such mortality, service and other tables as shall
 12 be deemed necessary.

1 5. This act shall take effect July 1 next following enactment.

STATEMENT

This bill would shorten from once every 5 years to at least once every 3 years the interval between actuarial investigations of the various pension funds. This bill would implement Department of Treasury, Division of Pensions, Recommendation 12 of the Report of the Governor's Management Commission.