

# 18A:66-107

## LEGISLATIVE HISTORY CHECK Compiled by the NJ State Law Library

**LAWS OF:** 1999                    **CHAPTER:** 333  
**NJSA:** 18A:66-107      (Pension benefits—boards of education)  
**BILL NO:** S1503              (Substituted for A2589)  
**SPONSOR(S):** Codey

**DATE INTRODUCED:** November 23, 1998

**COMMITTEE:**            **ASSEMBLY:** -----  
**SENATE:**                Community and Urban Affairs

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:**            **ASSEMBLY:** December 13, 1999  
**SENATE:**                    November 15, 1999

**DATE OF APPROVAL:**            January 10, 2000

### FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL:](#) Original  
(Original version of bill enacted)

#### **S1503**

[SPONSORS STATEMENT:](#) (Begins on page 8 of original bill) [Yes](#)

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

[SENATE:](#) [Yes](#)

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

#### **A2589**

[SPONSORS STATEMENT:](#) (Begins on page 8 of original bill) [Yes](#)

**COMMITTEE STATEMENT:**                    **ASSEMBLY:** [Yes](#)

**SENATE:** No

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

**VETO MESSAGE:** No

[GOVERNOR'S PRESS RELEASE ON SIGNING:](#) [Yes](#)

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or [reflaw@njstatelib.org](mailto:reflaw@njstatelib.org)

No

**REPORTS:**

Recommendation referred to in Committee Statement – not published

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

P.L. 1999, CHAPTER 333, *approved January 10, 2000*

Senate, No. 1503

1 **AN ACT** concerning pension funds of certain boards of education in  
2 certain first-class counties and amending parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. N.J.S.18A:66-107 is amended to read as follows:

8 18A:66-107. The contributions to the pension fund shall be as  
9 follows:

10 a. There shall be deducted from every payment of salary of all  
11 employees who are members of the fund **[6]** 3% of the amount of  
12 such salary.

13 b. Each board of education shall be obligated for contributions to  
14 the fund of a proportionate amount of the total contributions required  
15 from all employing boards of education, as determined by the actuary,  
16 which shall be sufficient to: (1) provide for the pension credits being  
17 accrued by the members, after taking into account contributions being  
18 made by the members, and (2) provide for the payment of the  
19 unfunded accrued liability in annual payments **[over a period of 30**  
20 **years, commencing July 1, 1963]**. Such obligations shall be provided  
21 for by each board in its annual appropriation for the support and  
22 maintenance of the public schools.

23 c. The amount to be appropriated by each board under subsection  
24 b. of this section shall be determined by applying the percentage  
25 certified by the actuary as determined under said subsection.

26 d. The treasurer or other chief fiscal officer of each board of  
27 education shall pay to the fund on the first day of each month: (1) the  
28 total of the amounts of contributions which, during the preceding  
29 month, were deducted from the salaries of the employees of that board  
30 under subsection a. of this section, and (2) the pro rata portion of the  
31 amount of employer contributions of the board, as that amount is  
32 determined under subsection b. of this section, which is applicable to  
33 that board with respect to the preceding month. If the full payment  
34 required under this subsection is not made within 30 days after it  
35 becomes due, interest at the rate of 1% for each whole or fractional  
36 month of lateness shall begin to run against the unpaid balance of that  
37 payment on the first day after that thirtieth day.

38 (cf: P.L.1983, c.216, s.3)

39

40 2. Section 10 of P.L.1983, c.216 (C.18A:66-109.1) is amended to  
41 read as follows:

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

**Matter underlined thus is new matter.**

1       10. Any member who has at least three years of service to his  
2 credit for which he has contributed as a member may borrow from the  
3 retirement system an amount equal to not more than 50% of the  
4 amount of his accumulated deductions, but not less than \$50.00;  
5 provided that the amount so borrowed, together with interest thereon,  
6 can be repaid by additional deductions from compensation, not in  
7 excess of 25% of the member's compensation, made at the same time  
8 compensation is paid to the member. The amount so borrowed,  
9 together with the interest at the rate of **7 1/2** ~~4~~ % per annum on any  
10 unpaid balance thereof, shall be repaid to the retirement system in  
11 equal installments by deduction from the compensation of the member  
12 at the time the compensation is paid or in such lump sum amount  
13 sufficient to repay the balance of the loan, but the rate at which any  
14 installment is deducted shall be at least equal to the member's rate of  
15 contribution to the retirement system and at least sufficient to repay  
16 the amount borrowed, with interest thereon. Not more than two loans  
17 may be granted to any member in any calendar year. Notwithstanding  
18 any other law affecting the salary or compensation of any person or  
19 persons to whom this act applies or shall apply, the additional  
20 deductions required to repay the loan shall be made.

21       Loans shall be made to a member from his accumulated deductions.  
22 The interest earned on those loans shall be treated in the same manner  
23 as interest earned from investments of the retirement system. **In the**  
24 **case of any member who retires by reason other than disability and**  
25 **without repaying the full amount so borrowed, the pension fund shall**  
26 **retain the retirement benefit payments, excluding authorized**  
27 **deductions of the member, as repayment of the loan until the aggregate**  
28 **amount of those retirement benefit payments is equal to the**  
29 **outstanding balance of the loan, together with the interest at the rate**  
30 **of 7 1/2 % per annum on the amount so borrowed, at which time the**  
31 **retired member shall receive his retirement benefit payments.**

32       In the event a member retires **by reason of disability** without  
33 having repaid the full amount borrowed, then the retirement benefits  
34 to which he would otherwise be entitled shall be paid, less a deduction  
35 for the loan repayment. Subject to the approval of the board upon  
36 application by the retiree, the deduction from periodic benefits for a  
37 loan repayment may be reduced or otherwise adjusted, provided  
38 however that this deduction shall equal the lesser of the amount paid  
39 prior to the retirement or 20% of the periodic retirement benefit,  
40 whichever is less.

41       In the case of a pensioner who dies before the outstanding balance  
42 of the loan and interest thereon has been recovered, the remaining  
43 balance shall be repaid from the proceeds of any other benefits payable  
44 on the account of the pensioner, either in the form of monthly  
45 payments due to his beneficiaries or in the form of lump sum payments

1 payable for pension or group life insurance.

2 (cf: P.L.1995, c.240, s.4)

3

4 3. N.J.S.18A:66-110 is amended to read as follows:

5 18A:66-110. Pensions shall be paid from the fund in the manner  
6 following:

7 a. A member of the pension fund who was a member on or before  
8 June 26, 1962 and who has or shall hereafter have credit in the pension  
9 fund for 30 years or more as an employee of a board of education in  
10 a county wherein the fund has been established and maintained shall,  
11 upon application to the board of trustees of the pension fund, be  
12 retired by such board of trustees and shall thereupon receive annually  
13 from the fund, for and during the remainder of his or her life, by way  
14 of pension, an amount equal to **【one-fiftieth】** one-forty-fifth of the  
15 average annual compensation received in any three years of creditable  
16 service providing the largest possible benefit multiplied by the number  
17 of years for which he or she has credit in the pension fund, the amount  
18 to be determined by resolution of the board.

19 b. Upon the retirement of a member who has reached the age of  
20 60 years, the person so retired shall be entitled to receive during his or  
21 her life, by way of pension, **【one-fiftieth】** one-forty-fifth of the  
22 average annual compensation received in any three years of creditable  
23 service providing the largest possible benefit multiplied by the number  
24 of years for which he or she has credit in the pension fund, the amount  
25 to be determined by resolution of the board. Upon the receipt of  
26 proper proof of death of a member who has retired on a service  
27 retirement allowance, there shall be paid to such person, if living, as  
28 he shall have nominated by written designation duly executed and filed  
29 with the board of trustees, otherwise to the executor or administrator  
30 of the member's estate an amount equal to one-half of the highest  
31 annual compensation received by the member in any year of creditable  
32 service.

33 c. A member of the fund who has credit therein for 10 years, who  
34 shall become incapacitated, either mentally or physically, and who  
35 cannot perform the regular duties of employment, or who is found  
36 unfit for the performance of his or her duties, upon the application of  
37 his employer or upon his own application or the application of  
38 someone acting in his behalf, shall be retired by the board of trustees  
39 of the pension fund and thereupon shall receive annually from the fund  
40 a retirement allowance as described in subsection b. of this section if  
41 he has reached or passed age 60 and if he is under age 60, an amount  
42 equal to nine-tenths of **【one-fiftieth】** one-forty-fifth of the average  
43 annual compensation received in any three years of creditable service  
44 providing the largest possible benefit multiplied by the number of years  
45 of creditable service; provided, however, that in no event shall the  
46 pension be based upon less than 17 years nor more than 30 years of

1 service unless the member would have had less than 17 years of  
2 service at age 60, in which event he shall be given credit for the years  
3 to age 60; however, a member who has not attained age 70 who shall  
4 become incapacitated, either mentally or physically, as a direct result  
5 of a traumatic event occurring in the performance of his or her duties  
6 of such employee, shall, upon the application of his employer or upon  
7 his own application or the application of someone acting in his behalf,  
8 be retired by the board of trustees of the pension fund, and, thereupon,  
9 if a report of the accident, in a form acceptable to the board of trustees  
10 of the pension fund, is filed with the said board of trustees within 60  
11 days next following the accident and the application for retirement is  
12 filed with the said board of trustees within two years of the date of the  
13 accident, shall receive annually from the fund an amount equal to  
14 two-thirds of the annual salary being received by such employee on the  
15 date of the accident. The board of trustees may waive strict  
16 compliance with the time limits within which a report of the accident  
17 and an application for retirement must be filed with the board if it is  
18 satisfied: (1) that a report of the accident from which the disability is  
19 claimed to have resulted was filed with the employing board of  
20 education with reasonable promptitude and in no event later than 60  
21 days after the accident, and (2) the applicant shall show that his failure  
22 to file a report with the board of trustees or to file his application for  
23 retirement within the time limited by law was due to mistake,  
24 inadvertence, ignorance of fact or law, inability, or to the fraud,  
25 misrepresentation or deceit of any person, or to a delay in the  
26 manifestation of the incapacity, or to any other reasonable cause or  
27 excuse, and (3) that the application for retirement was filed in good  
28 faith and the circumstances justify its favorable consideration.

29 The trustees of the pension fund shall have the power to determine  
30 whether or not any employee is permanently and totally disabled, and  
31 whether or not a disability of an employee is the direct result of a  
32 traumatic event occurring at some definite time and place in the  
33 performance of his or her duties as such employee. The claimant shall  
34 have the right to present physicians, witnesses or other testimony in  
35 his or her behalf before the board of trustees. The chairman, or any  
36 other member of the board of trustees, may administer oaths to any  
37 physician or other persons called before the trustees regarding the  
38 employee's disability. The board of trustees shall decide, by  
39 resolution, whether the applicant is entitled to the benefit of this  
40 article.

41 Permanent and total disability resulting from a cardiovascular,  
42 pulmonary or muscular-skeletal condition which was not a direct result  
43 of a traumatic event occurring in the performance of duty shall be  
44 deemed an ordinary disability.

45 Once in each year, the board of trustees may, and upon the  
46 member's application shall, require any member retired for a disability,

1 who is under the age of 60, to undergo medical examination by a  
2 physician or physicians designated by the board of trustees. The  
3 examination shall be made at the residence of the pensioner or any  
4 other place mutually agreed upon. If the physician or physicians  
5 thereupon report and certify to the board of trustees that the disabled  
6 pensioner is not permanently and totally incapacitated, either mentally  
7 or physically, for the performance of duty, and the board finds that  
8 said member is engaged in a gainful occupation, or could be engaged  
9 in a gainful occupation, and if the board concurs in the report, then the  
10 amount of the pension shall be reduced to an amount which, when  
11 added to the amount then being earned by him or her or an amount  
12 which he or she could earn if gainfully employed, shall not exceed the  
13 amount of compensation received by him or her at the time of his or  
14 her retirement, including any cost of living adjustment. If subsequent  
15 examination of such pensioner shows that his or her earnings have  
16 changed since the date of his or her last examination, then the amount  
17 of the pension shall be further altered, but the new pension shall not  
18 exceed the amount of the pension originally granted, nor shall the new  
19 pension, when added to the amount then being earned by the  
20 pensioner, exceed the salary or compensation received by him or her  
21 at the time of his or her retirement, including any cost of living  
22 adjustment.

23 d. At the time of retirement, any member may elect to receive his  
24 or her benefits in a retirement allowance payable throughout life, or he  
25 or she may, on retirement, elect to convert the benefits, otherwise  
26 payable to him or her, into a retirement allowance of the equivalent  
27 actuarial value computed on the basis of such mortality tables as shall  
28 be adopted by the board of trustees, in accordance with one of the  
29 optional forms following:

30 Option 1. A reduced retirement allowance, payable during life, with  
31 a provision that in the case of death, before the total pension payments  
32 have equaled the actuarial value computed as aforesaid, the balance  
33 shall be paid to his or her surviving designated beneficiary, duly  
34 acknowledged and filed with the board of trustees; and if none, then  
35 to the executor or administrator of his or her estate.

36 Option 2. A reduced retirement allowance, payable during the  
37 retired member's life, with the provision that after his or her death it  
38 will continue during the life of and be paid to his or her designated  
39 beneficiary, if such person survives him or her.

40 Option 3. A reduced retirement allowance, payable during the  
41 retired member's life, with the provision that after his or her death, an  
42 allowance at one-half of the rate of his or her reduced allowance will  
43 be continued during the life of and be paid to his or her designated  
44 beneficiary, if such person survives him or her.

45 Option 4. A reduced retirement allowance, payable during the  
46 retired member's life, with some other benefit payable after his or her

1 death, provided the benefit is approved by the board of trustees.

2 No optional selection shall be effective in case a member dies within  
3 30 days after retirement and such a member shall be considered an  
4 active member at the time of death until the first payment on account  
5 of any benefit becomes normally due.

6 The board of trustees shall, from time to time and as often as they  
7 deem it necessary, employ an actuary, who shall recommend, and the  
8 board shall keep in convenient form, such data as shall be necessary  
9 for actuarial valuations of the various funds created by this article. At  
10 least once in every five-year period, or more frequently as determined  
11 by the board of trustees, the actuary shall make an actuarial  
12 investigation into the mortality, service and salary experience of the  
13 members and beneficiaries of the retirement system, and shall make a  
14 valuation of the assets and liabilities of the various funds thereof, and  
15 upon the basis of such investigation the board of trustees shall:

16 (a) Adopt for the retirement system such mortality, service and  
17 other tables as shall be deemed necessary.

18 (b) Certify the rate of contribution which shall be made by each  
19 board of education to the pension fund as provided by this article.

20 (cf: P.L.1995, c.240, s.5)

21

22 4. N.J.S.18A:66-113 is amended to read as follows:

23 18A:66-113. A member of the pension fund who has 10 years of  
24 service credit in the pension fund and who separates voluntarily or  
25 involuntarily before attaining the age of 60 years, and not by removal  
26 for cause on charges of misconduct or delinquency, may elect to  
27 receive a deferred retirement allowance beginning at the age of 60  
28 years, equal to **【one-fiftieth】** one-forty-fifth of the average annual  
29 compensation received by him during any three years of creditable  
30 service providing the largest possible benefit multiplied by the number  
31 of years of credited service, with optional privileges as provided for in  
32 subsection d. of section 18A:66-110.

33 Such member shall advise the board of trustees of his election of  
34 such a deferred retirement allowance in writing, and shall complete  
35 such forms as shall be specified by the board of trustees in its  
36 administration of this section.

37 Subsequent to making such an election, but prior to attaining age  
38 60, a member may later elect to withdraw all payments which he has  
39 made to the pension fund together with simple interest at the rate of  
40 4% per annum figured on such employee contributions. Upon such  
41 withdrawal of contributions, no further benefits shall be payable on  
42 behalf of said employee by the pension fund. If such a member should  
43 die before attaining the age of 60 years, all payments which he has  
44 made, together with simple interest at the rate of 4% per annum  
45 figured on such employee's contributions to the fund from the date of  
46 membership, shall be paid to such person, if living, as he shall have



1 nominated by written designation duly executed and filed with the  
2 board of trustees, otherwise to the executor or administrator of the  
3 member's estate.

4 Any member who, having elected to receive a deferred retirement  
5 allowance, again becomes an employee covered by the retirement  
6 system while under the age of 60 shall thereupon be reenrolled. He  
7 shall be credited with all service as a member standing to his credit at  
8 the time of his election to receive a deferred retirement allowance.  
9 (cf: P.L.1995, c.240, s.6)

10

11 5. Section 4 of P.L.1971, c.382 (C.18A:66-113.1) is amended to  
12 read as follows:

13 4. Should a member resign after having established 25 years of  
14 creditable service before reaching age 60, he may elect "early  
15 retirement," provided that such election is communicated by such  
16 member to the retirement system by filing a written application, duly  
17 attested, stating at what time subsequent to the execution and filing  
18 thereof he desires to be retired. He shall receive in lieu of any other  
19 payment provided for in section 18A:66-113 retirement allowance of  
20 **【one-fiftieth】** one-forty-fifth of his average annual compensation  
21 received in any three years of creditable service providing the largest  
22 possible benefit for each year of service credited reduced by  
23 one-quarter of 1% for each month that the member lacks of being age  
24 55.

25 (cf: P.L.1995, c.240, s.7)

26

27 6. This act shall take effect immediately.

28

29

30

#### STATEMENT

31

32 This bill revises the law which established pension funds for board  
33 of education employees of first-class counties (N.J.S.18A:66-94 et  
34 seq.). Because all of the other pension funds governed by these  
35 statutes no longer exist, N.J.S.18A:66-94 et seq. applies only to the  
36 Board of Education Employees' Pension Fund of Essex County, which  
37 has been a closed pension system since 1980. The bill:

38 (1) Reduces to 3% the salary contributions from members of the  
39 Board of Education Employees' Pension Fund of Essex County  
40 (hereafter "the fund") to the fund (section 1).

41 (2) Reduces interest charged to members of the fund who borrow  
42 against their accumulated contributions from 7 1/2% to 4% (section  
43 2).

44 (3) Allows a member with an outstanding loan from the retirement  
45 system upon retirement to repay the balance by deductions from the  
46 member's pension not exceeding 20% of each periodic benefit payment

1 (section 2).

2 (4) Increases the value, for the purpose of calculating most  
3 pensions under the fund, of each year of service credited in the fund  
4 from one-fiftieth of the average annual compensation received in any  
5 three years of creditable service providing the largest possible benefit  
6 to one-forty-fifth of such average annual compensation. This change  
7 applies to pensions payable upon retirement for service, age or  
8 ordinary disability (section 3), deferred retirement (section 4), and  
9 early retirement (section 5).

10

11

12

13

14 Revises pension benefits for members of certain board of education  
15 pension funds.

# SENATE, No. 1503

## STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED NOVEMBER 23, 1998

**Sponsored by:**

**Senator RICHARD J. CODEY**

**District 27 (Essex)**

**Co-Sponsored by:**

**Assemblymen Kelly, DiGaetano and Assemblywoman Crecco**

**SYNOPSIS**

Revises pension benefits for members of certain board of education pension funds.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/14/1999)**

S1503 CODEY

2

1 AN ACT concerning pension funds of certain boards of education in  
2 certain first-class counties and amending parts of the statutory law.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. N.J.S.18A:66-107 is amended to read as follows:

8 18A:66-107. The contributions to the pension fund shall be as  
9 follows:

10 a. There shall be deducted from every payment of salary of all  
11 employees who are members of the fund **[6]** 3% of the amount of  
12 such salary.

13 b. Each board of education shall be obligated for contributions to  
14 the fund of a proportionate amount of the total contributions required  
15 from all employing boards of education, as determined by the actuary,  
16 which shall be sufficient to: (1) provide for the pension credits being  
17 accrued by the members, after taking into account contributions being  
18 made by the members, and (2) provide for the payment of the  
19 unfunded accrued liability in annual payments **[over a period of 30**  
20 **years, commencing July 1, 1963]**. Such obligations shall be provided  
21 for by each board in its annual appropriation for the support and  
22 maintenance of the public schools.

23 c. The amount to be appropriated by each board under subsection  
24 b. of this section shall be determined by applying the percentage  
25 certified by the actuary as determined under said subsection.

26 d. The treasurer or other chief fiscal officer of each board of  
27 education shall pay to the fund on the first day of each month: (1) the  
28 total of the amounts of contributions which, during the preceding  
29 month, were deducted from the salaries of the employees of that board  
30 under subsection a. of this section, and (2) the pro rata portion of the  
31 amount of employer contributions of the board, as that amount is  
32 determined under subsection b. of this section, which is applicable to  
33 that board with respect to the preceding month. If the full payment  
34 required under this subsection is not made within 30 days after it  
35 becomes due, interest at the rate of 1% for each whole or fractional  
36 month of lateness shall begin to run against the unpaid balance of that  
37 payment on the first day after that thirtieth day.

38 (cf: P.L.1983, c.216, s.3)

39

40 2. Section 10 of P.L.1983, c.216 (C.18A:66-109.1) is amended to  
41 read as follows:

42 10. Any member who has at least three years of service to his  
43 credit for which he has contributed as a member may borrow from the

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

**Matter underlined thus is new matter.**

**S1503 CODEY**

1 retirement system an amount equal to not more than 50% of the  
2 amount of his accumulated deductions, but not less than \$50.00;  
3 provided that the amount so borrowed, together with interest thereon,  
4 can be repaid by additional deductions from compensation, not in  
5 excess of 25% of the member's compensation, made at the same time  
6 compensation is paid to the member. The amount so borrowed,  
7 together with the interest at the rate of **【7 1/2】** 4 % per annum on any  
8 unpaid balance thereof, shall be repaid to the retirement system in  
9 equal installments by deduction from the compensation of the member  
10 at the time the compensation is paid or in such lump sum amount  
11 sufficient to repay the balance of the loan, but the rate at which any  
12 installment is deducted shall be at least equal to the member's rate of  
13 contribution to the retirement system and at least sufficient to repay  
14 the amount borrowed, with interest thereon. Not more than two loans  
15 may be granted to any member in any calendar year. Notwithstanding  
16 any other law affecting the salary or compensation of any person or  
17 persons to whom this act applies or shall apply, the additional  
18 deductions required to repay the loan shall be made.

19 Loans shall be made to a member from his accumulated deductions.  
20 The interest earned on those loans shall be treated in the same manner  
21 as interest earned from investments of the retirement system. **【In the**  
22 **case of any member who retires by reason other than disability and**  
23 **without repaying the full amount so borrowed, the pension fund shall**  
24 **retain the retirement benefit payments, excluding authorized**  
25 **deductions of the member, as repayment of the loan until the aggregate**  
26 **amount of those retirement benefit payments is equal to the**  
27 **outstanding balance of the loan, together with the interest at the rate**  
28 **of 7 1/2 % per annum on the amount so borrowed, at which time the**  
29 **retired member shall receive his retirement benefit payments.】**

30 In the event a member retires **【by reason of disability】** without  
31 having repaid the full amount borrowed, then the retirement benefits  
32 to which he would otherwise be entitled shall be paid, less a deduction  
33 for the loan repayment. Subject to the approval of the board upon  
34 application by the retiree, the deduction from periodic benefits for a  
35 loan repayment may be reduced or otherwise adjusted, provided  
36 however that this deduction shall equal the lesser of the amount paid  
37 prior to the retirement or 20% of the periodic retirement benefit,  
38 whichever is less.

39 In the case of a pensioner who dies before the outstanding balance  
40 of the loan and interest thereon has been recovered, the remaining  
41 balance shall be repaid from the proceeds of any other benefits payable  
42 on the account of the pensioner, either in the form of monthly  
43 payments due to his beneficiaries or in the form of lump sum payments  
44 payable for pension or group life insurance.

45 (cf: P.L.1995, c.240, s.4)

**S1503 CODEY**

1       3. N.J.S.18A:66-110 is amended to read as follows:

2       18A:66-110. Pensions shall be paid from the fund in the manner  
3 following:

4       a. A member of the pension fund who was a member on or before  
5 June 26, 1962 and who has or shall hereafter have credit in the pension  
6 fund for 30 years or more as an employee of a board of education in  
7 a county wherein the fund has been established and maintained shall,  
8 upon application to the board of trustees of the pension fund, be  
9 retired by such board of trustees and shall thereupon receive annually  
10 from the fund, for and during the remainder of his or her life, by way  
11 of pension, an amount equal to **【one-fiftieth】** one-forty-fifth of the  
12 average annual compensation received in any three years of creditable  
13 service providing the largest possible benefit multiplied by the number  
14 of years for which he or she has credit in the pension fund, the amount  
15 to be determined by resolution of the board.

16       b. Upon the retirement of a member who has reached the age of  
17 60 years, the person so retired shall be entitled to receive during his or  
18 her life, by way of pension, **【one-fiftieth】** one-forty-fifth of the  
19 average annual compensation received in any three years of creditable  
20 service providing the largest possible benefit multiplied by the number  
21 of years for which he or she has credit in the pension fund, the amount  
22 to be determined by resolution of the board. Upon the receipt of  
23 proper proof of death of a member who has retired on a service  
24 retirement allowance, there shall be paid to such person, if living, as  
25 he shall have nominated by written designation duly executed and filed  
26 with the board of trustees, otherwise to the executor or administrator  
27 of the member's estate an amount equal to one-half of the highest  
28 annual compensation received by the member in any year of creditable  
29 service.

30       c. A member of the fund who has credit therein for 10 years, who  
31 shall become incapacitated, either mentally or physically, and who  
32 cannot perform the regular duties of employment, or who is found  
33 unfit for the performance of his or her duties, upon the application of  
34 his employer or upon his own application or the application of  
35 someone acting in his behalf, shall be retired by the board of trustees  
36 of the pension fund and thereupon shall receive annually from the fund  
37 a retirement allowance as described in subsection b. of this section if  
38 he has reached or passed age 60 and if he is under age 60, an amount  
39 equal to nine-tenths of **【one-fiftieth】** one-forty-fifth of the average  
40 annual compensation received in any three years of creditable service  
41 providing the largest possible benefit multiplied by the number of years  
42 of creditable service; provided, however, that in no event shall the  
43 pension be based upon less than 17 years nor more than 30 years of  
44 service unless the member would have had less than 17 years of  
45 service at age 60, in which event he shall be given credit for the years  
46 to age 60; however, a member who has not attained age 70 who shall

**S1503 CODEY**

1 become incapacitated, either mentally or physically, as a direct result  
2 of a traumatic event occurring in the performance of his or her duties  
3 of such employee, shall, upon the application of his employer or upon  
4 his own application or the application of someone acting in his behalf,  
5 be retired by the board of trustees of the pension fund, and, thereupon,  
6 if a report of the accident, in a form acceptable to the board of trustees  
7 of the pension fund, is filed with the said board of trustees within 60  
8 days next following the accident and the application for retirement is  
9 filed with the said board of trustees within two years of the date of the  
10 accident, shall receive annually from the fund an amount equal to  
11 two-thirds of the annual salary being received by such employee on the  
12 date of the accident. The board of trustees may waive strict  
13 compliance with the time limits within which a report of the accident  
14 and an application for retirement must be filed with the board if it is  
15 satisfied: (1) that a report of the accident from which the disability is  
16 claimed to have resulted was filed with the employing board of  
17 education with reasonable promptitude and in no event later than 60  
18 days after the accident, and (2) the applicant shall show that his failure  
19 to file a report with the board of trustees or to file his application for  
20 retirement within the time limited by law was due to mistake,  
21 inadvertence, ignorance of fact or law, inability, or to the fraud,  
22 misrepresentation or deceit of any person, or to a delay in the  
23 manifestation of the incapacity, or to any other reasonable cause or  
24 excuse, and (3) that the application for retirement was filed in good  
25 faith and the circumstances justify its favorable consideration.

26 The trustees of the pension fund shall have the power to determine  
27 whether or not any employee is permanently and totally disabled, and  
28 whether or not a disability of an employee is the direct result of a  
29 traumatic event occurring at some definite time and place in the  
30 performance of his or her duties as such employee. The claimant shall  
31 have the right to present physicians, witnesses or other testimony in  
32 his or her behalf before the board of trustees. The chairman, or any  
33 other member of the board of trustees, may administer oaths to any  
34 physician or other persons called before the trustees regarding the  
35 employee's disability. The board of trustees shall decide, by  
36 resolution, whether the applicant is entitled to the benefit of this  
37 article.

38 Permanent and total disability resulting from a cardiovascular,  
39 pulmonary or muscular-skeletal condition which was not a direct result  
40 of a traumatic event occurring in the performance of duty shall be  
41 deemed an ordinary disability.

42 Once in each year, the board of trustees may, and upon the  
43 member's application shall, require any member retired for a disability,  
44 who is under the age of 60, to undergo medical examination by a  
45 physician or physicians designated by the board of trustees. The  
46 examination shall be made at the residence of the pensioner or any

**S1503 CODEY**

1 other place mutually agreed upon. If the physician or physicians  
2 thereupon report and certify to the board of trustees that the disabled  
3 pensioner is not permanently and totally incapacitated, either mentally  
4 or physically, for the performance of duty, and the board finds that  
5 said member is engaged in a gainful occupation, or could be engaged  
6 in a gainful occupation, and if the board concurs in the report, then the  
7 amount of the pension shall be reduced to an amount which, when  
8 added to the amount then being earned by him or her or an amount  
9 which he or she could earn if gainfully employed, shall not exceed the  
10 amount of compensation received by him or her at the time of his or  
11 her retirement, including any cost of living adjustment. If subsequent  
12 examination of such pensioner shows that his or her earnings have  
13 changed since the date of his or her last examination, then the amount  
14 of the pension shall be further altered, but the new pension shall not  
15 exceed the amount of the pension originally granted, nor shall the new  
16 pension, when added to the amount then being earned by the  
17 pensioner, exceed the salary or compensation received by him or her  
18 at the time of his or her retirement, including any cost of living  
19 adjustment.

20 d. At the time of retirement, any member may elect to receive his  
21 or her benefits in a retirement allowance payable throughout life, or he  
22 or she may, on retirement, elect to convert the benefits, otherwise  
23 payable to him or her, into a retirement allowance of the equivalent  
24 actuarial value computed on the basis of such mortality tables as shall  
25 be adopted by the board of trustees, in accordance with one of the  
26 optional forms following:

27 Option 1. A reduced retirement allowance, payable during life, with  
28 a provision that in the case of death, before the total pension payments  
29 have equaled the actuarial value computed as aforesaid, the balance  
30 shall be paid to his or her surviving designated beneficiary, duly  
31 acknowledged and filed with the board of trustees; and if none, then  
32 to the executor or administrator of his or her estate.

33 Option 2. A reduced retirement allowance, payable during the  
34 retired member's life, with the provision that after his or her death it  
35 will continue during the life of and be paid to his or her designated  
36 beneficiary, if such person survives him or her.

37 Option 3. A reduced retirement allowance, payable during the  
38 retired member's life, with the provision that after his or her death, an  
39 allowance at one-half of the rate of his or her reduced allowance will  
40 be continued during the life of and be paid to his or her designated  
41 beneficiary, if such person survives him or her.

42 Option 4. A reduced retirement allowance, payable during the  
43 retired member's life, with some other benefit payable after his or her  
44 death, provided the benefit is approved by the board of trustees.

45 No optional selection shall be effective in case a member dies within  
46 30 days after retirement and such a member shall be considered an



S1503 CODEY

1 active member at the time of death until the first payment on account  
2 of any benefit becomes normally due.

3 The board of trustees shall, from time to time and as often as they  
4 deem it necessary, employ an actuary, who shall recommend, and the  
5 board shall keep in convenient form, such data as shall be necessary  
6 for actuarial valuations of the various funds created by this article. At  
7 least once in every five-year period, or more frequently as determined  
8 by the board of trustees, the actuary shall make an actuarial  
9 investigation into the mortality, service and salary experience of the  
10 members and beneficiaries of the retirement system, and shall make a  
11 valuation of the assets and liabilities of the various funds thereof, and  
12 upon the basis of such investigation the board of trustees shall:

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

15 (b) Certify the rate of contribution which shall be made by each  
16 board of education to the pension fund as provided by this article.

17 (cf: P.L.1995, c.240, s.5)

18

19 4. N.J.S.18A:66-113 is amended to read as follows:

20 18A:66-113. A member of the pension fund who has 10 years of  
21 service credit in the pension fund and who separates voluntarily or  
22 involuntarily before attaining the age of 60 years, and not by removal  
23 for cause on charges of misconduct or delinquency, may elect to  
24 receive a deferred retirement allowance beginning at the age of 60  
25 years, equal to **【one-fiftieth】** one-forty-fifth of the average annual  
26 compensation received by him during any three years of creditable  
27 service providing the largest possible benefit multiplied by the number  
28 of years of credited service, with optional privileges as provided for in  
29 subsection d. of section 18A:66-110.

30 Such member shall advise the board of trustees of his election of  
31 such a deferred retirement allowance in writing, and shall complete  
32 such forms as shall be specified by the board of trustees in its  
33 administration of this section.

34 Subsequent to making such an election, but prior to attaining age  
35 60, a member may later elect to withdraw all payments which he has  
36 made to the pension fund together with simple interest at the rate of  
37 4% per annum figured on such employee contributions. Upon such  
38 withdrawal of contributions, no further benefits shall be payable on  
39 behalf of said employee by the pension fund. If such a member should  
40 die before attaining the age of 60 years, all payments which he has  
41 made, together with simple interest at the rate of 4% per annum  
42 figured on such employee's contributions to the fund from the date of  
43 membership, shall be paid to such person, if living, as he shall have  
44 nominated by written designation duly executed and filed with the  
45 board of trustees, otherwise to the executor or administrator of the  
46 member's estate.

**S1503 CODEY**

8

1 Any member who, having elected to receive a deferred retirement  
2 allowance, again becomes an employee covered by the retirement  
3 system while under the age of 60 shall thereupon be reenrolled. He  
4 shall be credited with all service as a member standing to his credit at  
5 the time of his election to receive a deferred retirement allowance.

6 (cf: P.L.1995, c.240, s.6)

7

8 5. Section 4 of P.L.1971, c.382 (C.18A:66-113.1) is amended to  
9 read as follows:

10 4. Should a member resign after having established 25 years of  
11 creditable service before reaching age 60, he may elect "early  
12 retirement," provided that such election is communicated by such  
13 member to the retirement system by filing a written application, duly  
14 attested, stating at what time subsequent to the execution and filing  
15 thereof he desires to be retired. He shall receive in lieu of any other  
16 payment provided for in section 18A:66-113 retirement allowance of  
17 **【one-fiftieth】** one-forty-fifth of his average annual compensation  
18 received in any three years of creditable service providing the largest  
19 possible benefit for each year of service credited reduced by  
20 one-quarter of 1% for each month that the member lacks of being age  
21 55.

22 (cf: P.L.1995, c.240, s.7)

23

24 6. This act shall take effect immediately.

25

26

27

**STATEMENT**

28

29 This bill revises the law which established pension funds for board  
30 of education employees of first-class counties (N.J.S.18A:66-94 et  
31 seq.). Because all of the other pension funds governed by these  
32 statutes no longer exist, N.J.S.18A:66-94 et seq. applies only to the  
33 Board of Education Employees' Pension Fund of Essex County, which  
34 has been a closed pension system since 1980. The bill:

35 (1) Reduces to 3% the salary contributions from members of the  
36 Board of Education Employees' Pension Fund of Essex County  
37 (hereafter "the fund") to the fund (section 1).

38 (2) Reduces interest charged to members of the fund who borrow  
39 against their accumulated contributions from 7 1/2% to 4% (section  
40 2).

41 (3) Allows a member with an outstanding loan from the retirement  
42 system upon retirement to repay the balance by deductions from the  
43 member's pension not exceeding 20% of each periodic benefit payment  
44 (section 2).

45 (4) Increases the value, for the purpose of calculating most  
46 pensions under the fund, of each year of service credited in the fund

## **S1503 CODEY**

9

1 from one-fiftieth of the average annual compensation received in any  
2 three years of creditable service providing the largest possible benefit  
3 to one-forty-fifth of such average annual compensation. This change  
4 applies to pensions payable upon retirement for service, age or  
5 ordinary disability (section 3), deferred retirement (section 4), and  
6 early retirement (section 5).

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 1503

# STATE OF NEW JERSEY

DATED: NOVEMBER 8, 1999

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1503.

Senate Bill 1503 revises the law which established pension funds for board of education employees of first-class counties (N.J.S.18A:66-94 et seq.). Because all of the other pension funds governed by these statutes no longer exist, N.J.S.18A:66-94 et seq. applies only to the Board of Education Employees' Pension Fund of Essex County, which has been a closed pension system since 1980. The bill:

(1) Reduces from 6 to 3% the salary contributions from members of the Board of Education Employees' Pension Fund of Essex County (hereafter "the fund") to the fund (section 1).

(2) Reduces interest charged to members of the fund who borrow against their accumulated contributions from 7 1/2% to 4% (section 2).

(3) Allows a member with an outstanding loan from the retirement system upon retirement to repay the balance by deductions from the member's pension not exceeding 20% of each periodic benefit payment (section 2).

(4) Increases the value, for the purpose of calculating most pensions under the fund, of each year of service credited in the fund from one-fiftieth of the average annual compensation received in any three years of creditable service providing the largest possible benefit to one-forty-fifth of such average annual compensation. This change applies to pensions payable upon retirement for service, age or ordinary disability (section 3), deferred retirement (section 4), and early retirement (section 5).

On February 26, 1999, the State Pension and Health Benefits Review Commission recommended that the Legislature enact this measure.

# ASSEMBLY, No. 2589

## STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED NOVEMBER 9, 1998

**Sponsored by:**

**Assemblyman JOHN V. KELLY**

**District 36 (Bergen, Essex and Passaic)**

**Assemblyman PAUL DIGAETANO**

**District 36 (Bergen, Essex and Passaic)**

**Co-Sponsored by:**

**Assemblywoman Crecco**

**SYNOPSIS**

Revises pension benefits for members of certain board of education pension funds.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/08/1999)**

1 AN ACT concerning pension funds of certain boards of education in  
2 certain first-class counties and amending parts of the statutory law.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. N.J.S.18A:66-107 is amended to read as follows:

8 18A:66-107. The contributions to the pension fund shall be as  
9 follows:

10 a. There shall be deducted from every payment of salary of all  
11 employees who are members of the fund **[6]** 3% of the amount of  
12 such salary.

13 b. Each board of education shall be obligated for contributions to  
14 the fund of a proportionate amount of the total contributions required  
15 from all employing boards of education, as determined by the actuary,  
16 which shall be sufficient to: (1) provide for the pension credits being  
17 accrued by the members, after taking into account contributions being  
18 made by the members, and (2) provide for the payment of the  
19 unfunded accrued liability in annual payments **[over a period of 30**  
20 **years, commencing July 1, 1963]**. Such obligations shall be provided  
21 for by each board in its annual appropriation for the support and  
22 maintenance of the public schools.

23 c. The amount to be appropriated by each board under subsection  
24 b. of this section shall be determined by applying the percentage  
25 certified by the actuary as determined under said subsection.

26 d. The treasurer or other chief fiscal officer of each board of  
27 education shall pay to the fund on the first day of each month: (1) the  
28 total of the amounts of contributions which, during the preceding  
29 month, were deducted from the salaries of the employees of that board  
30 under subsection a. of this section, and (2) the pro rata portion of the  
31 amount of employer contributions of the board, as that amount is  
32 determined under subsection b. of this section, which is applicable to  
33 that board with respect to the preceding month. If the full payment  
34 required under this subsection is not made within 30 days after it  
35 becomes due, interest at the rate of 1% for each whole or fractional  
36 month of lateness shall begin to run against the unpaid balance of that  
37 payment on the first day after that thirtieth day.

38 (cf: P.L.1983, c.216, s.3)

39

40 2. Section 10 of P.L.1983, c.216 (C.18A:66-109.1) is amended to  
41 read as follows:

42 10. Any member who has at least three years of service to his  
43 credit for which he has contributed as a member may borrow from the

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

**Matter underlined thus is new matter.**

1 retirement system an amount equal to not more than 50% of the  
2 amount of his accumulated deductions, but not less than \$50.00;  
3 provided that the amount so borrowed, together with interest thereon,  
4 can be repaid by additional deductions from compensation, not in  
5 excess of 25% of the member's compensation, made at the same time  
6 compensation is paid to the member. The amount so borrowed,  
7 together with the interest at the rate of ~~7 1/2~~ 4 % per annum on any  
8 unpaid balance thereof, shall be repaid to the retirement system in  
9 equal installments by deduction from the compensation of the member  
10 at the time the compensation is paid or in such lump sum amount  
11 sufficient to repay the balance of the loan, but the rate at which any  
12 installment is deducted shall be at least equal to the member's rate of  
13 contribution to the retirement system and at least sufficient to repay  
14 the amount borrowed, with interest thereon. Not more than two loans  
15 may be granted to any member in any calendar year. Notwithstanding  
16 any other law affecting the salary or compensation of any person or  
17 persons to whom this act applies or shall apply, the additional  
18 deductions required to repay the loan shall be made.

19 Loans shall be made to a member from his accumulated deductions.  
20 The interest earned on those loans shall be treated in the same manner  
21 as interest earned from investments of the retirement system. **[In the**  
22 **case of any member who retires by reason other than disability and**  
23 **without repaying the full amount so borrowed, the pension fund shall**  
24 **retain the retirement benefit payments, excluding authorized**  
25 **deductions of the member, as repayment of the loan until the aggregate**  
26 **amount of those retirement benefit payments is equal to the**  
27 **outstanding balance of the loan, together with the interest at the rate**  
28 **of 7 1/2 % per annum on the amount so borrowed, at which time the**  
29 **retired member shall receive his retirement benefit payments.]**

30 In the event a member retires **[by reason of disability]** without  
31 having repaid the full amount borrowed, then the retirement benefits  
32 to which he would otherwise be entitled shall be paid, less a deduction  
33 for the loan repayment. Subject to the approval of the board upon  
34 application by the retiree, the deduction from periodic benefits for a  
35 loan repayment may be reduced or otherwise adjusted, provided  
36 however that this deduction shall equal the lesser of the amount paid  
37 prior to the retirement or 20% of the periodic retirement benefit,  
38 whichever is less.

39 In the case of a pensioner who dies before the outstanding balance  
40 of the loan and interest thereon has been recovered, the remaining  
41 balance shall be repaid from the proceeds of any other benefits payable  
42 on the account of the pensioner, either in the form of monthly  
43 payments due to his beneficiaries or in the form of lump sum payments  
44 payable for pension or group life insurance.

45 (cf: P.L.1995, c.240, s.4)

1       3. N.J.S.18A:66-110 is amended to read as follows:

2       18A:66-110. Pensions shall be paid from the fund in the manner  
3 following:

4       a. A member of the pension fund who was a member on or before  
5 June 26, 1962 and who has or shall hereafter have credit in the pension  
6 fund for 30 years or more as an employee of a board of education in  
7 a county wherein the fund has been established and maintained shall,  
8 upon application to the board of trustees of the pension fund, be  
9 retired by such board of trustees and shall thereupon receive annually  
10 from the fund, for and during the remainder of his or her life, by way  
11 of pension, an amount equal to ~~【one-fiftieth】~~ one-forty-fifth of the  
12 average annual compensation received in any three years of creditable  
13 service providing the largest possible benefit multiplied by the number  
14 of years for which he or she has credit in the pension fund, the amount  
15 to be determined by resolution of the board.

16       b. Upon the retirement of a member who has reached the age of 60  
17 years, the person so retired shall be entitled to receive during his or  
18 her life, by way of pension, ~~【one-fiftieth】~~ one-forty-fifth of the  
19 average annual compensation received in any three years of creditable  
20 service providing the largest possible benefit multiplied by the number  
21 of years for which he or she has credit in the pension fund, the amount  
22 to be determined by resolution of the board. Upon the receipt of  
23 proper proof of death of a member who has retired on a service  
24 retirement allowance, there shall be paid to such person, if living, as  
25 he shall have nominated by written designation duly executed and filed  
26 with the board of trustees, otherwise to the executor or administrator  
27 of the member's estate an amount equal to one-half of the highest  
28 annual compensation received by the member in any year of creditable  
29 service.

30       c. A member of the fund who has credit therein for 10 years, who  
31 shall become incapacitated, either mentally or physically, and who  
32 cannot perform the regular duties of employment, or who is found  
33 unfit for the performance of his or her duties, upon the application of  
34 his employer or upon his own application or the application of  
35 someone acting in his behalf, shall be retired by the board of trustees  
36 of the pension fund and thereupon shall receive annually from the fund  
37 a retirement allowance as described in subsection b. of this section if  
38 he has reached or passed age 60 and if he is under age 60, an amount  
39 equal to nine-tenths of ~~【one-fiftieth】~~ one-forty-fifth of the average  
40 annual compensation received in any three years of creditable service  
41 providing the largest possible benefit multiplied by the number of years  
42 of creditable service; provided, however, that in no event shall the  
43 pension be based upon less than 17 years nor more than 30 years of  
44 service unless the member would have had less than 17 years of  
45 service at age 60, in which event he shall be given credit for the years  
46 to age 60; however, a member who has not attained age 70 who shall



1 become incapacitated, either mentally or physically, as a direct result  
2 of a traumatic event occurring in the performance of his or her duties  
3 of such employee, shall, upon the application of his employer or upon  
4 his own application or the application of someone acting in his behalf,  
5 be retired by the board of trustees of the pension fund, and, thereupon,  
6 if a report of the accident, in a form acceptable to the board of trustees  
7 of the pension fund, is filed with the said board of trustees within  
8 60 days next following the accident and the application for retirement  
9 is filed with the said board of trustees within two years of the date of  
10 the accident, shall receive annually from the fund an amount equal to  
11 two-thirds of the annual salary being received by such employee on the  
12 date of the accident. The board of trustees may waive strict  
13 compliance with the time limits within which a report of the accident  
14 and an application for retirement must be filed with the board if it is  
15 satisfied: (1) that a report of the accident from which the disability is  
16 claimed to have resulted was filed with the employing board of  
17 education with reasonable promptitude and in no event later than  
18 60 days after the accident, and (2) the applicant shall show that his  
19 failure to file a report with the board of trustees or to file his  
20 application for retirement within the time limited by law was due to  
21 mistake, inadvertence, ignorance of fact or law, inability, or to the  
22 fraud, misrepresentation or deceit of any person, or to a delay in the  
23 manifestation of the incapacity, or to any other reasonable cause or  
24 excuse, and (3) that the application for retirement was filed in good  
25 faith and the circumstances justify its favorable consideration.

26 The trustees of the pension fund shall have the power to determine  
27 whether or not any employee is permanently and totally disabled, and  
28 whether or not a disability of an employee is the direct result of a  
29 traumatic event occurring at some definite time and place in the  
30 performance of his or her duties as such employee. The claimant shall  
31 have the right to present physicians, witnesses or other testimony in  
32 his or her behalf before the board of trustees. The chairman, or any  
33 other member of the board of trustees, may administer oaths to any  
34 physician or other persons called before the trustees regarding the  
35 employee's disability. The board of trustees shall decide, by  
36 resolution, whether the applicant is entitled to the benefit of this  
37 article.

38 Permanent and total disability resulting from a cardiovascular,  
39 pulmonary or muscular-skeletal condition which was not a direct result  
40 of a traumatic event occurring in the performance of duty shall be  
41 deemed an ordinary disability.

42 Once in each year, the board of trustees may, and upon the  
43 member's application shall, require any member retired for a disability,  
44 who is under the age of 60, to undergo medical examination by a  
45 physician or physicians designated by the board of trustees. The  
46 examination shall be made at the residence of the pensioner or any

1 other place mutually agreed upon. If the physician or physicians  
2 thereupon report and certify to the board of trustees that the disabled  
3 pensioner is not permanently and totally incapacitated, either mentally  
4 or physically, for the performance of duty, and the board finds that  
5 said member is engaged in a gainful occupation, or could be engaged  
6 in a gainful occupation, and if the board concurs in the report, then the  
7 amount of the pension shall be reduced to an amount which, when  
8 added to the amount then being earned by him or her or an amount  
9 which he or she could earn if gainfully employed, shall not exceed the  
10 amount of compensation received by him or her at the time of his or  
11 her retirement, including any cost of living adjustment. If subsequent  
12 examination of such pensioner shows that his or her earnings have  
13 changed since the date of his or her last examination, then the amount  
14 of the pension shall be further altered, but the new pension shall not  
15 exceed the amount of the pension originally granted, nor shall the new  
16 pension, when added to the amount then being earned by the  
17 pensioner, exceed the salary or compensation received by him or her  
18 at the time of his or her retirement, including any cost of living  
19 adjustment.

20 d. At the time of retirement, any member may elect to receive his  
21 or her benefits in a retirement allowance payable throughout life, or he  
22 or she may, on retirement, elect to convert the benefits, otherwise  
23 payable to him or her, into a retirement allowance of the equivalent  
24 actuarial value computed on the basis of such mortality tables as shall  
25 be adopted by the board of trustees, in accordance with one of the  
26 optional forms following:

27 Option 1. A reduced retirement allowance, payable during life, with  
28 a provision that in the case of death, before the total pension payments  
29 have equaled the actuarial value computed as aforesaid, the balance  
30 shall be paid to his or her surviving designated beneficiary, duly  
31 acknowledged and filed with the board of trustees; and if none, then  
32 to the executor or administrator of his or her estate.

33 Option 2. A reduced retirement allowance, payable during the  
34 retired member's life, with the provision that after his or her death it  
35 will continue during the life of and be paid to his or her designated  
36 beneficiary, if such person survives him or her.

37 Option 3. A reduced retirement allowance, payable during the  
38 retired member's life, with the provision that after his or her death, an  
39 allowance at one-half of the rate of his or her reduced allowance will  
40 be continued during the life of and be paid to his or her designated  
41 beneficiary, if such person survives him or her.

42 Option 4. A reduced retirement allowance, payable during the  
43 retired member's life, with some other benefit payable after his or her  
44 death, provided the benefit is approved by the board of trustees.

45 No optional selection shall be effective in case a member dies within  
46 30 days after retirement and such a member shall be considered an

1 active member at the time of death until the first payment on account  
2 of any benefit becomes normally due.

3 The board of trustees shall, from time to time and as often as they  
4 deem it necessary, employ an actuary, who shall recommend, and the  
5 board shall keep in convenient form, such data as shall be necessary  
6 for actuarial valuations of the various funds created by this article. At  
7 least once in every five-year period, or more frequently as determined  
8 by the board of trustees, the actuary shall make an actuarial  
9 investigation into the mortality, service and salary experience of the  
10 members and beneficiaries of the retirement system, and shall make a  
11 valuation of the assets and liabilities of the various funds thereof, and  
12 upon the basis of such investigation the board of trustees shall:

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

15 (b) Certify the rate of contribution which shall be made by each  
16 board of education to the pension fund as provided by this article.

17 (cf: P.L.1995, c.240, s.5)

18

19 4. N.J.S.18A:66-113 is amended to read as follows:

20 18A:66-113. A member of the pension fund who has 10 years of  
21 service credit in the pension fund and who separates voluntarily or  
22 involuntarily before attaining the age of 60 years, and not by removal  
23 for cause on charges of misconduct or delinquency, may elect to  
24 receive a deferred retirement allowance beginning at the age of 60  
25 years, equal to **【one-fiftieth】** one-forty-fifth of the average annual  
26 compensation received by him during any three years of creditable  
27 service providing the largest possible benefit multiplied by the number  
28 of years of credited service, with optional privileges as provided for in  
29 subsection d. of section 18A:66-110.

30 Such member shall advise the board of trustees of his election of  
31 such a deferred retirement allowance in writing, and shall complete  
32 such forms as shall be specified by the board of trustees in its  
33 administration of this section.

34 Subsequent to making such an election, but prior to attaining age  
35 60, a member may later elect to withdraw all payments which he has  
36 made to the pension fund together with simple interest at the rate of  
37 4% per annum figured on such employee contributions. Upon such  
38 withdrawal of contributions, no further benefits shall be payable on  
39 behalf of said employee by the pension fund. If such a member should  
40 die before attaining the age of 60 years, all payments which he has  
41 made, together with simple interest at the rate of 4% per annum  
42 figured on such employee's contributions to the fund from the date of  
43 membership, shall be paid to such person, if living, as he shall have  
44 nominated by written designation duly executed and filed with the  
45 board of trustees, otherwise to the executor or administrator of the  
46 member's estate.

1 Any member who, having elected to receive a deferred retirement  
2 allowance, again becomes an employee covered by the retirement  
3 system while under the age of 60 shall thereupon be reenrolled. He  
4 shall be credited with all service as a member standing to his credit at  
5 the time of his election to receive a deferred retirement allowance.

6 (cf: P.L.1995, c.240, s.6)

7

8 5. Section 4 of P.L.1971, c.382 (C.18A:66-113.1) is amended to  
9 read as follows:

10 4. Should a member resign after having established 25 years of  
11 creditable service before reaching age 60, he may elect "early  
12 retirement," provided that such election is communicated by such  
13 member to the retirement system by filing a written application, duly  
14 attested, stating at what time subsequent to the execution and filing  
15 thereof he desires to be retired. He shall receive in lieu of any other  
16 payment provided for in section 18A:66-113 retirement allowance of  
17 ~~one-fiftieth~~ one-forty-fifth of his average annual compensation  
18 received in any three years of creditable service providing the largest  
19 possible benefit for each year of service credited reduced by  
20 one-quarter of 1% for each month that the member lacks of being age  
21 55.

22 (cf: P.L.1995, c.240, s.7)

23

24 6. This act shall take effect immediately.

25

26

27

#### STATEMENT

28

29 This bill revises the law which established pension funds for board  
30 of education employees of first-class counties (N.J.S.18A:66-94 et  
31 seq.). Because all of the other pension funds governed by these  
32 statutes no longer exist, N.J.S.18A:66-94 et seq. applies only to the  
33 Board of Education Employees' Pension Fund of Essex County, which  
34 has been a closed pension system since 1980. The bill:

35 (1) Reduces to 3% the salary contributions from members of the  
36 Board of Education Employees' Pension Fund of Essex County  
37 (hereafter "the fund") to the fund (section 1).

38 (2) Reduces interest charged to members of the fund who borrow  
39 against their accumulated contributions from 7 1/2% to 4% (section  
40 2).

41 (3) Allows a member with an outstanding loan from the retirement  
42 system upon retirement to repay the balance by deductions from the  
43 member's pension not exceeding 20% of each periodic benefit payment  
44 (section 2).

45 (4) Increases the value, for the purpose of calculating most  
46 pensions under the fund, of each year of service credited in the fund

1 from one-fiftieth of the average annual compensation received in any  
2 three years of creditable service providing the largest possible benefit  
3 to one-forty-fifth of such average annual compensation. This change  
4 applies to pensions payable upon retirement for service, age or  
5 ordinary disability (section 3), deferred retirement (section 4), and  
6 early retirement (section 5).

# ASSEMBLY STATE GOVERNMENT COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 2589

# STATE OF NEW JERSEY

DATED: JUNE 24, 1999

The Assembly State Government Committee reports favorably Assembly Bill No. 2589.

This bill revises the law which established pension funds for board of education employees of first-class counties (N.J.S.18A:66-94 et seq.). Because all of the other pension funds governed by these statutes no longer exist, they apply only to the Board of Education Employees' Pension Fund of Essex County, which has been a closed pension system since 1980.

The bill reduces from 6 percent to 3 percent the rate of contributions on salary required of the employee members of the Board of Education Employees' Pension Fund of Essex County. It reduces from 7 1/2 percent to 4 percent the interest charged to members who borrow against their accumulated contributions. The bill also allows a member with a loan outstanding from the fund at the time of retirement to repay the balance by deductions from the member's pension as opposed to the current requirement that the amount of the loan outstanding be subtracted from pension payments until the loan is repaid.

For the purpose of calculating most pensions, the bill increases the value of each year of service credited in the fund from one-fiftieth of the average annual compensation received in any three years of creditable service providing the largest possible benefit to one-forty-fifth of such average annual compensation. This change applies to pensions payable upon retirement for service, age or ordinary disability, as well as deferred retirement and early retirement.

Assembly Bill No. 2589 is identical to Senate Bill No. 1503.

*Office of the Governor*  
**NEWS RELEASE**

CONTACT: Gene Herman  
609-777-2600

RELEASE: January 10, 2000

Gov. Christie Whitman today signed the following pieces of legislation:

**S-436**, sponsored by Senators C. Louis Bassano (R-Essex/Union) and Diane B. Allen (R-Burlington/Camden), requires the Department of Health and Senior Services (DHSS) to prepare an informational pamphlet on the nature and causes of osteoporosis and methods used to treat and prevent osteoporosis. The bill appropriates \$25,000 from the General Fund to DHSS to fund the printing and distribution of the pamphlets.

**S-1735**, sponsored by Senators William L. Gormley (R-Atlantic) and John A. Girgenti (D-Passaic) and Assembly Members Kenneth C. LeFevre (R-Atlantic) and Francis J. Blee (R-Atlantic), amends the reckless endangerment statute to clarify that adulteration of a drink or other substance constitutes the fourth degree offense of reckless endangerment. Specifically, the bill clarifies that this offense is committed when a person purposely or knowingly gives another person a drink or other substance that is intoxicating, tranquilizing or disorienting, when that other person does not know the identity and effect of the drink or substance.

**A-2775**, sponsored by Assembly Members John V. Kelly (R-Bergen/Essex/Passaic) and Paul DiGaetano (R-Bergen/Essex/Passaic) and Senator Garry J. Furnari (D-Bergen/Essex/Passaic), provides a grant of \$75,000 to create a study skills program in the East Rutherford Boro School District to address the needs of at-risk pupils. Pupils who are at-risk will be determined by using multiple indicators, including test scores, writing portfolios, teacher recommendations, and parental input. Funding will be utilized for staffing, teaching materials and other supplies. The bill makes a supplemental appropriation to the Fiscal Year 2000 budget.

**A-1019**, sponsored by Assembly Members Charles Zisa (D-Bergen) and Alan M. Augustine (R-Middlesex/Morris/Somerset/Union), and Senator Joseph A. Palaia (R-Monmouth), provides that commencing on September 1, 2002, any buildings and grounds supervisor employed by a school district must be a certified educational facilities manager. The bill directs the State Board of Education to issue rules and regulations to administer the program. The bill provides that a certified educational facilities manager must meet specific requirements, including having two years of experience in the field of buildings and grounds supervision and graduate as a certified educational facilities manager from the New Jersey Educational Facility Management Program at Rutgers University, or an equivalent program at an accredited institution of higher learning.

**A-2993**, sponsored by Assembly Members Gerald J. Luongo (R-Camden/Gloucester) and Senator Robert E. Littell (R-Sussex/Hunterdon/Morris), excludes bonds supported by open space, recreation, farmland or historic preservation taxes from calculation of gross debt of a county or municipality. Gross debt is a measure used under the Local Bond Law to derive the net debt of a county or municipality for purposes of establishing a county or municipal debt limit.

**A-1445**, sponsored by Assembly Members Jack Collins (R- Salem/Cumberland/Gloucester) and Marion Crecco (R-Essex/Passaic) and Senators Norman Robertson (R-Essex/Passaic) and Anthony R. Bucco (R- Morris), permits a police officer enrolled in the Police and Firemen's Retirement System to purchase up to three years of service credit based on inactive time between a point of no-fault layoff and the point of rehiring the employee.

**A-2133**, sponsored by Assembly Members John V. Kelly (R- Bergen/Essex/Passaic) and Joseph V. Doria, Jr. (D-Hudson), requires health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers and health maintenance organizations to provide health benefits coverage for annual mammograms for women aged 40 and over. Previous law provided for annual mammogram coverage for women 50 and over; women who are at least 40, but less than 50, were provided coverage for biannual examinations.

**S-1503**, sponsored by Senator Richard J. Codey (D-Essex) and Assembly Members John V. Kelly (R-Bergen/Essex/Passaic) and Paul DiGaetano (R-Bergen/Essex/Passaic), revises pension benefits and employee contribution rates for members of certain board of education pension funds.

**A-2943**, sponsored by Assembly Members Jack Collins (R-Cumberland/Gloucester/Salem) and Christopher Bateman (R-Morris/Somerset) and Senators Robert W. Singer (R-Burlington/Monmouth/Ocean) and Diane B. Allen (R-Burlington/Camden), requires the return of unearned premiums on a pro rata basis for canceled automobile insurance policies. Previous law only required an insurer to return unpaid premiums on a short rate basis, which is an amount less than the pro rata basis because a percentage of administrative costs are charged to the insured.

**A-1706**, sponsored by Assembly Member John V. Kelly (R-Bergen/Essex/Passaic) and Senators Robert W. Singer (R-Burlington/Monmouth/Ocean) and Louis F. Kosco (R-Bergen), establishes a procedure to be followed by landlords of commercial or residential property when disposing of tangible property left behind in premises that had been vacated by a tenant.

**S-1062**, sponsored by Senators William L. Gormley (R-Atlantic) and Edward T. O'Connor, Jr. (D-Hudson) and Assembly Members Richard A. Merkt (R-Morris) and Michael Patrick Carroll (R-Morris), establishes a procedure for dealing with lost or abandoned property.

**A-3298**, sponsored by Assembly Members John S. Wisniewski (D-Middlesex) and Gerald J. Luongo (R-Camden/Gloucester) and Senators Joseph F. Vitale (D-Middlesex) and Nicholas J. Sacco (D-Bergen/Hudson), allows for re-certification of the special district tax for school districts if the school district's surplus account is higher than estimated at the school election in certain circumstances.

**S-1697**, sponsored by Senators William L. Gormley (R-Atlantic) and Wayne R. Bryant (D-Camden/Gloucester) and Assembly Members James W. Holzapfel (R- Monmouth/Ocean) and Kenneth C. LeFevre (R-Atlantic), authorizes a court to issue a restraining order prohibiting a person charged with, convicted of or adjudicated delinquent for any drug distribution offense or any offense involving the use or possession of an assault weapon from returning to the place where the offense occurred.



**A-960**, sponsored by Assembly Member Alan M. Augustine (R- Middlesex/Morris/Somerset /Union), requires pet shops to refund the purchase price, reimburse any veterinary fees, or provide replacement for sick cats or dogs under certain circumstances.

**S-1273**, sponsored by Senators Robert W. Singer (R- Burlington/Monmouth/Ocean) and Robert W. Littell (R-Sussex/Hunterdon/Morris) and Assembly Members Charlotte Vandervalk (R- Bergen) and Nicholas R. Felice (R-Bergen/Passaic), permits HMO enrollees residing in certain retirement communities with nursing homes to continue to receive care at that nursing facility under certain circumstances.

**A-1653**, sponsored by Assembly Members John V. Kelly (R- Bergen/Essex/Passaic) and Neil M. Cohen (D-Union) and Senator Gerald Cardinale (R-Bergen), requires health insurers, including hospital service corporations, medical service corporation, health service corporations, commercial insurers and health maintenance organizations to provide insurance coverage benefits for health wellness examinations and counseling. The bill appropriates \$95,000 to the Department of Health and Senior Services for allocation to the Health Wellness Promotion Advisory Board to evaluate implementation of the provisions of the bill and to ensure awareness and utilization of the health promotion program by covered persons and health care providers.

**A-2461**, sponsored by Assembly Member Gary W. Stuhltrager (R-Salem/Cumberland/ Gloucester), extends the cap on tax liability on transfers of hazardous substances to certain successors in interest.