

43:15A-41, 43:15A-49, 43:15A-57

LEGISLATIVE HISTORY CHECKLIST

(Additional death benefits to certain members of Public Employees Retirement System)

NJSA 43:15A-41, 43:15A-49, 43:15A-57

Laws of 1977 Chapter 376

Bill No. S1666

Sponsor(s) Merlino

Date Introduced Sept. 23, 1976

Committee: Assembly County Government

Senate County & Municipal Government

Amended during passage Yes No Amendments during passage denoted by asterisks

Date of passage: Assembly December 15, 1977

Senate Sept. 19, 1977

Date of approval February 8, 1978

Following statements are attached if available:

Sponsor statement Yes No
Committee Statement: Assembly No
Senate Yes
Fiscal Note No
Veto message No
Message on signing Yes

Following were printed:

Reports No
Hearings No

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10/4/76

115 beneficiary to whom a benefit is payable in one sum may elect to
116 receive the amount payable in equal annual installments over a
117 period of years or as a life annuity.

118 k. All other provisions of this section notwithstanding, this sec-
119 tion and the benefits provided under this section shall not come
120 into effect until a required percentage of the members shall have
121 applied for the additional death benefit coverage under this section.
122 This required percentage shall be fixed by the board of trustees.
123 Any such percentage may be made applicable to male members
124 only or to other groupings as determined by the board of trustees
125 of the Public Employees' Retirement System. Applications for
126 such additional death benefit coverage shall be submitted to the
127 secretary of the board of trustees in such manner and upon such
128 forms as the board of trustees shall provide.

1 4. This act shall take effect immediately.

STATEMENT

This bill amends the Public Employees' Retirement System Act to provide that noncontributory and additional death benefits payable to the beneficiary of a member who is elected to a term of office before attaining age 70 and who dies during that term but after having attained age 70, shall be for each policy one and one-half times the compensation which the member received during his last year of creditable service. If a member is elected or reelected to a term of office after having attained age 70 and dies while in office, the amount payable shall equal three-sixteenths of the compensation received by the member in the last year of creditable service.

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1666

with Senate committee amendment

STATE OF NEW JERSEY

DATED: JUNE 20, 1977

The sponsor's statement very adequately summarizes the essential objectives and implications of the bill as follows:

This bill amends the Public Employees' Retirement System Act to provide that noncontributory and additional death benefits payable to the beneficiary of a member who is elected to a term of office before attaining age 70 and who dies during that term but after having attained age 70, shall be for each policy one and one-half times the compensation which the member received during his last year of creditable service. If a member is elected or reelected to a term of office after having attained age 70 and dies while in office, the amount payable shall equal three-sixteenths of the compensation received by the member in the last year of creditable service.

The bill's provisions apply to noncontributory and additional death benefits paid to eligible beneficiaries upon the death of a member on active service as a result of either service related or nonservice related causes; except that in the case of additional death benefit coverage, the amount payable may be equal to one and one-half times compensation or some lesser amount which member elected to purchase.

Under the pertinent provisions of existing law, such benefits drop from $1\frac{1}{2}$ to $\frac{3}{16}$ of the compensation of the deceased member during last year of creditable service, if death occurs after a member on active service attains age 70.

The Senate committee amendment, requested by the bill's sponsor, extends the benefits provided in this bill, to the beneficiaries of any elected official holding office at age 70 who is reelected to such office and serves continuously therein after attaining age 70.

SENATE, No. 1666

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 23, 1976

By Senator MERLINO

Referred to Committee on County and Municipal Government

AN ACT to amend the "Public Employees' Retirement System Act," approved June 28, 1954 (P. L. 1954, c. 84) as said short title was amended by P. L. 1971, c. 213.

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

1 1. Section 41 of P. L. 1954, c. 84 (C. 43:15A-41) is amended to
2 read as follows:

3 41. a. A member who withdraws from service or ceases to be an
4 employee for any cause other than death or retirement shall, upon
5 the filing of an application therefor, receive all of his accumu-
6 lated deductions standing to the credit of his individual account in
7 the annuity savings fund, plus regular interest, less any outstanding
8 loan, except that for any period after June 30, 1944, the interest
9 payable shall be such proportion of the interest determined at the
10 regular rate of 2% per annum bears to the regular rate of interest,
11 and except that no interest shall be payable in the case of a member
12 who has less than 3 years of membership credit for which he has
13 made contributions. He shall cease to be a member 2 years from the
14 date he discontinued service as an eligible employee, or, if prior
15 thereto, upon payment to him of his accumulated deductions. If any
16 such person or member shall die before withdrawing or before
17 endorsing the check constituting the return of his accumulated
18 deductions, such deductions shall be paid to the member's bene-
19 ficiary. No member shall be entitled to withdraw the amounts
20 contributed by his employer covering his military leave unless he
21 shall have returned to the payroll and contributed to the retirement
22 system for a period of 90 days.

23 b. Should a member resign after having established 25 years of
24 creditable service before reaching age 60, he may elect "early
25 retirement," provided, that such election is communicated by such

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

26 member to the retirement system by filing a written application,
27 duly attested, stating at what time subsequent to the execution and
28 filing thereof he desires to be retired. He shall receive, in lieu
29 of the payment provided in subsection a. of this section, an annuity
30 which is the actuarial equivalent of his accumulated deductions
31 together with regular interest, and a pension in the amount which,
32 when added to the member's annuity, will provide a total retirement
33 allowance of one-seventieth of his final compensation for each year
34 of service credited as Class A service and one-sixtieth of his final
35 compensation for each year of service credited as Class B service,
36 calculated in accordance with section 48 (C. 43:15A-48) of this act,
37 reduced by $\frac{1}{4}$ of 1% for each month that the member lacks of being
38 age 55; provided, however, that upon the receipt of proper proofs
39 of the death of such a member there shall be paid to his beneficiary
40 an amount equal to three-sixteenths of the compensation upon which
41 contributions by the member to the annuity savings fund were based
42 in the last year of creditable service.

43 The board of trustees shall retire him at the time specified or at
44 such other time within 1 month after the date so specified as the
45 board finds advisable.

46 c. Upon the receipt of proper proofs of the death of a member in
47 service on account of which no accidental death benefit is payable
48 under section 49 there shall be paid to such member's beneficiary:

49 (1) The member's accumulated deductions at the time of death
50 together with regular interest; and

51 (2) An amount equal to one and one-half times the compensation
52 upon which contributions by the member to the annuity savings
53 fund were based in the last year of creditable service; provided,
54 however, that if such death shall occur after the member shall have
55 attained age 70, the amount payable shall equal three-sixteenths of
56 such compensation instead of one and one-half times such compen-
57 sation. *In the case of a member who is elected to a term of office*
58 *before attaining age 70 and who shall die during said term but after*
59 *having attained age 70, *or a member who, after attaining age 70,*
59A *is reelected to, and renders continuous service in, an elected office*
59B *which he held upon attaining age 70 and who shall die during such*
59C *term as reelected,* the beneficiary shall receive an amount equal*
60 *to one and one-half times the compensation upon which con-*
61 *tributions by the member to the annuity savings fund were based*
62 *in the last year of creditable service*]; provided, however, that if a*
63 *member is elected or reelected to a term of office after having*
64 *attained age 70 and shall die while in office]*. In all other instances*
65 *where a member dies while serving in elected office after attaining*

66 *age 70*, the amount payable shall equal three-sixteenths of such*
67 *compensation instead of one and one-half times such compensation.*

1 2. Section 49 of P. L. 1954, c. 84 (C. 43:15A-49) is amended to
2 read as follows:

3 49. a. Upon the death of a member in active service as a result
4 of an accident met in the actual performance of duty at some definite
5 time and place and not as the result of his willful negligence, an
6 accidental death benefit shall be payable, if a report of the accident
7 is filed in the office of the retirement system within 60 days next
8 following the accident, but the board of trustees may waive such
9 time limit, for a reasonable period, if in the judgment of the board
10 the circumstances warrant such action.

11 No such application shall be valid or acted upon unless it is filed
12 in the office of the retirement system within 5 years of the date
13 of such death.

14 b. Upon the receipt of proper proofs of the death of a member
15 on account of which an accidental death benefit is payable, there
16 shall be paid to his widow or widower a pension of 50% of the
17 compensation, upon which contributions by the member to the an-
18 nuity savings fund were based in the last year of creditable service,
19 for the use of herself or himself and the children of the deceased
20 member, to continue during her or his widowhood; if there is no
21 surviving widow or widower or in case the widow or widower dies
22 or remarries, 20% of such compensation will be payable to one
23 surviving child, 35% of such compensation to two surviving chil-
24 dren in equal shares and if there be three or more children, 50%
25 of such compensation will be payable to such children in equal
26 shares. If there is no surviving widow, widower or child, 25% of
27 the compensation upon which contributions by the member to the
28 annuity savings fund were based in the last year of creditable ser-
29 vice, will be payable to one surviving parent or 40% of such com-
30 pensation will be payable to two surviving parents in equal shares.
31 In the event of accidental death occurring in the first year of cred-
32 itable service, the benefits, payable pursuant to this subsection, shall
33 be computed at the annual rate of compensation.

34 c. If there is no surviving widow, widower, child or parent, there
35 shall be paid to any other beneficiary of the deceased member his
36 accumulated deductions at the time of death.

37 d. In no case shall the death benefit provided in subsection b.
38 be less than that provided under subsection c.

39 e. In addition to the foregoing benefits payable under subsection
40 b. or c., there shall also be paid in one sum to such member's
41 beneficiary an amount equal to one and one-half times the com-

42 pension upon which contributions by the member to the annuity
 43 savings fund were based in the last year of creditable service;
 44 provided, however, that if such death shall occur after the member
 45 shall have attained age 70, the amount payable shall equal
 46 three-sixteenths of such compensation instead of one and one-half
 47 times such compensation. *In the case of a member who is elected*
 48 *to a term of office before attaining age 70 and who shall die during*
 49 *said term but after having attained age 70, *or a member who,*
 50 *after attaining age 70, is reelected to, and renders continuous*
 51 *service in, an elected office which he held upon attaining age 70 and*
 52 *who shall die during such term as reelected,* the beneficiary shall*
 53 *receive an amount equal to one and one-half times the compensation*
 54 *upon which contributions by the member to the annuity savings*
 55 *fund were based in the last year of creditable service***[**; provided,*
 56 *however, that if a member is elected or reelected to a term of*
 57 *office after having attained age 70 and shall die while in office]***** *.*
 58 *In all other instances where a member dies while serving in elected*
 59 *office after attaining age 70*, the amount payable shall equal three-*
 60 *sixteenths of such compensation instead of one and one-half times*
 61 *such compensation.*

1 3. Section 57 of P. L. 1954, c. 84 (C. 43:15A-57) is amended to
 2 read as follows:

3 57. a. Each member who is a member on December 1, 1956 and
 4 each person who thereafter becomes a member prior to the effec-
 5 tive date of this amendatory act, will be eligible to purchase the
 6 additional death benefit coverage hereinafter described, provided
 7 he selects such coverage within 1 year after December 1, 1956 or
 8 after the effective date of membership, whichever date is later,
 9 or makes an election pursuant to subsection b. of this section.

10 b. Each member who, on the effective date of this amendatory
 11 act, shall not have elected such additional death benefit coverage
 12 or who had elected coverage, but for whom there is not in effect
 13 such additional death benefit coverage shall also be eligible to elect
 14 such additional death benefit coverage, provided he furnishes satis-
 15 factory evidence of insurability and on the date of such election
 16 is actively at work and performing all his regular duties at his
 17 customary place of employment. Applications under this subsec-
 18 tion shall be filed within 1 year following the effective date of this
 19 amendatory act.

20 c. Each person becoming a member on or after the effective date
 21 of this amendatory act who on the date he becomes a member is
 22 less than 60 years of age shall automatically be covered for such
 23 additional death benefit coverage from the first day of his mem-

24 bership on which he is actively at work and performing all his
25 regular duties at his customary place of employment. Such auto-
26 matic coverage shall continue during the member's first year of
27 membership and during such year he shall make contributions
28 as fixed by the board of trustees. Additional death benefit coverage
29 for such member shall continue in effect after the first year of
30 membership on the continuance of payment of the required con-
31 tributions therefor.

32 d. Each person becoming a member on or after the effective
33 date of this amendatory act who on the date he becomes a member
34 is 60 or more years of age may, within 1 year from the date of
35 membership, elect to purchase such additional death benefit cover-
36 age, provided that the member furnishes satisfactory evidence of
37 insurability and on the date of such election is actively at work
38 and performing all his regular duties at his customary place of
39 employment.

40 e. Notwithstanding other provisions of this section relating to
41 the amount of death benefit any member who has acquired or shall
42 acquire additional death benefit coverage, the death benefit payable
43 in the event of death occurring on or after the effective date of
44 this amendatory act and during the first year of membership shall
45 be based upon the member's annual base salary. The effective
46 date of coverage of any person electing to purchase additional
47 death benefit coverage, pursuant to the provisions of subsections
48 "a.," "b." and "d." of this section shall be the first day of the
49 month immediately following the date of such election unless evi-
50 dence of insurability is required as a condition of such election in
51 which event the effective date of coverage shall be the first day
52 of the month which immediately follows the later of (a) the date
53 of such election and (b) the date such evidence is determined to
54 be satisfactory.

55 f. The board of trustees shall establish schedules of contribu-
56 tions to be made by the members who elect to purchase the addi-
57 tional death benefit coverage. Such contributions shall be so com-
58 puted that the contributions made by or on behalf of all covered
59 members in the aggregate shall be sufficient to provide for the cost
60 of the benefits established by this section. Such schedules of con-
61 tributions shall be subject to adjustment from time to time, by the
61A board of trustees, as the need may appear.

62 g. Upon the receipt of proper proofs of the death in service of
63 any such member while covered for the additional death benefit
64 coverage there shall be paid to such person, if living, as the mem-
65 ber shall have nominated by written designation duly executed

66 and filed with the board of trustees, otherwise to the executor or
 67 administrator of the member's estate, an amount equal to one
 68 and one-half times the compensation received by the member in
 69 the last year of creditable service or some lesser amount as may
 70 be provided by the board of trustees and elected to purchase by
 71 the member; provided, however, that if such death in service shall
 72 occur on or after July 1, 1956, and after the member has attained
 73 age 70, the amount payable shall equal three-sixteenths of the
 74 compensation received by the member in the last year of credit-
 75 able service. *In the case of a member covered for the additional*
 76 *death benefit who is elected to a term of office before attaining*
 77 *age 70 and who shall die during said term but after having at-*
 78 *tained age 70,* or a member who, after attaining age 70, is reelected*
 78A *to, and renders continuous service in, an elected office which he*
 78B *held upon attaining age 70 and who shall die during such term as*
 78C *reelected,* the beneficiary or executor or administrator of the*
 79 *member's estate, as the case may be, shall receive an amount equal*
 80 *to one and one-half times the compensation received by the mem-*
 81 *ber in the last year of creditable service or some lesser amount*
 82 *as may be provided by the board of trustees and elected to be pur-*
 83 *chased by the member*[]; provided, however, that if a member is*
 84 *elected or reelected to a term of office after having attained age 70*
 85 *and shall die while in office] * . In all other instances where a*
 86 *member dies while serving in elected office after attaining age 70*,*
 87 *the amount payable shall equal three-sixteenths of the compensa-*
 88 *tion received by the member in the last year of creditable service.*

88A h. The contributions of a member for the additional death bene-
 89 fit coverage shall be deducted from his compensation, but if there
 90 is no compensation from which such contributions may be de-
 91 ducted it shall be the obligation of the member to make such
 92 contributions directly to the board of trustees or as directed by
 93 the board; provided, however, that no contributions shall be re-
 94 quired after June 30, 1956, while a member remains in service
 95 after attaining age 70, but that his employer shall be required to
 96 pay into the fund on his behalf in such case an amount equal to
 97 the contribution otherwise required by the board of trustees in
 98 accordance with this section.

99 i. Any other provision of this act notwithstanding, the contri-
 100 butions of a member for the additional death benefit coverage
 101 under this section shall not be returnable to the member or his
 102 beneficiary in any manner, or for any reason whatsoever, nor
 103 shall any contributions made for the additional death benefit cov-
 104 erage be included in any annuity payable to any such member or
 105 to his beneficiary.

106 j. A member who has elected to purchase the additional death
107 benefit coverage provided by this section may file with the board
108 of trustees, and alter from time to time during his lifetime, as
109 desired, a duly attested, written, new nomination of the payee of
110 the death benefit provided under this section. Such member may
111 also file and alter from time to time during his lifetime, as desired,
112 a request with the board of trustees directing payment of said
113 benefit in one sum or in equal annual installments over a period
114 of years or as a life annuity. Upon the death of such member, a
115 beneficiary to whom a benefit is payable in one sum may elect to
116 receive the amount payable in equal annual installments over a
117 period of years or as a life annuity.

118 k. All other provisions of this section notwithstanding, this sec-
119 tion and the benefits provided under this section shall not come
120 into effect until a required percentage of the members shall have
121 applied for the additional death benefit coverage under this section.
122 This required percentage shall be fixed by the board of trustees.
123 Any such percentage may be made applicable to male members
124 only or to other groupings as determined by the board of trustees
125 of the Public Employees' Retirement System. Applications for
126 such additional death benefit coverage shall be submitted to the
127 secretary of the board of trustees in such manner and upon such
128 forms as the board of trustees shall provide.

1 4. This act shall take effect immediately.