

SENATE, No. 379

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1968

By Senators WHITE, McDERMOTT, HIERING, SEARS,
HAUSER and DUMONT

Referred to Committee on Education

AN ACT to amend "An act to provide an alternate program of benefits for certain members of the faculty of the Newark College of Engineering, in lieu of benefits now provided," approved January 11, 1968 (P. L. 1967, c. 278).

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

1 1. Section 2 of the act of which this act is amendatory is amended
2 to read as follows:

3 2. **[All]** *Any* full-time faculty **[members]** *member*, except those
4 persons in ineligible categories designated in the regulations of the
5 Newark College of Engineering which regulations **[shall]** *may* be
6 uniform application, shall participate in the alternate benefit pro-
7 gram, provided that no person who was in employment with the
8 Newark College of Engineering on the effective date of this act
9 and who was then a member of the Teachers' Pension and Annuity
10 Fund or the Group Annuity Plan shall participate in the alternate
11 benefit program unless he shall so elect by filing an application
12 with the Teachers' Pension and Annuity Fund or the Group
13 Annuity Plan within 90 days following the establishment of the
14 alternate benefit program by the Newark College of Engineering
15 declaring his election to participate in the alternate benefit pro-
16 gram; *and provided further that no person who is employed sub-*
17 *sequent to the effective date of this act in the Newark College of*
18 *Engineering, who at the time of such employment is a member of*
19 *the Teachers' Pension and Annuity Fund or the Group Annuity*
20 *Plan or the Public Employees' Retirement System shall participate*
21 *in the alternate benefit program unless he shall so elect by filing an*
22 *application with the Teachers' Pension and Annuity Fund, the*
23 *Public Employees' Retirement System or the Group Annuity Plan*

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

24 *within 90 days following the date he commences services in the*
25 *Newark College of Engineering declaring his election to participate*
26 *in the alternate benefit program.*

27 Upon such election, the Teachers' Pension and Annuity Fund,
28 *the Public Employees' Retirement System* or the Group Annuity
29 Plan shall cause prompt notice of said election to be given to the
30 Newark College of Engineering and shall transfer to the indi-
31 vidual's account in the alternate benefit program, the amount of
32 accumulated deductions standing to his credit, *including regular*
33 *interest*, in the annuity savings fund of the Teachers' Pension and
34 Annuity Fund *or the Public Employees' Retirement System* or the
35 employee's contributions, including interest, in the Group Annuity
36 Plan as of date of transfer.

1 2. Section 3 of the act of which this act is amendatory is amended
2 to read as follows:

3 3. There shall also be transferred from the contingent reserve
4 fund or the pension fund of the Teachers' Pension and Annuity
5 Fund, *or the Public Employees' Retirement System* or from the
6 Group Annuity Plan to the individual's account in the alternate
7 benefit program, the pension reserve required as of the date of his
8 transfer to provide a pension for each year of service credited to
9 the account of the member as set forth in section [36] *18A:66-36*
10 *or section [44 of chapter 37, of the laws of 1955] 18A:66-44 of the*
11 *New Jersey Statutes or section 38 or section 48 of chapter 84 of*
12 *the laws of 1954* as amended and supplemented as of the effective
13 date of this act, or for each year of service credited under the Group
14 Annuity Plan. Such transfer from the contingent reserve fund
15 or the pension fund of the Teachers' Pension and Annuity Fund
16 *or the Public Employees' Retirement System* or the Group Annuity
17 Plan shall be made at the time of the member's transfer to the
18 alternate benefit program in the case of any such member who has
19 then met the eligibility requirements for a pension under the
20 aforementioned section [36] *18A:66-36* or section [44 of chapter
21 37, public laws of 1955] *18A:66-44 of the New Jersey Statutes or*
22 *section 38 or section 48 of chapter 84, P. L. 1954 as supplemented*
23 *and amended*, or the Group Annuity Plan. In the case of any
24 member who elects to participate in the alternate benefit program
25 who has not then met the eligibility requirements for a pension
26 under section [36] *18A:66-36* or section [44 of chapter 37, public
27 laws of 1955] *18A:66-44 of the New Jersey Statutes or section 38*
28 *or section 48 of chapter 84, P. L. 1954 as supplemented and*
29 *amended*, or under the Group Annuity Plan, the transfer from the

30 contingent reserve fund or the pension fund of the Teachers'
31 Pension and Annuity Fund *or the Public Employees' Retirement*
32 *System* or from the Group Annuity Plan shall be effected at the
33 time such requirements have been met, taking into account for the
34 purpose of such eligibility requirement his years of membership
35 service at the time of his election and his subsequent years of
36 service as a full-time member of the faculty of the Newark College
37 of Engineering, or at the time he shall have 10 years of credit for
38 New Jersey service and become physically incapacitated for the
39 performance of duty if he had been a member of the Teachers'
40 Pension and Annuity Fund *or the Public Employees' Retirement*
41 *System* as of the date of transfer.

42 The annuity to be used in determining the amount of pension
43 is the actuarial equivalent of the member's accumulated deductions
44 transferred from the Teachers' Pension and Annuity Fund *or the*
45 *Public Employees' Retirement System* to the date the member
46 attains 60 years of age, if subsequent to the date of election. The
47 amount of pension is that established by formula within section [44
48 of chapter 37, P. L. 1955] *18A:66-44 of the New Jersey Statutes*
49 *or section 48 of chapter 84, P. L. 1954* as amended and supplemented
50 as of the effective date of this act or under the Group Annuity
51 Plan and changes to section [44] *18A:66-44 of the New Jersey*
52 *Statutes or to section 48 of chapter 84, P. L. 1954* enacted sub-
53 sequent to this act or the Group Annuity Plan shall have no applica-
54 tion to the provisions of this act.

55 In the event that the eligibility requirement under section [36 of
56 chapter 37, P. L. 1955] *18A:66-36 of the New Jersey Statutes*
57 *or section 38 of chapter 84, P. L. 1954* or under the Group Annuity
58 Plan is changed at some future date to permit members to become
59 eligible for such benefit prior to the completion of 15 years of
60 service, the transfer of the reserve from the contingent reserve
61 fund or the pension fund of the Teachers' Pension and Annuity
62 Fund *or the Public Employees' Retirement System* or from the
63 Group Annuity Plan shall be effected as of the date the member
64 who had elected the alternate benefits program meets the amended
65 eligibility requirement or the effective date of the amendment, if
66 later.

67 In the event an option is available with respect to the distribution
68 of employee and employer contributions between fixed and variable
69 annuities under the alternate benefit program, the employee shall
70 have the right to determine the percentage distribution of these
71 funds subject to any limitations imposed by the designated insurer
72 or insurers.

1 3. Section 4 of the act of which this act is amendatory is amended
2 to read as follows:

3 4. Any person participating in the alternate benefit program
4 shall be ineligible for membership in the Teachers' Pension and
5 Annuity Fund, *the Public Employees' Retirement System* or the
6 Group Annuity Plan *by reason of employment in the Newark*
7 *College of Engineering* and any person electing to participate in
8 the alternate benefit program shall thereby waive all rights and
9 benefits provided by the Teachers' Pension and Annuity Fund *or*
10 *the Public Employees' Retirement System* as a member of said fund
11 *or system* or as a participant in the Group Annuity Plan *by reason*
12 *of said employment* except as herein and otherwise provided by law
13 or under the terms of the Group Annuity Plan.

14 Any person receiving a benefit by reason of his retirement from
15 any retirement or pension system of the State of New Jersey or
16 any political subdivision thereof shall be ineligible to participate
17 in the alternate benefit program.

1 4. Section 9 of the act of which this act is amendatory is amended
2 to read as follows:

3 9. The [term] *terms* "accumulated deductions" and "regular
4 *interest*" as used herein [is] *are* as defined in section [2 of chapter
5 37, P. L. 1955] *18A:66-2 of the New Jersey Statutes or section 6*
6 *of chapter 84, P. L. 1954, as amended and supplemented, whichever*
7 *section is applicable to the employee.*

8 The term "pension reserve" as used herein is as defined in sec-
9 tion [2 of chapter 37, P. L. 1955] *18A:66-2 of the New Jersey*
10 *Statutes or in section 6 of chapter 84, P. L. 1954, as amended and*
11 *supplemented, whichever section is applicable to the employee, or*
12 *as it refers to the allowable credit of employer contributions which*
13 *may be transferred under terms of the Group Annuity Plan.*

14 The term "Newark College of Engineering" refers to the School
15 for Industrial Education of Newark, New Jersey.

16 The term "Group Annuity Plan" refers to the Group Annuity
17 Contract R-134 between the Board of Trustees of the Newark
18 College of Engineering and the Prudential Insurance Company of
19 America.

20 "Full-time" faculty shall be as defined by the Board of Trustees
21 of the Newark College of Engineering by regulation of uniform
22 application, and shall also include the president and vice-president
23 of the college.

1 5. This act shall take effect immediately.

STATEMENT

Legislation (c. 278, P. L. 1967) to provide a private pension program for faculty members at Newark College of Engineering was passed by the Legislature and became law on January 11, 1968. Under that legislation, faculty members will have a choice of either remaining in the State fund or joining a private insurance program. The advantage of the private program is immediate vesting and making it easier for our public institutions of higher education to employ new faculty members from throughout the country, since many of them have the private insurance program known as TIAA. Membership in TIAA provides for a portable pension program, which is an advantage to the individual.

While the present law gives the option between the 2 pension funds to current faculty members, it requires all faculty members employed in the future at Newark College of Engineering to go under the TIAA insurance program. This will severely restrict the recruitment of faculty members from our public school system since they would either have to lose their credit in the TP & AF or vest it in the event they have 15 years or more service credit. Even with vesting the persons concerned would lose pension benefits since the vesting would generally be on a much lower salary than the final retirement salary base would be.

This bill provides to faculty members being employed at Newark College of Engineering in the future the same option on pension funds as is made available to the present faculty members.

CHAPTER 76 LAWS OF N. J. 1968
APPROVED 6-21-68

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 379

STATE OF NEW JERSEY

ADOPTED APRIL 8, 1968

AN ACT to amend "An act to provide an alternate program of benefits for certain members of the faculty of the Newark College of Engineering, in lieu of benefits now provided," approved January 11, 1968 (P. L. 1967, c. 278).

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

1 1. Section 4 of the act of which this act is amendatory is amended
2 to read as follows:

3 4. (a.) Any person participating in the alternate benefit
4 program shall be ineligible for membership in the Teachers'
5 Pension and Annuity Fund or the Group Annuity Plan and any
6 person electing to participate in the alternate benefit program shall
7 thereby waive all rights and benefits provided by the Teachers'
8 Pension and Annuity Fund as a member of said fund or as a partici-
9 pant in the Group Annuity Plan except as herein and otherwise
10 provided by law or under the terms of the Group Annuity Plan.

11 (b.) *Any person required to participate in the alternate benefit*
12 *program by reason of employment in the Newark College of*
13 *Engineering, who at the time of such employment is a member of*
14 *the Teachers' Pension and Annuity Fund, shall be permitted to*
15 *transfer his membership in said fund to the Public Employees'*
16 *Retirement System, by waiving all rights and benefits which would*
17 *otherwise be provided by the alternate benefit program. Any such*
18 *new employee who is a member of the Public Employees' Retire-*
19 *ment System will likewise be permitted to continue his membership*
20 *in that system, by waiving all rights and benefits which would*
21 *otherwise be provided by the alternate benefit program. Such*
22 *waivers shall be accomplished by filing forms satisfactory to the*
23 *board of trustees of the Newark College of Engineering within 30*
24 *days of the beginning date of employment in the college.*

25 (c.) Any person receiving a benefit by reason of his retirement
26 from any retirement or pension system of the State of New Jersey
27 or any political subdivision thereof shall be ineligible to participate
28 in the alternate benefit program.

1 2. This act shall take effect immediately.