

43:15A-~~1~~17

August 25, 1970

LEGISLATIVE HISTORY OF R.S. 43:15A-~~1~~17
(Pensions - disability) (PERS - SS offset reports)
(1966 Amendment)

COPY 21

L. 1966 - Chapter 67 - A201.
January 24 ~~1966~~ introduced by Hauser (and ²⁵ others).
May 9 - Amended in Assembly.
(Amendment did not affect Section 4)
Bill had statement.

No hearings and reports were located.

Similar bills in previous years:

1962 - A 247
Died in Com.

1963 - A 368
Died in Com.

1964 - A 31
Died in Com.

1965 - A 570
Died in Com.

Almost identical bill:

1965 - A 825
Passed Assembly

RSL/EH
GC-Yes

See:

Mc Garrity, J.A.

Major new legislation de-integrates,
extends P.E.R.S. coverage.

New Jersey Municipalities, Nov., 1966, p. 147

974.905
M96

CHAPTER C. 7 LAWS OF N. J. 1966
APPROVED 4/8/66

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 201

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1966

By Assemblymen HAUSER, FARRINGTON, BRADY, HALPIN, Assembly-
woman KORDJA, Assemblymen TANZMAN, WILENTZ, MARAZITI,
SEARS, BATEMAN, RIMM, A. S. SMITH, McLAUGHLIN, McLEON,
McDERMOTT, SKEVIN, DOREN, BRIGIANI and SWEENEY

Referred to Committee on Education

AN Act to amend and supplement the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84) and repealing section 59 thereof; amending "An act supplementing 'An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein,' approved June 28, 1954 (P. L. 1954, c. 84) and providing for benefits and rates of contribution of State law enforcement officers," approved January 6, 1956 (P. L. 1955, c. 257) and repealing P. L. 1956, c. 219, P. L. 1960, c. 124, and P. L. 1962, c. 171.

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

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

1 1. Section 17 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 17. *Subject to the provisions of chapter 70 of the laws of 1955, the* **【The】**
4 general **【administration and】** responsibility for the proper operation of the
5 Public Employees' Retirement System and for making effective the provi-
6 sions of this act shall be vested in the board of trustees. Subject to the limita-
7 tions of the law, the board shall, from time to time, establish rules and regu-
8 lations for the administration and transaction of its business and for the
9 control of the funds created by this subtitle and shall perform any other func-
10 tions required for the execution of this act. The membership of the board shall
11 consist of the following:

12 a. Two trustees appointed by the Governor, who shall serve at the pleas-
13 ure of the Governor and until their successors are appointed.

14 b. *The State Treasurer or the Deputy State Treasurer, when designated*
15 *for that purpose by the State Treasurer.*

16 c. Three trustees elected for a term of 3 years from among and by the
17 member employees of the State in a manner prescribed by the board of
18 trustees.

19 d. One trustee elected for a term of 3 years from among and by the
20 member employees of counties and the same method of holding an election
21 from time to time used for the State employees' representatives shall be
22 followed in elections held for county representatives.

23 e. Two trustees elected for a term of 3 years from among and by the
24 member employees of municipalities and the same method of holding an elec-
25 tion from time to time used for the State employees' representatives shall be
26 followed in elections held for municipal representatives; provided, however,
27 at the first election for municipal representation, one trustee shall be elected
28 to serve for a term of 2 years and the other trustee shall be elected to serve
29 for a term of 3 years.

30 A vacancy occurring during a term shall be filled for the unexpired term
31 by the appointment or election of a successor in the same manner as his
32 predecessor.

33 Each member of the board shall, upon appointment or election, take an
34 oath of office that, so far as it devolves upon him, he will diligently and hon-
35 estly administer the board's affairs, and that he will not knowingly violate
36 or willfully permit to be violated any provision of law applicable to this act.
37 The oath shall be subscribed to by the member making it, certified by the
38 officer before whom it is taken and filed immediately in the office of the Secre-
39 tary of State.

40 Each trustee shall be entitled to one vote in the board and a majority
41 of all the votes of the entire board shall be necessary for a decision by the
42 trustees at a meeting of the board. The board shall keep a record of all its
43 proceedings, which shall be open to public inspection.

44 The members of the board shall serve without compensation but shall be
45 reimbursed [from the expense fund] for any necessary expenditures. No
46 employee shall suffer loss of salary or wages through the serving on the board.
47 [The compensation for all persons employed by the board shall be fixed by it,
48 within the limits of appropriations made available to the board.]

49 For the purpose of organizing the Public Employees' Retirement System,
50 the members of the board of trustees of the former "State Employees'
51 Retirement System," as of the effective date of the repeal of that system,
52 shall constitute the initial membership of the board of trustees of the Public
53 Employees' Retirement System, for the remainder of the terms for which they
54 were appointed or elected as the case may be.

55 *The board of trustees shall designate a medical board to be composed of*
56 *3 physicians as the board shall designate who are not eligible to participate*
57 *in the retirement system. The medical board shall pass upon all medical exam-*
58 *inations required under the provisions of this act, shall investigate all essen-*
59 *tial statements and certificates by or on behalf of a member in connection with*

60 *an application for disability retirement, and shall report in writing to the*
61 *board of trustees its conclusions and recommendations upon all matters re-*
62 *ferred to it.*

1 2. Section 18 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 18. The board shall elect annually from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the chair-
6 man. It shall appoint [], subject to the provisions of sections 11:4-2 and
7 11:4-3 of the Revised Statutes, a secretary and] an actuary.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act and
10 shall perform such other duties as are required in connection therewith.

11 The Attorney General shall be the legal adviser of the retirement system.

12 *The Chief or Assistant Chief of the Office of Secretarial Services of the*
13 *Division of Pensions of the State Department of the Treasury, shall be the*
14 *secretary of the board. The Chief and Assistant Chief of the Office of Secre-*
15 *tarial Services shall be in the competitive division of the State classified*
16 *service. The secretary presently in office shall hold the position as Assistant*
17 *Chief of the Office of Secretarial Services subject to all of the provisions of*
18 *Title 11 of the Revised Statutes and shall not be removed from said office*
19 *except in the manner provided under the provisions of said Title relating to*
20 *permanent employees in the competitive division of the State classified serv-*
21 *ice. The board of trustees shall select its secretary from among the eligible*
22 *candidates.*

1 3. Section 42 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 42. A member, *under 60 years of age*, who [shall have been an employee
4 in each of the] *has 10 or more years of credit for New Jersey service [next*
5 *preceding his retirement]*, shall, upon the application of the head of the de-
6 partment in which he shall have been employed or upon his own application

7 or the application of one acting in his behalf, be retired for ordinary dis-
8 ability by the board of trustees [, on a regular disability allowance if he is
9 under 60 years of age and on a service allowance if he has reached or passed
10 that age]. The physician or physicians designated by the board shall have
11 first made a medical examination of him at his residence or at any other place
12 mutually agreed upon and shall have certified to the board that the member
13 is physically or mentally incapacitated for the performance of duty and should
14 be retired.

15 *The service requirement provisions of this amendatory and supplemen-*
16 *tary act shall not become effective for 5 years following the effective date*
17 *of the act.*

1 4. Section 43 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 43. A member who has not attained age [70] 65 shall, upon the applica-
4 tion of the head of the department in which he is employed or upon his own
5 application or the application of one acting in his behalf, be retired by the
6 board of trustees, if said employee is *permanently and totally* disabled as
7 [the] a direct result of [personal injuries sustained in or from an accident
8 arising out of and in the course of his employment] a traumatic event occur-
9 ring during and as a result of the performance of his regular or assigned
10 duties, on an accidental disability allowance. [No such application shall be
11 valid or acted upon unless a report of the accident, in a form acceptable
12 to the board of trustees is filed in the office of the retirement system within
13 60 days next following the accident; no such application shall be valid or
14 acted upon unless it is filed in the office of the retirement system within 2 years
15 of the date of the accident; provided, however, that the board of trustees may
16 waive strict compliance with either or both time limitations, if the board is
17 satisfied: (1) that a report of the accident from which the disability is
18 claimed to have resulted was filed with the appointing authority with reason-
19 able promptitude and in no event later than 60 days after the accident, and
20 (2) the applicant shall show that his failure to file a report with the board of

21 trustees or to file his application for retirement within the time limited by
22 law was due to mistake, inadvertence, ignorance of fact or law, inability, or
23 to the fraud, misrepresentation or deceit of any person, or to a delay in the
24 manifestation of the incapacity, or to any other reasonable cause or excuse,
25 and (3) that the application for retirement was filed in good faith and the
26 circumstances justify its favorable consideration.】

27 *The application to accomplish such retirement must be filed within 5*
28 *years of the original traumatic event, but the board of trustees may consider*
29 *an application filed after the 5-year period if it can be factually demonstrated*
30 *to the satisfaction of the board of trustees that the disability is due to the*
31 *accident and the filing was not accomplished within the 5-year period due to*
32 *a delayed manifestation of the disability or to circumstances beyond the con-*
33 *trol of the member.*

34 *Permanent and total disability resulting from a cardiovascular, pulmon-*
35 *ary or musculo-skeletal condition which was not a direct result of a traumatic*
36 *event occurring in the performance of duty shall be deemed an ordinary*
37 *disability.*

38 Before consideration of the application by the board of trustees, the
39 physician or physicians designated by the board shall have first made a med-
40 ical examination of the member at his residence or at any other place mutu-
41 ally agreed upon and shall have certified to the board that he is physically
42 or mentally incapacitated for the performance of duty, and should be re-
43 tired, and the appointing authority shall have certified to the board that 【an
44 accident arising out of and in the course of his employment was the natural
45 and proximate cause of the disability,】 *the member is permanently and totally*
46 *disabled as a direct result of a traumatic event occurring during and as a*
47 *result of the performance of his regular or assigned duties, the time and*
48 *place where the duty causing the disability was performed, that the disability*
49 *was not the result of his willful negligence and that the member should be*
50 *retired.*

51 【This section shall apply to all applicants for disability retirement here-
52 after filed and in addition thereto the retirement board is expressly author-
53 ized to reconsider any application for accident disability allowance which
54 application had been previously denied upon the ground that a report of the
55 accident in a form acceptable to the retirement board was not filed within 60
56 days next following the accident.】

1 5. Section 44 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 44. a. Once each year the board of trustees may, and upon his application
4 shall, require any disability beneficiary who is under the age of 60 years to
5 undergo medical examination by a physician or physicians designated by the
6 board. The examination shall be made *by the beneficiary's personal physician*
7 *or a physician designated by the board* at the residence of the beneficiary or
8 any other place mutually agreed upon. If the physician or physicians there-
9 upon report and certify to the board that the disability beneficiary is not
10 totally incapacitated either physically or mentally for the performance of
11 duty, 【and that】 *or if he is engaged in* 【or is able to engage in a】 *an* 【gainful】
12 occupation, 【and if the board concurs in the report,】 then the amount of his
13 pension shall be reduced to an amount which, when added to the amount then
14 【earnable】 *earned* by him, shall not exceed the amount of 【his final compen-
15 sation】 *the salary now attributable to his former position*. If 【subsequent
16 medical examination of such a beneficiary shows that】 his 【earning】 *earnings*
17 【capacity has】 *have* changed since the date of his last examination, then the
18 amount of his pension may be further altered; but the new pension shall not
19 exceed the amount of pension originally granted 【or an amount which, when
20 added to the amount earnable by the beneficiary, shall not exceed the amount
21 of his final compensation】.

22 If a disability beneficiary, while under age of 60 years, refuses to submit
23 to at least one medical examination in any year by a physician or physicians
24 designated by the board, his pension shall be discontinued until withdrawal
25 of his refusal 【, and if his refusal continues for 1 year, all his rights in and

26 to the pension shall be forfeited]. *If the report of the medical board shall*
27 *show that such beneficiary is able to perform either his former duty or other*
28 *comparable duty which his former employer is willing to assign to him, the*
29 *beneficiary shall report for duty. If the beneficiary fails to return to duty*
30 *within 10 days after being ordered so to do, or within such further time as*
31 *may be allowed by the board of trustees for valid reason, as the case may be,*
32 *the pension shall be discontinued during such default.*

33 *b. Upon application to the head of the department in which he was em-*
34 *ployed at the time of his retirement, any beneficiary, while under the age*
35 *of 60 years, may, in the discretion of the head of the department, be restored*
36 *to active service as an employee. No disability beneficiary [entering the*
37 *employ of the State] restored to service shall be compelled or permitted to*
38 *become a member of the retirement system, or to receive any benefits other*
39 *than those previously awarded to him, as long as his annual rate of compen-*
40 *sation is less than his final compensation at the time of his retirement. Any*
41 *beneficiary under the age of 60 years, who is restored to active service at an*
42 *annual rate of compensation equal to or greater than his final compensation*
43 *at the time of his retirement, or whose annual rate of compensation is in-*
44 *creased at any time after his restoration to service, to a rate equal to or*
45 *greater than his final compensation at the time of his retirement, shall there-*
46 *upon again become a member of the retirement system. His retirement*
47 *allowance shall be canceled, and notwithstanding anything in this act to the*
48 *contrary, his annuity reserve shall be transferred from the retirement re-*
49 *serve fund to his individual account in the annuity savings fund. Deduc-*
50 *tions shall be made from his compensation at the rate applicable to him prior*
51 *to his retirement. Any service certificate on the basis of which his service*
52 *was computed at the time of his retirement shall be restored to full force and*
53 *effect, and he shall be credited with all service as a member standing to his*
54 *credit at the time of his retirement; except that such a beneficiary again be-*
55 *coming a member [after having attained the age of 50 years] shall receive a*
56 *[pension] retirement allowance on subsequent retirement based on all his*

57 service as a member since his last return to membership, and in addition he
58 shall receive a [pension] retirement allowance equal to the [pension] re-
59 tirement allowance on which he was retired at the time of his last retirement,
60 but the total [pension] retirement allowance upon subsequent retirement
61 shall not be a greater proportion of his final compensation than the proportion
62 to which he would have been entitled had he remained in service during the
63 period of his prior retirement.

64 *The provisions of subsection b of this section pertaining to a beneficiary*
65 *restored to service, as altered by this amendatory and supplementary act,*
66 *shall not become effective for 5 years following the effective date of the act.*

1 6. Section 45 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 45. [Subject to the provisions of section 59 of this act, a] A member
4 upon retirement for ordinary disability shall receive a retirement allowance,
5 which shall consist of:

6 a. An annuity which shall be the actuarial equivalent of his accumulated
7 deductions at the time of his retirement together with regular interest[;]
8 and

9 b. A pension *in the amount* which, when added to the *member's* annuity,
10 will [produce a total retirement allowance of 9/10 of the sum of 1/70 of his
11 final compensation for each year of service credited as Class A service and
12 1/60 of his final compensation for each year of service credited as Class B
13 service] *provide a total retirement allowance of 1 1/2% of final compensation*
14 *multiplied by his number of years of creditable service; provided, however,*
15 *that in no event shall the allowance be [based upon] less than [17 years of*
16 *service, unless the member would have had less than 17 years of service at*
17 *age 60, in which event he shall be given credit for the years] 40% of final*
18 *compensation, except that in no case shall the rate of allowance exceed 9/10*
19 *of the rate of the allowance which the member would have received had he*
20 *remained in service to age 60.*

21 c. Upon the receipt of proper proofs of the death of a member who has
22 retired on an ordinary disability retirement allowance, there shall be paid to
23 such person, if living, as he shall have nominated by written designation duly
24 executed and filed with the board of trustees, otherwise to the executor or
25 administrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
26 pensation received by the member in the last year of creditable service if
27 such death occurs before the member shall have reached 60 years of age but
28 if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the compensation
29 received by the member in the last year of creditable service.

1 7. Section 46 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 46. [Subject to the provisions of section 59 of this act, a] A member
4 *under 65 years of age* upon retirement for [accident] *accidental* disability
5 [shall receive a service retirement allowance if he has attained the age of 70;
6 otherwise he] shall receive a retirement allowance which shall consist of:

7 a. An annuity which shall be the actuarial equivalent of his accumulated
8 deductions at the time of his retirement together with regular interest; and

9 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
10 pensation for which contributions were being made at the time of the occur-
11 rence of the accident.

12 c. Upon the receipt of proper proofs of the death of a member who has
13 retired on an [accident] *accidental* disability retirement allowance, there shall
14 be paid to such person, if living, as he shall have nominated by written desig-
15 nation duly executed and filed with the board of trustees, otherwise to the
16 executor or administrator of the member's estate, an amount equal to $1\frac{1}{2}$
17 times the compensation received by the member in the last year of creditable
18 service if such death occurs before the member shall have reached 60 years
19 of age but if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the
20 compensation received by the member in the last year of creditable service.

1 8. Section 51 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 51. A pension, an annuity or a retirement allowance granted under the
4 provisions of this act *shall be effective only on the first day of a month*, shall
5 be paid in equal monthly installments, and shall not be decreased, increased,
6 revoked or repealed, except as otherwise provided in this act; provided, how-
7 ever, that at the time any benefit becomes payable any unpaid balance of a
8 loan or arrearage outstanding shall be deducted from any benefit otherwise
9 payable.

10 *Upon the death of a retirant, any unpaid benefits due him shall be paid in*
11 *one lump sum to such person, if living, as he shall have nominated by written*
12 *designation duly executed and filed with the board of trustees, otherwise to the*
13 *executor or administrator of the retirant's estate. No pension, annuity or*
14 *retirement allowance shall be due to a retirant or beneficiary unless it consti-*
15 *tutes a payment for an entire month.*

1 9. Section 58 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 58. Prior to January 1, 1960, contributions to the social security fund by
4 members of the retirement system shall be deducted from the contributions
5 required to be paid to the retirement system by such members as provided
6 in section 25 of this act. *On and after January 1, 1960, and prior to January*
7 *1, ***[1966]*** *1967*, amounts equal to the social security contributions by each*
8 *member upon compensation upon which such member's contributions to the*
9 *retirement system are based shall be deducted from the contributions re-*
10 *quired to be paid to the retirement system by such member to the extent of*
11 *the social security rate of contribution in effect on December 31, 1959. Effec-*
12 *tive January 1, ***[1966]*** *1967*, and thereafter, an amount equal to 2% of*
13 *the compensation subject to social security, upon which such member's con-*
14 *tributions to the retirement system are based, shall be deducted from the con-*
15 *tributions required to be paid to the retirement system by such member as*
16 *provided in sections 25 and 60 of this act.*

17 Contributions by members of the retirement system to the social security
18 fund shall be made in the manner prescribed by the State agency **[or]** for

19 social security. Contributions to the social security fund shall not be sub-
20 ject to any provisions of this act, dealing with the withdrawal of contribu-
21 tions, loans, or the payment of any annuities, pensions, disability or death
22 benefits. Any change in the rate of contribution to the social security fund
23 after December 31, 1959, shall result in a corresponding change in the
24 amount of contributions payable by the members *to social security*.

25 In the event a member of the retirement system is also a member of
26 another retirement system, supported in whole or in part by the State or by
27 an interstate instrumentality in which the State participates, which provides
28 for a reduction in the amount of the retirement allowance by the amount of
29 the member's social security benefit, the amount of the social security contribu-
30 tion to be deducted from the member's contribution to this retirement system
31 shall be computed on the basis of the proportion that the member's compen-
32 sation subject to this retirement system bears to the member's total compen-
33 sation subject to such systems.

1 10. The following acts and parts of acts are repealed, effective July 1,
2 1966:

3 P. L. 1954, c. 84, s. 59;

4 P. L. 1956, c. 219;

5 P. L. 1960, c. 124; and

6 P. L. 1962, c. 171.

7 The repeal of the aforesaid section and acts shall not be construed to pro-
8 vide for any retroactive effect. Where a member's retirement allowance
9 was reduced by the amount of the old age insurance benefit under Title II of
10 the Social Security Act, paid or payable to him, whether received or not, or
11 if such a reduction is to be made upon the member's attainment of age 65, on
12 or after July 1, 1966 such reduction shall cease or no reduction shall be made.

1 11. Section 6 of chapter 257 of the laws of 1955 is amended to read as
2 follows:

3 6. Any member who shall have been a law enforcement officer for 5 years
4 immediately preceding his retirement shall have full rights to, and shall be

5 subject to, the provisions governing ordinary disability retirement as set forth
6 in sections 42, 44 and 45 of said act *to which this act is amendatory and supple-*
7 *mentary* [; provided, however, that, subject to the provisions of section 59 of
8 said act, the total retirement allowance shall not be less than 30% of final
9 compensation].

1 12. a. In addition to the amounts required of the State and other em-
2 ployers pursuant to sections 24, 60, 68 and 81 of the act to which this act is
3 amendatory and supplementary and to section 9 of P. L. 1956, c. 169, the addi-
4 tional liabilities created by the provisions of this amendatory and supplemen-
5 tary act shall be computed by the actuary and shall be paid by the State and
6 other employers beginning July 1, 1967 through (1) an increase in the normal
7 rates of contribution and (2) an accrued liability contribution, which, if paid
8 in each fiscal year, for a period of 30 years, will provide for this accrued
9 liability.

10 b. The liability created by P. L. 1962, c. 171, shall be recomputed by the
11 actuary and added to the additional liabilities created by the provisions of this
12 amendatory and supplementary act. The recomputed liability shall be paid
13 by the State and other employers as part of the payment established by sub-
14 section (a) of this section, allowing a credit for the payments already made
15 by the State and other employers towards the funding of this liability.

1 13. This act shall take effect immediately.

ASSEMBLY, No. 201

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1966

By Assemblymen HAUSER, FARRINGTON, BRADY, HALPIN, Assembly-woman KORDJA, Assemblymen TANZMAN, WILENTZ, MARAZITI, SEARS, BATEMAN, RIMM, A. S. SMITH, McLAUGHLIN, McLEON, McDERMOTT, SKEVIN, DOREN, BRIGIANI and SWEENEY

Referred to Committee on Education

AN ACT to amend and supplement the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84) and repealing section 59 thereof; amending "An act supplementing 'An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein,' approved June 28, 1954 (P. L. 1954, c. 84) and providing for benefits and rates of contribution of State law enforcement officers," approved January 6, 1956 (P. L. 1955, c. 257) and repealing P. L. 1956, c. 219, P. L. 1960, c. 124, and P. L. 1962, c. 171.

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1 1. Section 17 of chapter 84 of the laws of 1954 is amended to read as
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11 *consist of the following:*

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13 ure of the Governor and until their successors are appointed.

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15 *for that purpose by the State Treasurer.*

16 c. Three trustees elected for a term of 3 years from among and by the
17 member employees of the State in a manner prescribed by the board of
18 trustees.

19 d. One trustee elected for a term of 3 years from among and by the
20 member employees of counties and the same method of holding an election
21 from time to time used for the State employees' representatives shall be
22 followed in elections held for county representatives.

23 e. Two trustees elected for a term of 3 years from among and by the
24 member employees of municipalities and the same method of holding an elec-
25 tion from time to time used for the State employees' representatives shall be
26 followed in elections held for municipal representatives; provided, however,
27 at the first election for municipal representation, one trustee shall be elected
28 to serve for a term of 2 years and the other trustee shall be elected to serve
29 for a term of 3 years.

30 A vacancy occurring during a term shall be filled for the unexpired term
31 by the appointment or election of a successor in the same manner as his
32 predecessor.

33 Each member of the board shall, upon appointment or election, take an
34 oath of office that, so far as it devolves upon him, he will diligently and hon-
35 estly administer the board's affairs, and that he will not knowingly violate
36 or willfully permit to be violated any provision of law applicable to this act.
37 The oath shall be subscribed to by the member making it, certified by the
38 officer before whom it is taken and filed immediately in the office of the Secre-
39 tary of State.

40 Each trustee shall be entitled to one vote in the board and a majority
41 of all the votes of the entire board shall be necessary for a decision by the
42 trustees at a meeting of the board. The board shall keep a record of all its
43 proceedings, which shall be open to public inspection.

44 The members of the board shall serve without compensation but shall be
45 reimbursed [from the expense fund] for any necessary expenditures. No
46 employee shall suffer loss of salary or wages through the serving on the board.
47 [The compensation for all persons employed by the board shall be fixed by it,
48 within the limits of appropriations made available to the board.]

49 For the purpose of organizing the Public Employees' Retirement System,
50 the members of the board of trustees of the former "State Employees'
51 Retirement System," as of the effective date of the repeal of that system,
52 shall constitute the initial membership of the board of trustees of the Public
53 Employees' Retirement System, for the remainder of the terms for which they
54 were appointed or elected as the case may be.

55 *The board of trustees shall designate a medical board to be composed of*
56 *3 physicians as the board shall designate who are not eligible to participate*
57 *in the retirement system. The medical board shall pass upon all medical exam-*
58 *inations required under the provisions of this act, shall investigate all essen-*
59 *tial statements and certificates by or on behalf of a member in connection with*

60 *an application for disability retirement, and shall report in writing to the*
61 *board of trustees its conclusions and recommendations upon all matters re-*
62 *ferred to it.*

1 2. Section 18 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 18. The board shall elect annually from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the chair-
6 man. It shall appoint [, subject to the provisions of sections 11:4-2 and
7 11:4-3 of the Revised Statutes, a secretary and] an actuary.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act and
10 shall perform such other duties as are required in connection therewith.

11 The Attorney General shall be the legal adviser of the retirement system.

12 *The Chief or Assistant Chief of the Office of Secretarial Services of the*
13 *Division of Pensions of the State Department of the Treasury, shall be the*
14 *secretary of the board. The Chief and Assistant Chief of the Office of Secre-*
15 *tarial Services shall be in the competitive division of the State classified*
16 *service. The secretary presently in office shall hold the position as Assistant*
17 *Chief of the Office of Secretarial Services subject to all of the provisions of*
18 *Title 11 of the Revised Statutes and shall not be removed from said office*
19 *except in the manner provided under the provisions of said Title relating to*
20 *permanent employees in the competitive division of the State classified serv-*
21 *ice. The board of trustees shall select its secretary from among the eligible*
22 *candidates.*

1 3. Section 42 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 42. A member, *under 60 years of age*, who [shall have been an employee
4 in each of the] *has 10 or more years of credit for New Jersey service* [next
5 preceding his retirement], shall, upon the application of the head of the de-
6 partment in which he shall have been employed or upon his own application

7 or the application of one acting in his behalf, be retired for ordinary dis-
8 ability by the board of trustees [, on a regular disability allowance if he is
9 under 60 years of age and on a service allowance if he has reached or passed
10 that age]. The physician or physicians designated by the board shall have
11 first made a medical examination of him at his residence or at any other place
12 mutually agreed upon and shall have certified to the board that the member
13 is physically or mentally incapacitated for the performance of duty and should
14 be retired.

15 *The service requirement provisions of this amendatory and supplemen-*
16 *tary act shall not become effective for 5 years following the effective date*
17 *of the act.*

1 4. Section 43 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 43. A member who has not attained age [70] 65 shall, upon the applica-
4 tion of the head of the department in which he is employed or upon his own
5 application or the application of one acting in his behalf, be retired by the
6 board of trustees, if said employee is *permanently and totally* disabled as
7 [the] a direct result of [personal injuries sustained in or from an accident
8 arising out of and in the course of his employment] a traumatic event occur-
9 ring during and as a result of the performance of his regular or assigned
10 duties, on an accidental disability allowance. [No such application shall be
11 valid or acted upon unless a report of the accident, in a form acceptable
12 to the board of trustees is filed in the office of the retirement system within
13 60 days next following the accident; no such application shall be valid or
14 acted upon unless it is filed in the office of the retirement system within 2 years
15 of the date of the accident; provided, however, that the board of trustees may
16 waive strict compliance with either or both time limitations, if the board is
17 satisfied: (1) that a report of the accident from which the disability is
18 claimed to have resulted was filed with the appointing authority with reason-
19 able promptitude and in no event later than 60 days after the accident, and
20 (2) the applicant shall show that his failure to file a report with the board of

21 trustees or to file his application for retirement within the time limited by
22 law was due to mistake, inadvertence, ignorance of fact or law, inability, or
23 to the fraud, misrepresentation or deceit of any person, or to a delay in the
24 manifestation of the incapacity, or to any other reasonable cause or excuse,
25 and (3) that the application for retirement was filed in good faith and the
26 circumstances justify its favorable consideration.】

27 *The application to accomplish such retirement must be filed within 5*
28 *years of the original traumatic event, but the board of trustees may consider*
29 *an application filed after the 5-year period if it can be factually demonstrated*
30 *to the satisfaction of the board of trustees that the disability is due to the*
31 *accident and the filing was not accomplished within the 5-year period due to*
32 *a delayed manifestation of the disability or to circumstances beyond the con-*
33 *trol of the member.*

34 *Permanent and total disability resulting from a cardiovascular, pulmon-*
35 *ary or musculo-skeletal condition which was not a direct result of a traumatic*
36 *event occurring in the performance of duty shall be deemed an ordinary*
37 *disability.*

38 Before consideration of the application by the board of trustees, the
39 physician or physicians designated by the board shall have first made a med-
40 ical examination of the member at his residence or at any other place mutu-
41 ally agreed upon and shall have certified to the board that he is physically
42 or mentally incapacitated for the performance of duty, and should be re-
43 tired, and the appointing authority shall have certified to the board that 【an
44 accident arising out of and in the course of his employment was the natural
45 and proximate cause of the disability,】 *the member is permanently and totally*
46 *disabled as a direct result of a traumatic event occurring during and as a*
47 *result of the performance of his regular or assigned duties, the time and*
48 *place where the duty causing the disability was performed, that the disability*
49 *was not the result of his willful negligence and that the member should be*
50 *retired.*

51 【This section shall apply to all applicants for disability retirement here-
52 after filed and in addition thereto the retirement board is expressly author-
53 ized to reconsider any application for accident disability allowance which
54 application had been previously denied upon the ground that a report of the
55 accident in a form acceptable to the retirement board was not filed within 60
56 days next following the accident.】

1 5. Section 44 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 44. a. Once each year the board of trustees may, and upon his application
4 shall, require any disability beneficiary who is under the age of 60 years to
5 undergo medical examination by a physician or physicians designated by the
6 board. The examination shall be made *by the beneficiary's personal physician*
7 *or a physician designated by the board* at the residence of the beneficiary or
8 any other place mutually agreed upon. If the physician or physicians there-
9 upon report and certify to the board that the disability beneficiary is not
10 totally incapacitated either physically or mentally for the performance of
11 duty, 【and that】 *or if he is engaged in* 【or is able to engage in a】 *an* 【gainful】
12 occupation, 【and if the board concurs in the report,】 then the amount of his
13 pension shall be reduced to an amount which, when added to the amount then
14 【earnable】 *earned* by him, shall not exceed the amount of 【his final compen-
15 sation】 *the salary now attributable to his former position*. If 【subsequent
16 medical examination of such a beneficiary shows that】 his 【earning】 *earnings*
17 【capacity has】 *have* changed since the date of his last examination, then the
18 amount of his pension may be further altered; but the new pension shall not
19 exceed the amount of pension originally granted 【or an amount which, when
20 added to the amount earnable by the beneficiary, shall not exceed the amount
21 of his final compensation】.

22 If a disability beneficiary, while under age of 60 years, refuses to submit
23 to at least one medical examination in any year by a physician or physicians
24 designated by the board, his pension shall be discontinued until withdrawal
25 of his refusal 【, and if his refusal continues for 1 year, all his rights in and

26 to the pension shall be forfeited]. *If the report of the medical board shall*
27 *show that such beneficiary is able to perform either his former duty or other*
28 *comparable duty which his former employer is willing to assign to him, the*
29 *beneficiary shall report for duty. If the beneficiary fails to return to duty*
30 *within 10 days after being ordered so to do, or within such further time as*
31 *may be allowed by the board of trustees for valid reason, as the case may be,*
32 *the pension shall be discontinued during such default.*

33 *b. Upon application to the head of the department in which he was em-*
34 *ployed at the time of his retirement, any beneficiary, while under the age*
35 *of 60 years, may, in the discretion of the head of the department, be restored*
36 *to active service as an employee. No disability beneficiary [entering the*
37 *employ of the State] restored to service shall be compelled or permitted to*
38 *become a member of the retirement system, or to receive any benefits other*
39 *than those previously awarded to him, as long as his annual rate of compen-*
40 *sation is less than his final compensation at the time of his retirement. Any*
41 *beneficiary under the age of 60 years, who is restored to active service at an*
42 *annual rate of compensation equal to or greater than his final compensation*
43 *at the time of his retirement, or whose annual rate of compensation is in-*
44 *creased at any time after his restoration to service, to a rate equal to or*
45 *greater than his final compensation at the time of his retirement, shall there-*
46 *upon again become a member of the retirement system. His retirement*
47 *allowance shall be canceled, and notwithstanding anything in this act to the*
48 *contrary, his annuity reserve shall be transferred from the retirement re-*
49 *serve fund to his individual account in the annuity savings fund. Deduc-*
50 *tions shall be made from his compensation at the rate applicable to him prior*
51 *to his retirement. Any service certificate on the basis of which his service*
52 *was computed at the time of his retirement shall be restored to full force and*
53 *effect, and he shall be credited with all service as a member standing to his*
54 *credit at the time of his retirement; except that such a beneficiary again be-*
55 *coming a member [after having attained the age of 50 years] shall receive a*
56 *[pension] retirement allowance on subsequent retirement based on all his*

57 service as a member since his last return to membership, and in addition he
58 shall receive a [pension] *retirement allowance* equal to the [pension] *re-*
59 *tirement allowance* on which he was retired at the time of his last retirement,
60 but the total [pension] *retirement allowance* upon subsequent retirement
61 shall not be a greater proportion of his final compensation than the proportion
62 to which he would have been entitled had he remained in service during the
63 period of his prior retirement.

64 *The provisions of subsection b of this section pertaining to a beneficiary*
65 *restored to service, as altered by this amendatory and supplementary act,*
66 *shall not become effective for 5 years following the effective date of the act.*

1 6. Section 45 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 45. [Subject to the provisions of section 59 of this act, a] A member
4 upon retirement for ordinary disability shall receive a retirement allowance,
5 which shall consist of:

6 a. An annuity which shall be the actuarial equivalent of his accumulated
7 deductions at the time of his retirement together with regular interest[;]
8 *and*

9 b. A pension *in the amount* which, when added to the *member's* annuity,
10 will [produce a total retirement allowance of 9/10 of the sum of 1/70 of his
11 final compensation for each year of service credited as Class A service and
12 1/60 of his final compensation for each year of service credited as Class B
13 service] *provide a total retirement allowance of 1 1/2% of final compensation*
14 *multiplied by his number of years of creditable service; provided, however,*
15 *that in no event shall the allowance be [based upon] less than [17 years of*
16 *service, unless the member would have had less than 17 years of service at*
17 *age 60, in which event he shall be given credit for the years] 40% of final*
18 *compensation, except that in no case shall the rate of allowance exceed 9/10*
19 *of the rate of the allowance which the member would have received had he*
20 *remained in service to age 60.*

21 c. Upon the receipt of proper proofs of the death of a member who has
22 retired on an ordinary disability retirement allowance, there shall be paid to
23 such person, if living, as he shall have nominated by written designation duly
24 executed and filed with the board of trustees, otherwise to the executor or
25 administrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
26 pensation received by the member in the last year of creditable service if
27 such death occurs before the member shall have reached 60 years of age but
28 if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the compensation
29 received by the member in the last year of creditable service.

1 7. Section 46 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 46. **Subject to the provisions of section 59 of this act, a** A member
4 *under 65 years of age* upon retirement for **accident** *accidental* disability
5 **shall receive a service retirement allowance if he has attained the age of 70;**
6 **otherwise he** shall receive a retirement allowance which shall consist of:

7 a. An annuity which shall be the actuarial equivalent of his accumulated
8 deductions at the time of his retirement together with regular interest; and

9 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
10 pensation for which contributions were being made at the time of the occur-
11 rence of the accident.

12 c. Upon the receipt of proper proofs of the death of a member who has
13 retired on an **accident** *accidental* disability retirement allowance, there shall
14 be paid to such person, if living, as he shall have nominated by written desig-
15 nation duly executed and filed with the board of trustees, otherwise to the
16 executor or administrator of the member's estate, an amount equal to $1\frac{1}{2}$
17 times the compensation received by the member in the last year of creditable
18 service if such death occurs before the member shall have reached 60 years
19 of age but if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the
20 compensation received by the member in the last year of creditable service.

1 8. Section 51 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 51. A pension, an annuity or a retirement allowance granted under the
4 provisions of this act *shall be effective only on the first day of a month*, shall
5 be paid in equal monthly installments, and shall not be decreased, increased,
6 revoked or repealed, except as otherwise provided in this act; provided, how-
7 ever, that at the time any benefit becomes payable any unpaid balance of a
8 loan or arrearage outstanding shall be deducted from any benefit otherwise
9 payable.

10 *Upon the death of a retirant, any unpaid benefits due him shall be paid in*
11 *one lump sum to such person, if living, as he shall have nominated by written*
12 *designation duly executed and filed with the board of trustees, otherwise to the*
13 *executor or administrator of the retirant's estate. No pension, annuity or*
14 *retirement allowance shall be due to a retirant or beneficiary unless it consti-*
15 *tutes a payment for an entire month.*

1 9. Section 58 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 58. Prior to January 1, 1960, contributions to the social security fund by
4 members of the retirement system shall be deducted from the contributions
5 required to be paid to the retirement system by such members as provided
6 in section 25 of this act. *On and after January 1, 1960, and prior to January*
7 *1, 1966, amounts equal to the social security contributions by each member*
8 *upon compensation upon which such member's contributions to the retirement*
9 *system are based shall be deducted from the contributions required to be paid*
10 *to the retirement system by such member to the extent of the social security*
11 *rate of contribution in effect on December 31, 1959. Effective January 1,*
12 *1966, and thereafter, an amount equal to 2% of the compensation subject to*
13 *social security, upon which such member's contributions to the retirement*
14 *system are based, shall be deducted from the contributions required to be paid*
15 *to the retirement system by such member as provided in sections 25 and 60*
16 *of this act.*

17 Contributions by members of the retirement system to the social security
18 fund shall be made in the manner prescribed by the State agency [or] for

19 social security. Contributions to the social security fund shall not be sub-
20 ject to any provisions of this act, dealing with the withdrawal of contribu-
21 tions, loans, or the payment of any annuities, pensions, disability or death
22 benefits. Any change in the rate of contribution to the social security fund
23 after December 31, 1959, shall result in a corresponding change in the
24 amount of contributions payable by the members *to social security*.

25 In the event a member of the retirement system is also a member of
26 another retirement system, supported in whole or in part by the State or by
27 an interstate instrumentality in which the State participates, which provides
28 for a reduction in the amount of the retirement allowance by the amount of
29 the member's social security benefit, the amount of the social security contribu-
30 tion to be deducted from the member's contribution to this retirement system
31 shall be computed on the basis of the proportion that the member's compen-
32 sation subject to this retirement system bears to the member's total compen-
33 sation subject to such systems.

1 10. The following acts and parts of acts are repealed, effective July 1,
2 1966:

3 P. L. 1954, c. 84, s. 59;

4 P. L. 1956, c. 219;

5 P. L. 1960, c. 124; and

6 P. L. 1962, c. 171.

7 The repeal of the aforesaid section and acts shall not be construed to pro-
8 vide for any retroactive effect. Where a member's retirement allowance
9 was reduced by the amount of the old age insurance benefit under Title II of
10 the Social Security Act, paid or payable to him, whether received or not, or
11 if such a reduction is to be made upon the member's attainment of age 65, on
12 or after July 1, 1966 such reduction shall cease or no reduction shall be made.

1 11. Section 6 of chapter 257 of the laws of 1955 is amended to read as
2 follows:

3 6. Any member who shall have been a law enforcement officer for 5 years
4 immediately preceding his retirement shall have full rights to, and shall be

5 subject to, the provisions governing ordinary disability retirement as set forth
6 in sections 42, 44 and 45 of said act *to which this act is amendatory and supple-*
7 *mentary* [; provided, however, that, subject to the provisions of section 59 of
8 said act, the total retirement allowance shall not be less than 30% of final
9 compensation].

1 12. a. In addition to the amounts required of the State and other em-
2 ployers pursuant to sections 24, 60, 68 and 81 of the act to which this act is
3 amendatory and supplementary and to section 9 of P. L. 1956, c. 169, the addi-
4 tional liabilities created by the provisions of this amendatory and supplemen-
5 tary act shall be computed by the actuary and shall be paid by the State and
6 other employers beginning July 1, 1967 through (1) an increase in the normal
7 rates of contribution and (2) an accrued liability contribution, which, if paid
8 in each fiscal year, for a period of 30 years, will provide for this accrued
9 liability.

10 b. The liability created by P. L. 1962, c. 171, shall be recomputed by the
11 actuary and added to the additional liabilities created by the provisions of this
12 amendatory and supplementary act. The recomputed liability shall be paid
13 by the State and other employers as part of the payment established by sub-
14 section (a) of this section, allowing a credit for the payments already made
15 by the State and other employers towards the funding of this liability.

1 13. This act shall take effect immediately.

STATEMENT

This bill would repeal the social security offset provisions of the statute pertaining to the Public Employees' Retirement System.

There are 3 controlling dates effecting the application of the bill

(1) January 1, 1966, for the calculation of contributions by employees

(2) July 1, 1966, for the elimination of offsets against benefits and

(3) July 1, 1967, for the financing of the liabilities.

The bill also provides for some administrative changes that have no direct application to the calculations of the offset provisions.

The basis of the fiscal estimates applying to this bill, is an actuarial study dated May 7, 1965, that indicated the cost of deintegration would involve an additional annual cost to the State of \$3,256,504.00 which includes an increase in the normal contribution of 1.91% of salary and plus an accrued liability of \$231,021.00 for each year, paid over a 30-year period.

The cost of deintegration to local employers would involve an additional annual cost of \$5,728,504.00 which represents an increase in normal contributions of 2.93% of salary, plus an accrued liability payment of \$437,661.00 a year, every year for 30 years.

The administrative changes would not increase the present cost of administering this pension fund.

ASSEMBLY AMENDMENTS TO
ASSEMBLY, No. 201

STATE OF NEW JERSEY

ADOPTED MAY 9, 1966

Amend page 11, section 9, line 7, delete "1966", and insert in lieu thereof "1967".

Amend page 11, section 9, line 12, delete "1966", and insert in lieu thereof "1967".

43:15A-43

August 25, 1970

LEGISLATIVE HISTORY OF R.S. 43:15A-43
(Pensions - disability)
(1966 Amendment)

COPY 21

- L. 1966 - Chapter 67 - A201.
January 24 - Introduced by Hauser (and others).
May 9 - Amended in Assembly.
(Amendment did not affect Section 4)
Bill had statement.

No hearings and reports were located.

Similar bills in previous years:

1962 - A 247
Died in Com.

1963 - A 368
Died in Com.

1964 - A 31
Died in Com.

1965 - A 570
Died in Com.

Almost identical bill:

1965 - A 825
Passed Assembly

RSL/EH
GC-Yes

See:

Mc Garrity, J.A.

Major new legislation de-integrates,
extends P.E.R.S. coverage.

New Jersey Municipalities, Nov., 1966, p. 14+

974.905
M96

CHAPTER C. 7 LAWS OF N. J. 1966
APPROVED 4/8/66

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 201

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1966

By Assemblymen HAUSER, FARRINGTON, BRADY, HALPIN, Assemblywoman KORDJA, Assemblymen TANZMAN, WILENTZ, MARAZITI, SEARS, BATEMAN, RIMM, A. S. SMITH, McLAUGHLIN, McLEON, McDERMOTT, SKEVIN, DOREN, BRIGIANI and SWEENEY

Referred to Committee on Education

AN Act to amend and supplement the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84) and repealing section 59 thereof; amending "An act supplementing 'An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein,' approved June 28, 1954 (P. L. 1954, c. 84) and providing for benefits and rates of contribution of State law enforcement officers," approved January 6, 1956 (P. L. 1955, c. 257) and repealing P. L. 1956, c. 219, P. L. 1960, c. 124, and P. L. 1962, c. 171.

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

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

1 1. Section 17 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 17. *Subject to the provisions of chapter 70 of the laws of 1955, the* **[The]**
4 general **[administration and]** responsibility for the proper operation of the
5 Public Employees' Retirement System and for making effective the provi-
6 sions of this act shall be vested in the board of trustees. Subject to the limita-
7 tions of the law, the board shall, from time to time, establish rules and regu-
8 lations for the administration and transaction of its business and for the
9 control of the funds created by this subtitle and shall perform any other func-
10 tions required for the execution of this act. The membership of the board shall
11 consist of the following:

12 a. Two trustees appointed by the Governor, who shall serve at the pleas-
13 ure of the Governor and until their successors are appointed.

14 b. *The State Treasurer or the Deputy State Treasurer, when designated*
15 *for that purpose by the State Treasurer.*

16 c. Three trustees elected for a term of 3 years from among and by the
17 member employees of the State in a manner prescribed by the board of
18 trustees.

19 d. One trustee elected for a term of 3 years from among and by the
20 member employees of counties and the same method of holding an election
21 from time to time used for the State employees' representatives shall be
22 followed in elections held for county representatives.

23 e. Two trustees elected for a term of 3 years from among and by the
24 member employees of municipalities and the same method of holding an elec-
25 tion from time to time used for the State employees' representatives shall be
26 followed in elections held for municipal representatives; provided, however,
27 at the first election for municipal representation, one trustee shall be elected
28 to serve for a term of 2 years and the other trustee shall be elected to serve
29 for a term of 3 years.

30 A vacancy occurring during a term shall be filled for the unexpired term
31 by the appointment or election of a successor in the same manner as his
32 predecessor.

33 Each member of the board shall, upon appointment or election, take an
34 oath of office that, so far as it devolves upon him, he will diligently and hon-
35 estly administer the board's affairs, and that he will not knowingly violate
36 or willfully permit to be violated any provision of law applicable to this act.
37 The oath shall be subscribed to by the member making it, certified by the
38 officer before whom it is taken and filed immediately in the office of the Secre-
39 tary of State.

40 Each trustee shall be entitled to one vote in the board and a majority
41 of all the votes of the entire board shall be necessary for a decision by the
42 trustees at a meeting of the board. The board shall keep a record of all its
43 proceedings, which shall be open to public inspection.

44 The members of the board shall serve without compensation but shall be
45 reimbursed [from the expense fund] for any necessary expenditures. No
46 employee shall suffer loss of salary or wages through the serving on the board.
47 [The compensation for all persons employed by the board shall be fixed by it,
48 within the limits of appropriations made available to the board.]

49 For the purpose of organizing the Public Employees' Retirement System,
50 the members of the board of trustees of the former "State Employees'
51 Retirement System," as of the effective date of the repeal of that system,
52 shall constitute the initial membership of the board of trustees of the Public
53 Employees' Retirement System, for the remainder of the terms for which they
54 were appointed or elected as the case may be.

55 *The board of trustees shall designate a medical board to be composed of*
56 *3 physicians as the board shall designate who are not eligible to participate*
57 *in the retirement system. The medical board shall pass upon all medical exam-*
58 *inations required under the provisions of this act, shall investigate all essen-*
59 *tial statements and certificates by or on behalf of a member in connection with*

60 *an application for disability retirement, and shall report in writing to the*
61 *board of trustees its conclusions and recommendations upon all matters re-*
62 *ferred to it.*

1 2. Section 18 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 18. The board shall elect annually from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the chair-
6 man. It shall appoint [], subject to the provisions of sections 11:4-2 and
7 11:4-3 of the Revised Statutes, a secretary and] an actuary.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act and
10 shall perform such other duties as are required in connection therewith.

11 The Attorney General shall be the legal adviser of the retirement system.

12 *The Chief or Assistant Chief of the Office of Secretarial Services of the*
13 *Division of Pensions of the State Department of the Treasury, shall be the*
14 *secretary of the board. The Chief and Assistant Chief of the Office of Secre-*
15 *tarial Services shall be in the competitive division of the State classified*
16 *service. The secretary presently in office shall hold the position as Assistant*
17 *Chief of the Office of Secretarial Services subject to all of the provisions of*
18 *Title 11 of the Revised Statutes and shall not be removed from said office*
19 *except in the manner provided under the provisions of said Title relating to*
20 *permanent employees in the competitive division of the State classified serv-*
21 *ice. The board of trustees shall select its secretary from among the eligible*
22 *candidates.*

1 3. Section 42 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 42. A member, *under 60 years of age*, who [shall have been an employee
4 in each of the] *has 10 or more years of credit for New Jersey service [next*
5 *preceding his retirement]*, shall, upon the application of the head of the de-
6 partment in which he shall have been employed or upon his own application

7 or the application of one acting in his behalf, be retired for ordinary dis-
8 ability by the board of trustees [, on a regular disability allowance if he is
9 under 60 years of age and on a service allowance if he has reached or passed
10 that age]. The physician or physicians designated by the board shall have
11 first made a medical examination of him at his residence or at any other place
12 mutually agreed upon and shall have certified to the board that the member
13 is physically or mentally incapacitated for the performance of duty and should
14 be retired.

15 *The service requirement provisions of this amendatory and supplemen-*
16 *tary act shall not become effective for 5 years following the effective date*
17 *of the act.*

1 4. Section 43 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 43. A member who has not attained age [70] 65 shall, upon the applica-
4 tion of the head of the department in which he is employed or upon his own
5 application or the application of one acting in his behalf, be retired by the
6 board of trustees, if said employee is *permanently and totally* disabled as
7 [the] a *direct* result of [personal injuries sustained in or from an accident
8 arising out of and in the course of his employment] a *traumatic event occur-*
9 *ring during and as a result of the performance of his regular or assigned*
10 *duties, on an accidental disability allowance. [No such application shall be*
11 *valid or acted upon unless a report of the accident, in a form acceptable*
12 *to the board of trustees is filed in the office of the retirement system within*
13 *60 days next following the accident; no such application shall be valid or*
14 *acted upon unless it is filed in the office of the retirement system within 2 years*
15 *of the date of the accident; provided, however, that the board of trustees may*
16 *wave strict compliance with either or both time limitations, if the board is*
17 *satisfied: (1) that a report of the accident from which the disability is*
18 *claimed to have resulted was filed with the appointing authority with reason-*
19 *able promptitude and in no event later than 60 days after the accident, and*
20 *(2) the applicant shall show that his failure to file a report with the board of*

21 trustees or to file his application for retirement within the time limited by
22 law was due to mistake, inadvertence, ignorance of fact or law, inability, or
23 to the fraud, misrepresentation or deceit of any person, or to a delay in the
24 manifestation of the incapacity, or to any other reasonable cause or excuse,
25 and (3) that the application for retirement was filed in good faith and the
26 circumstances justify its favorable consideration.】

27 *The application to accomplish such retirement must be filed within 5*
28 *years of the original traumatic event, but the board of trustees may consider*
29 *an application filed after the 5-year period if it can be factually demonstrated*
30 *to the satisfaction of the board of trustees that the disability is due to the*
31 *accident and the filing was not accomplished within the 5-year period due to*
32 *a delayed manifestation of the disability or to circumstances beyond the con-*
33 *trol of the member.*

34 *Permanent and total disability resulting from a cardiovascular, pulmon-*
35 *ary or musculo-skeletal condition which was not a direct result of a traumatic*
36 *event occurring in the performance of duty shall be deemed an ordinary*
37 *disability.*

38 Before consideration of the application by the board of trustees, the
39 physician or physicians designated by the board shall have first made a med-
40 ical examination of the member at his residence or at any other place mutu-
41 ally agreed upon and shall have certified to the board that he is physically
42 or mentally incapacitated for the performance of duty, and should be re-
43 tired, and the appointing authority shall have certified to the board that 【an
44 accident arising out of and in the course of his employment was the natural
45 and proximate cause of the disability,】 *the member is permanently and totally*
46 *disabled as a direct result of a traumatic event occurring during and as a*
47 *result of the performance of his regular or assigned duties, the time and*
48 *place where the duty causing the disability was performed, that the disability*
49 *was not the result of his willful negligence and that the member should be*
50 *retired.*

51 【This section shall apply to all applicants for disability retirement here-
52 after filed and in addition thereto the retirement board is expressly author-
53 ized to reconsider any application for accident disability allowance which
54 application had been previously denied upon the ground that a report of the
55 accident in a form acceptable to the retirement board was not filed within 60
56 days next following the accident.】

1 5. Section 44 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 44. a. Once each year the board of trustees may, and upon his application
4 shall, require any disability beneficiary who is under the age of 60 years to
5 undergo medical examination by a physician or physicians designated by the
6 board. The examination shall be made *by the beneficiary's personal physician*
7 *or a physician designated by the board* at the residence of the beneficiary or
8 any other place mutually agreed upon. If the physician or physicians there-
9 upon report and certify to the board that the disability beneficiary is not
10 totally incapacitated either physically or mentally for the performance of
11 duty, 【and that】 *or if he is engaged in* 【or is able to engage in a】 *an* 【gainful】
12 occupation, 【and if the board concurs in the report,】 then the amount of his
13 pension shall be reduced to an amount which, when added to the amount then
14 【earnable】 *earned* by him, shall not exceed the amount of 【his final compen-
15 sation】 *the salary now attributable to his former position*. If 【subsequent
16 medical examination of such a beneficiary shows that】 his 【earning】 *earnings*
17 【capacity has】 *have* changed since the date of his last examination, then the
18 amount of his pension may be further altered; but the new pension shall not
19 exceed the amount of pension originally granted 【or an amount which, when
20 added to the amount earnable by the beneficiary, shall not exceed the amount
21 of his final compensation】.

22 If a disability beneficiary, while under age of 60 years, refuses to submit
23 to at least one medical examination in any year by a physician or physicians
24 designated by the board, his pension shall be discontinued until withdrawal
25 of his refusal 【, and if his refusal continues for 1 year, all his rights in and

26 to the pension shall be forfeited]. *If the report of the medical board shall*
27 *show that such beneficiary is able to perform either his former duty or other*
28 *comparable duty which his former employer is willing to assign to him, the*
29 *beneficiary shall report for duty. If the beneficiary fails to return to duty*
30 *within 10 days after being ordered so to do, or within such further time as*
31 *may be allowed by the board of trustees for valid reason, as the case may be,*
32 *the pension shall be discontinued during such default.*

33 *b. Upon application to the head of the department in which he was em-*
34 *ployed at the time of his retirement, any beneficiary, while under the age*
35 *of 60 years, may, in the discretion of the head of the department, be restored*
36 *to active service as an employee. No disability beneficiary [entering the*
37 *employ of the State] restored to service shall be compelled or permitted to*
38 *become a member of the retirement system, or to receive any benefits other*
39 *than those previously awarded to him, as long as his annual rate of compen-*
40 *sation is less than his final compensation at the time of his retirement. Any*
41 *beneficiary under the age of 60 years, who is restored to active service at an*
42 *annual rate of compensation equal to or greater than his final compensation*
43 *at the time of his retirement, or whose annual rate of compensation is in-*
44 *creased at any time after his restoration to service, to a rate equal to or*
45 *greater than his final compensation at the time of his retirement, shall there-*
46 *upon again become a member of the retirement system. His retirement*
47 *allowance shall be canceled, and notwithstanding anything in this act to the*
48 *contrary, his annuity reserve shall be transferred from the retirement re-*
49 *serve fund to his individual account in the annuity savings fund. Deduc-*
50 *tions shall be made from his compensation at the rate applicable to him prior*
51 *to his retirement. Any service certificate on the basis of which his service*
52 *was computed at the time of his retirement shall be restored to full force and*
53 *effect, and he shall be credited with all service as a member standing to his*
54 *credit at the time of his retirement; except that such a beneficiary again be-*
55 *coming a member [after having attained the age of 50 years] shall receive a*
56 *[pension] retirement allowance on subsequent retirement based on all his*

57 service as a member since his last return to membership, and in addition he
58 shall receive a [pension] retirement allowance equal to the [pension] re-
59 tirement allowance on which he was retired at the time of his last retirement,
60 but the total [pension] retirement allowance upon subsequent retirement
61 shall not be a greater proportion of his final compensation than the proportion
62 to which he would have been entitled had he remained in service during the
63 period of his prior retirement.

64 *The provisions of subsection b of this section pertaining to a beneficiary*
65 *restored to service, as altered by this amendatory and supplementary act,*
66 *shall not become effective for 5 years following the effective date of the act.*

1 6. Section 45 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 45. [Subject to the provisions of section 59 of this act, a] A member
4 upon retirement for ordinary disability shall receive a retirement allowance,
5 which shall consist of:

6 a. An annuity which shall be the actuarial equivalent of his accumulated
7 deductions at the time of his retirement together with regular interest[;]
8 and

9 b. A pension *in the amount* which, when added to the *member's* annuity,
10 will [produce a total retirement allowance of 9/10 of the sum of 1/70 of his
11 final compensation for each year of service credited as Class A service and
12 1/60 of his final compensation for each year of service credited as Class B
13 service] *provide a total retirement allowance of 1 1/2% of final compensation*
14 *multiplied by his number of years of creditable service; provided, however,*
15 *that in no event shall the allowance be [based upon] less than [17 years of*
16 *service, unless the member would have had less than 17 years of service at*
17 *age 60, in which event he shall be given credit for the years] 40% of final*
18 *compensation, except that in no case shall the rate of allowance exceed 9/10*
19 *of the rate of the allowance which the member would have received had he*
20 *remained in service to age 60.*

21 c. Upon the receipt of proper proofs of the death of a member who has
22 retired on an ordinary disability retirement allowance, there shall be paid to
23 such person, if living, as he shall have nominated by written designation duly
24 executed and filed with the board of trustees, otherwise to the executor or
25 administrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
26 pensation received by the member in the last year of creditable service if
27 such death occurs before the member shall have reached 60 years of age but
28 if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the compensation
29 received by the member in the last year of creditable service.

1 7. Section 46 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 46. [Subject to the provisions of section 59 of this act, a] A member
4 *under 65 years of age* upon retirement for [accident] *accidental* disability
5 [shall receive a service retirement allowance if he has attained the age of 70;
6 otherwise he] shall receive a retirement allowance which shall consist of:

7 a. An annuity which shall be the actuarial equivalent of his accumulated
8 deductions at the time of his retirement together with regular interest; and

9 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
10 pensation for which contributions were being made at the time of the occur-
11 rence of the accident.

12 c. Upon the receipt of proper proofs of the death of a member who has
13 retired on an [accident] *accidental* disability retirement allowance, there shall
14 be paid to such person, if living, as he shall have nominated by written desig-
15 nation duly executed and filed with the board of trustees, otherwise to the
16 executor or administrator of the member's estate, an amount equal to $1\frac{1}{2}$
17 times the compensation received by the member in the last year of creditable
18 service if such death occurs before the member shall have reached 60 years
19 of age but if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the
20 compensation received by the member in the last year of creditable service.

1 8. Section 51 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 51. A pension, an annuity or a retirement allowance granted under the
4 provisions of this act *shall be effective only on the first day of a month*, shall
5 be paid in equal monthly installments, and shall not be decreased, increased,
6 revoked or repealed, except as otherwise provided in this act; provided, how-
7 ever, that at the time any benefit becomes payable any unpaid balance of a
8 loan or arrearage outstanding shall be deducted from any benefit otherwise
9 payable.

10 *Upon the death of a retirant, any unpaid benefits due him shall be paid in*
11 *one lump sum to such person, if living, as he shall have nominated by written*
12 *designation duly executed and filed with the board of trustees, otherwise to the*
13 *executor or administrator of the retirant's estate. No pension, annuity or*
14 *retirement allowance shall be due to a retirant or beneficiary unless it consti-*
15 *tutes a payment for an entire month.*

1 9. Section 58 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 58. Prior to January 1, 1960, contributions to the social security fund by
4 members of the retirement system shall be deducted from the contributions
5 required to be paid to the retirement system by such members as provided
6 in section 25 of this act. *On and after January 1, 1960, and prior to January*
7 *1, ***[1966]*** *1967*, amounts equal to the social security contributions by each*
8 *member upon compensation upon which such member's contributions to the*
9 *retirement system are based shall be deducted from the contributions re-*
10 *quired to be paid to the retirement system by such member to the extent of*
11 *the social security rate of contribution in effect on December 31, 1959. Effec-*
12 *tive January 1, ***[1966]*** *1967*, and thereafter, an amount equal to 2% of*
13 *the compensation subject to social security, upon which such member's con-*
14 *tributions to the retirement system are based, shall be deducted from the con-*
15 *tributions required to be paid to the retirement system by such member as*
16 *provided in sections 25 and 60 of this act.*

17 Contributions by members of the retirement system to the social security
18 fund shall be made in the manner prescribed by the State agency **[or]** for

19 social security. Contributions to the social security fund shall not be sub-
20 ject to any provisions of this act, dealing with the withdrawal of contribu-
21 tions, loans, or the payment of any annuities, pensions, disability or death
22 benefits. Any change in the rate of contribution to the social security fund
23 after December 31, 1959, shall result in a corresponding change in the
24 amount of contributions payable by the members *to social security*.

25 In the event a member of the retirement system is also a member of
26 another retirement system, supported in whole or in part by the State or by
27 an interstate instrumentality in which the State participates, which provides
28 for a reduction in the amount of the retirement allowance by the amount of
29 the member's social security benefit, the amount of the social security contribu-
30 tion to be deducted from the member's contribution to this retirement system
31 shall be computed on the basis of the proportion that the member's compen-
32 sation subject to this retirement system bears to the member's total compen-
33 sation subject to such systems.

1 10. The following acts and parts of acts are repealed, effective July 1,
2 1966:

3 P. L. 1954, c. 84, s. 59;

4 P. L. 1956, c. 219;

5 P. L. 1960, c. 124; and

6 P. L. 1962, c. 171.

7 The repeal of the aforesaid section and acts shall not be construed to pro-
8 vide for any retroactive effect. Where a member's retirement allowance
9 was reduced by the amount of the old age insurance benefit under Title II of
10 the Social Security Act, paid or payable to him, whether received or not, or
11 if such a reduction is to be made upon the member's attainment of age 65, on
12 or after July 1, 1966 such reduction shall cease or no reduction shall be made.

1 11. Section 6 of chapter 257 of the laws of 1955 is amended to read as
2 follows:

3 6. Any member who shall have been a law enforcement officer for 5 years
4 immediately preceding his retirement shall have full rights to, and shall be

5 subject to, the provisions governing ordinary disability retirement as set forth
6 in sections 42, 44 and 45 of said act *to which this act is amendatory and supple-*
7 *mentary* [; provided, however, that, subject to the provisions of section 59 of
8 said act, the total retirement allowance shall not be less than 30% of final
9 compensation].

1 12. a. In addition to the amounts required of the State and other em-
2 ployers pursuant to sections 24, 60, 68 and 81 of the act to which this act is
3 amendatory and supplementary and to section 9 of P. L. 1956, c. 169, the addi-
4 tional liabilities created by the provisions of this amendatory and supplemen-
5 tary act shall be computed by the actuary and shall be paid by the State and
6 other employers beginning July 1, 1967 through (1) an increase in the normal
7 rates of contribution and (2) an accrued liability contribution, which, if paid
8 in each fiscal year, for a period of 30 years, will provide for this accrued
9 liability.

10 b. The liability created by P. L. 1962, c. 171, shall be recomputed by the
11 actuary and added to the additional liabilities created by the provisions of this
12 amendatory and supplementary act. The recomputed liability shall be paid
13 by the State and other employers as part of the payment established by sub-
14 section (a) of this section, allowing a credit for the payments already made
15 by the State and other employers towards the funding of this liability.

1 13. This act shall take effect immediately.

ASSEMBLY, No. 201

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1966

By Assemblymen HAUSER, FARRINGTON, BRADY, HALPIN, Assembly-woman KORDJA, Assemblymen TANZMAN, WILENTZ, MARAZITI, SEARS, BATEMAN, RIMM, A. S. SMITH, McLAUGHLIN, McLEON, McDERMOTT, SKEVIN, DOREN, BRIGIANI and SWEENEY

Referred to Committee on Education

AN ACT to amend and supplement the "Public Employees' Retirement-Social Security Integration Act," approved June 28, 1954 (P. L. 1954, c. 84) and repealing section 59 thereof; amending "An act supplementing 'An act to provide coverage for certain State, county, municipal, school district and public employees, under the provisions of Title II of the Federal Social Security Act, as amended; repealing chapters 14 and 15 of Title 43 of the Revised Statutes including acts amendatory thereof and supplementary thereto; granting refund of accumulated deductions paid thereunder or membership in the Public Employees' Retirement System created hereunder, specifying contributions to be paid and benefit rights therein,' approved June 28, 1954 (P. L. 1954, c. 84) and providing for benefits and rates of contribution of State law enforcement officers," approved January 6, 1956 (P. L. 1955, c. 257) and repealing P. L. 1956, c. 219, P. L. 1960, c. 124, and P. L. 1962, c. 171.

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

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

1 1. Section 17 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 17. *Subject to the provisions of chapter 70 of the laws of 1955, the* **[The]**
4 general **[administration and]** responsibility for the proper operation of the
5 Public Employees' Retirement System and for making effective the provi-
6 sions of this act shall be vested in the board of trustees. Subject to the limita-
7 tions of the law, the board shall, from time to time, establish rules and regu-
8 lations for the administration and transaction of its business and for the
9 control of the funds created by this subtitle and shall perform any other func-
10 tions required for the execution of this act. The membership of the board shall
11 consist of the following:

12 a. Two trustees appointed by the Governor, who shall serve at the pleas-
13 ure of the Governor and until their successors are appointed.

14 b. *The State Treasurer or the Deputy State Treasurer, when designated*
15 *for that purpose by the State Treasurer.*

16 c. Three trustees elected for a term of 3 years from among and by the
17 member employees of the State in a manner prescribed by the board of
18 trustees.

19 d. One trustee elected for a term of 3 years from among and by the
20 member employees of counties and the same method of holding an election
21 from time to time used for the State employees' representatives shall be
22 followed in elections held for county representatives.

23 e. Two trustees elected for a term of 3 years from among and by the
24 member employees of municipalities and the same method of holding an elec-
25 tion from time to time used for the State employees' representatives shall be
26 followed in elections held for municipal representatives; provided, however,
27 at the first election for municipal representation, one trustee shall be elected
28 to serve for a term of 2 years and the other trustee shall be elected to serve
29 for a term of 3 years.

30 A vacancy occurring during a term shall be filled for the unexpired term
31 by the appointment or election of a successor in the same manner as his
32 predecessor.

33 Each member of the board shall, upon appointment or election, take an
34 oath of office that, so far as it devolves upon him, he will diligently and hon-
35 estly administer the board's affairs, and that he will not knowingly violate
36 or willfully permit to be violated any provision of law applicable to this act.
37 The oath shall be subscribed to by the member making it, certified by the
38 officer before whom it is taken and filed immediately in the office of the Secre-
39 tary of State.

40 Each trustee shall be entitled to one vote in the board and a majority
41 of all the votes of the entire board shall be necessary for a decision by the
42 trustees at a meeting of the board. The board shall keep a record of all its
43 proceedings, which shall be open to public inspection.

44 The members of the board shall serve without compensation but shall be
45 reimbursed [from the expense fund] for any necessary expenditures. No
46 employee shall suffer loss of salary or wages through the serving on the board.
47 [The compensation for all persons employed by the board shall be fixed by it,
48 within the limits of appropriations made available to the board.]

49 For the purpose of organizing the Public Employees' Retirement System,
50 the members of the board of trustees of the former "State Employees'
51 Retirement System," as of the effective date of the repeal of that system,
52 shall constitute the initial membership of the board of trustees of the Public
53 Employees' Retirement System, for the remainder of the terms for which they
54 were appointed or elected as the case may be.

55 *The board of trustees shall designate a medical board to be composed of*
56 *3 physicians as the board shall designate who are not eligible to participate*
57 *in the retirement system. The medical board shall pass upon all medical exam-*
58 *inations required under the provisions of this act, shall investigate all essen-*
59 *tial statements and certificates by or on behalf of a member in connection with*

60 *an application for disability retirement, and shall report in writing to the*
61 *board of trustees its conclusions and recommendations upon all matters re-*
62 *ferred to it.*

1 2. Section 18 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 18. The board shall elect annually from its membership a chairman and
4 may also elect a vice-chairman, who shall have all the power and authority
5 of the chairman in the event of the death, absence or disability of the chair-
6 man. It shall appoint [, subject to the provisions of sections 11:4-2 and
7 11:4-3 of the Revised Statutes, a secretary and] an actuary.

8 The actuary shall be the technical adviser of the board on matters re-
9 garding the operation of the funds created by the provisions of this act and
10 shall perform such other duties as are required in connection therewith.

11 The Attorney General shall be the legal adviser of the retirement system.

12 *The Chief or Assistant Chief of the Office of Secretarial Services of the*
13 *Division of Pensions of the State Department of the Treasury, shall be the*
14 *secretary of the board. The Chief and Assistant Chief of the Office of Secre-*
15 *tarial Services shall be in the competitive division of the State classified*
16 *service. The secretary presently in office shall hold the position as Assistant*
17 *Chief of the Office of Secretarial Services subject to all of the provisions of*
18 *Title 11 of the Revised Statutes and shall not be removed from said office*
19 *except in the manner provided under the provisions of said Title relating to*
20 *permanent employees in the competitive division of the State classified serv-*
21 *ice. The board of trustees shall select its secretary from among the eligible*
22 *candidates.*

1 3. Section 42 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 42. A member, *under 60 years of age*, who [shall have been an employee
4 in each of the] *has 10 or more years of credit for New Jersey service* [next
5 preceding his retirement], shall, upon the application of the head of the de-
6 partment in which he shall have been employed or upon his own application

7 or the application of one acting in his behalf, be retired for ordinary dis-
8 ability by the board of trustees [, on a regular disability allowance if he is
9 under 60 years of age and on a service allowance if he has reached or passed
10 that age]. The physician or physicians designated by the board shall have
11 first made a medical examination of him at his residence or at any other place
12 mutually agreed upon and shall have certified to the board that the member
13 is physically or mentally incapacitated for the performance of duty and should
14 be retired.

15 *The service requirement provisions of this amendatory and supplemen-*
16 *tary act shall not become effective for 5 years following the effective date*
17 *of the act.*

1 4. Section 43 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 43. A member who has not attained age [70] 65 shall, upon the applica-
4 tion of the head of the department in which he is employed or upon his own
5 application or the application of one acting in his behalf, be retired by the
6 board of trustees, if said employee is *permanently and totally* disabled as
7 [the] a direct result of [personal injuries sustained in or from an accident
8 arising out of and in the course of his employment] a traumatic event occur-
9 ring during and as a result of the performance of his regular or assigned
10 duties, on an accidental disability allowance. [No such application shall be
11 valid or acted upon unless a report of the accident, in a form acceptable
12 to the board of trustees is filed in the office of the retirement system within
13 60 days next following the accident; no such application shall be valid or
14 acted upon unless it is filed in the office of the retirement system within 2 years
15 of the date of the accident; provided, however, that the board of trustees may
16 waive strict compliance with either or both time limitations, if the board is
17 satisfied: (1) that a report of the accident from which the disability is
18 claimed to have resulted was filed with the appointing authority with reason-
19 able promptitude and in no event later than 60 days after the accident, and
20 (2) the applicant shall show that his failure to file a report with the board of

21 trustees or to file his application for retirement within the time limited by
22 law was due to mistake, inadvertence, ignorance of fact or law, inability, or
23 to the fraud, misrepresentation or deceit of any person, or to a delay in the
24 manifestation of the incapacity, or to any other reasonable cause or excuse,
25 and (3) that the application for retirement was filed in good faith and the
26 circumstances justify its favorable consideration.】

27 *The application to accomplish such retirement must be filed within 5*
28 *years of the original traumatic event, but the board of trustees may consider*
29 *an application filed after the 5-year period if it can be factually demonstrated*
30 *to the satisfaction of the board of trustees that the disability is due to the*
31 *accident and the filing was not accomplished within the 5-year period due to*
32 *a delayed manifestation of the disability or to circumstances beyond the con-*
33 *trol of the member.*

34 *Permanent and total disability resulting from a cardiovascular, pulmon-*
35 *ary or musculo-skeletal condition which was not a direct result of a traumatic*
36 *event occurring in the performance of duty shall be deemed an ordinary*
37 *disability.*

38 Before consideration of the application by the board of trustees, the
39 physician or physicians designated by the board shall have first made a med-
40 ical examination of the member at his residence or at any other place mutu-
41 ally agreed upon and shall have certified to the board that he is physically
42 or mentally incapacitated for the performance of duty, and should be re-
43 tired, and the appointing authority shall have certified to the board that 【an
44 accident arising out of and in the course of his employment was the natural
45 and proximate cause of the disability,】 *the member is permanently and totally*
46 *disabled as a direct result of a traumatic event occurring during and as a*
47 *result of the performance of his regular or assigned duties, the time and*
48 *place where the duty causing the disability was performed, that the disability*
49 *was not the result of his willful negligence and that the member should be*
50 *retired.*

51 【This section shall apply to all applicants for disability retirement here-
52 after filed and in addition thereto the retirement board is expressly author-
53 ized to reconsider any application for accident disability allowance which
54 application had been previously denied upon the ground that a report of the
55 accident in a form acceptable to the retirement board was not filed within 60
56 days next following the accident.】

1 5. Section 44 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 44. a. Once each year the board of trustees may, and upon his application
4 shall, require any disability beneficiary who is under the age of 60 years to
5 undergo medical examination by a physician or physicians designated by the
6 board. The examination shall be made *by the beneficiary's personal physician*
7 *or a physician designated by the board* at the residence of the beneficiary or
8 any other place mutually agreed upon. If the physician or physicians there-
9 upon report and certify to the board that the disability beneficiary is not
10 totally incapacitated either physically or mentally for the performance of
11 duty, 【and that】 *or if he is engaged in* 【or is able to engage in a】 *an* 【gainful】
12 occupation, 【and if the board concurs in the report,】 then the amount of his
13 pension shall be reduced to an amount which, when added to the amount then
14 【earnable】 *earned* by him, shall not exceed the amount of 【his final compen-
15 sation】 *the salary now attributable to his former position*. If 【subsequent
16 medical examination of such a beneficiary shows that】 his 【earning】 *earnings*
17 【capacity has】 *have* changed since the date of his last examination, then the
18 amount of his pension may be further altered; but the new pension shall not
19 exceed the amount of pension originally granted 【or an amount which, when
20 added to the amount earnable by the beneficiary, shall not exceed the amount
21 of his final compensation】.

22 If a disability beneficiary, while under age of 60 years, refuses to submit
23 to at least one medical examination in any year by a physician or physicians
24 designated by the board, his pension shall be discontinued until withdrawal
25 of his refusal 【, and if his refusal continues for 1 year, all his rights in and

26 to the pension shall be forfeited]. *If the report of the medical board shall*
27 *show that such beneficiary is able to perform either his former duty or other*
28 *comparable duty which his former employer is willing to assign to him, the*
29 *beneficiary shall report for duty. If the beneficiary fails to return to duty*
30 *within 10 days after being ordered so to do, or within such further time as*
31 *may be allowed by the board of trustees for valid reason, as the case may be,*
32 *the pension shall be discontinued during such default.*

33 *b. Upon application to the head of the department in which he was em-*
34 *ployed at the time of his retirement, any beneficiary, while under the age*
35 *of 60 years, may, in the discretion of the head of the department, be restored*
36 *to active service as an employee. No disability beneficiary [entering the*
37 *employ of the State] restored to service shall be compelled or permitted to*
38 *become a member of the retirement system, or to receive any benefits other*
39 *than those previously awarded to him, as long as his annual rate of compen-*
40 *sation is less than his final compensation at the time of his retirement. Any*
41 *beneficiary under the age of 60 years, who is restored to active service at an*
42 *annual rate of compensation equal to or greater than his final compensation*
43 *at the time of his retirement, or whose annual rate of compensation is in-*
44 *creased at any time after his restoration to service, to a rate equal to or*
45 *greater than his final compensation at the time of his retirement, shall there-*
46 *upon again become a member of the retirement system. His retirement*
47 *allowance shall be canceled, and notwithstanding anything in this act to the*
48 *contrary, his annuity reserve shall be transferred from the retirement re-*
49 *serve fund to his individual account in the annuity savings fund. Deduc-*
50 *tions shall be made from his compensation at the rate applicable to him prior*
51 *to his retirement. Any service certificate on the basis of which his service*
52 *was computed at the time of his retirement shall be restored to full force and*
53 *effect, and he shall be credited with all service as a member standing to his*
54 *credit at the time of his retirement; except that such a beneficiary again be-*
55 *coming a member [after having attained the age of 50 years] shall receive a*
56 *[pension] retirement allowance on subsequent retirement based on all his*

57 service as a member since his last return to membership, and in addition he
58 shall receive a **[pension]** *retirement allowance* equal to the **[pension]** *re-*
59 *tirement allowance* on which he was retired at the time of his last retirement,
60 but the total **[pension]** *retirement allowance* upon subsequent retirement
61 shall not be a greater proportion of his final compensation than the proportion
62 to which he would have been entitled had he remained in service during the
63 period of his prior retirement.

64 *The provisions of subsection b of this section pertaining to a beneficiary*
65 *restored to service, as altered by this amendatory and supplementary act,*
66 *shall not become effective for 5 years following the effective date of the act.*

1 6. Section 45 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 45. **[Subject to the provisions of section 59 of this act, a]** A member
4 upon retirement for ordinary disability shall receive a retirement allowance,
5 which shall consist of:

6 a. An annuity which shall be the actuarial equivalent of his accumulated
7 deductions at the time of his retirement together with regular interest**[:]**
8 *and*

9 b. A pension *in the amount* which, when added to the *member's* annuity,
10 will **[produce a total retirement allowance of 9/10 of the sum of 1/70 of his**
11 **final compensation for each year of service credited as Class A service and**
12 **1/60 of his final compensation for each year of service credited as Class B**
13 **service]** *provide a total retirement allowance of 1 1/2% of final compensation*
14 *multiplied by his number of years of creditable service; provided, however,*
15 *that in no event shall the allowance be [based upon] less than [17 years of*
16 *service, unless the member would have had less than 17 years of service at*
17 *age 60, in which event he shall be given credit for the years]* *40% of final*
18 *compensation, except that in no case shall the rate of allowance exceed 9/10*
19 *of the rate of the allowance which the member would have received had he*
20 *remained in service to age 60.*

21 c. Upon the receipt of proper proofs of the death of a member who has
22 retired on an ordinary disability retirement allowance, there shall be paid to
23 such person, if living, as he shall have nominated by written designation duly
24 executed and filed with the board of trustees, otherwise to the executor or
25 administrator of the member's estate, an amount equal to $1\frac{1}{2}$ times the com-
26 pensation received by the member in the last year of creditable service if
27 such death occurs before the member shall have reached 60 years of age but
28 if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the compensation
29 received by the member in the last year of creditable service.

1 7. Section 46 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 46. **Subject to the provisions of section 59 of this act, a** A member
4 *under 65 years of age* upon retirement for **accident** *accidental* disability
5 **shall receive a service retirement allowance if he has attained the age of 70;**
6 **otherwise he** shall receive a retirement allowance which shall consist of:

7 a. An annuity which shall be the actuarial equivalent of his accumulated
8 deductions at the time of his retirement together with regular interest; and

9 b. A pension, in addition to the annuity, of $\frac{2}{3}$ of his actual annual com-
10 pensation for which contributions were being made at the time of the occur-
11 rence of the accident.

12 c. Upon the receipt of proper proofs of the death of a member who has
13 retired on an **accident** *accidental* disability retirement allowance, there shall
14 be paid to such person, if living, as he shall have nominated by written desig-
15 nation duly executed and filed with the board of trustees, otherwise to the
16 executor or administrator of the member's estate, an amount equal to $1\frac{1}{2}$
17 times the compensation received by the member in the last year of creditable
18 service if such death occurs before the member shall have reached 60 years
19 of age but if such death occurs thereafter an amount equal to $\frac{3}{16}$ of the
20 compensation received by the member in the last year of creditable service.

1 8. Section 51 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 51. A pension, an annuity or a retirement allowance granted under the
4 provisions of this act *shall be effective only on the first day of a month*, shall
5 be paid in equal monthly installments, and shall not be decreased, increased,
6 revoked or repealed, except as otherwise provided in this act; provided, how-
7 ever, that at the time any benefit becomes payable any unpaid balance of a
8 loan or arrearage outstanding shall be deducted from any benefit otherwise
9 payable.

10 *Upon the death of a retirant, any unpaid benefits due him shall be paid in*
11 *one lump sum to such person, if living, as he shall have nominated by written*
12 *designation duly executed and filed with the board of trustees, otherwise to the*
13 *executor or administrator of the retirant's estate. No pension, annuity or*
14 *retirement allowance shall be due to a retirant or beneficiary unless it consti-*
15 *tutes a payment for an entire month.*

1 9. Section 58 of chapter 84 of the laws of 1954 is amended to read as
2 follows:

3 58. Prior to January 1, 1960, contributions to the social security fund by
4 members of the retirement system shall be deducted from the contributions
5 required to be paid to the retirement system by such members as provided
6 in section 25 of this act. *On and after January 1, 1960, and prior to January*
7 *1, 1966, amounts equal to the social security contributions by each member*
8 *upon compensation upon which such member's contributions to the retirement*
9 *system are based shall be deducted from the contributions required to be paid*
10 *to the retirement system by such member to the extent of the social security*
11 *rate of contribution in effect on December 31, 1959. Effective January 1,*
12 *1966, and thereafter, an amount equal to 2% of the compensation subject to*
13 *social security, upon which such member's contributions to the retirement*
14 *system are based, shall be deducted from the contributions required to be paid*
15 *to the retirement system by such member as provided in sections 25 and 60*
16 *of this act.*

17 Contributions by members of the retirement system to the social security
18 fund shall be made in the manner prescribed by the State agency [or] for

19 social security. Contributions to the social security fund shall not be sub-
20 ject to any provisions of this act, dealing with the withdrawal of contribu-
21 tions, loans, or the payment of any annuities, pensions, disability or death
22 benefits. Any change in the rate of contribution to the social security fund
23 after December 31, 1959, shall result in a corresponding change in the
24 amount of contributions payable by the members *to social security*.

25 In the event a member of the retirement system is also a member of
26 another retirement system, supported in whole or in part by the State or by
27 an interstate instrumentality in which the State participates, which provides
28 for a reduction in the amount of the retirement allowance by the amount of
29 the member's social security benefit, the amount of the social security contribu-
30 tion to be deducted from the member's contribution to this retirement system
31 shall be computed on the basis of the proportion that the member's compen-
32 sation subject to this retirement system bears to the member's total compen-
33 sation subject to such systems.

1 10. The following acts and parts of acts are repealed, effective July 1,
2 1966:

3 P. L. 1954, c. 84, s. 59;

4 P. L. 1956, c. 219;

5 P. L. 1960, c. 124; and

6 P. L. 1962, c. 171.

7 The repeal of the aforesaid section and acts shall not be construed to pro-
8 vide for any retroactive effect. Where a member's retirement allowance
9 was reduced by the amount of the old age insurance benefit under Title II of
10 the Social Security Act, paid or payable to him, whether received or not, or
11 if such a reduction is to be made upon the member's attainment of age 65, on
12 or after July 1, 1966 such reduction shall cease or no reduction shall be made.

1 11. Section 6 of chapter 257 of the laws of 1955 is amended to read as
2 follows:

3 6. Any member who shall have been a law enforcement officer for 5 years
4 immediately preceding his retirement shall have full rights to, and shall be

5 subject to, the provisions governing ordinary disability retirement as set forth
6 in sections 42, 44 and 45 of said act *to which this act is amendatory and supple-*
7 *mentary* [; provided, however, that, subject to the provisions of section 59 of
8 said act, the total retirement allowance shall not be less than 30% of final
9 compensation].

1 12. a. In addition to the amounts required of the State and other em-
2 ployers pursuant to sections 24, 60, 68 and 81 of the act to which this act is
3 amendatory and supplementary and to section 9 of P. L. 1956, c. 169, the addi-
4 tional liabilities created by the provisions of this amendatory and supplemen-
5 tary act shall be computed by the actuary and shall be paid by the State and
6 other employers beginning July 1, 1967 through (1) an increase in the normal
7 rates of contribution and (2) an accrued liability contribution, which, if paid
8 in each fiscal year, for a period of 30 years, will provide for this accrued
9 liability.

10 b. The liability created by P. L. 1962, c. 171, shall be recomputed by the
11 actuary and added to the additional liabilities created by the provisions of this
12 amendatory and supplementary act. The recomputed liability shall be paid
13 by the State and other employers as part of the payment established by sub-
14 section (a) of this section, allowing a credit for the payments already made
15 by the State and other employers towards the funding of this liability.

1 13. This act shall take effect immediately.

STATEMENT

This bill would repeal the social security offset provisions of the statute pertaining to the Public Employees' Retirement System.

There are 3 controlling dates effecting the application of the bill

(1) January 1, 1966, for the calculation of contributions by employees

(2) July 1, 1966, for the elimination of offsets against benefits and

(3) July 1, 1967, for the financing of the liabilities.

The bill also provides for some administrative changes that have no direct application to the calculations of the offset provisions.

The basis of the fiscal estimates applying to this bill, is an actuarial study dated May 7, 1965, that indicated the cost of deintegration would involve an additional annual cost to the State of \$3,256,504.00 which includes an increase in the normal contribution of 1.91% of salary and plus an accrued liability of \$231,021.00 for each year, paid over a 30-year period.

The cost of deintegration to local employers would involve an additional annual cost of \$5,728,504.00 which represents an increase in normal contributions of 2.93% of salary, plus an accrued liability payment of \$437,661.00 a year, every year for 30 years.

The administrative changes would not increase the present cost of administering this pension fund.

ASSEMBLY AMENDMENTS TO
ASSEMBLY, No. 201

STATE OF NEW JERSEY

ADOPTED MAY 9, 1966

Amend page 11, section 9, line 7, delete "1966", and insert in lieu thereof "1967".

Amend page 11, section 9, line 12, delete "1966", and insert in lieu thereof "1967".