

SENATE, No. 861

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

SYNOPSIS

Establishes cash balance plans in PERS and TPAF new public employees and employees with less than five years of service; makes various changes to PERS and TPAF retirement eligibility.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning cash balance plans in the Public Employees'
2 Retirement System and Teachers' Pension and Annuity Fund and
3 amending and supplementing various parts of the statutory law.
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. N.J.S.18A:66-2 is amended to read as follows:

9 18A:66-2. a. "Accumulated deductions" means the sum of all
10 the amounts, deducted from the compensation of a member or
11 contributed by or in behalf of the member, including interest
12 credited to January 1, 1956, standing to the credit of the member's
13 individual account in the annuity savings fund.

14 b. "Annuity" means payments for life derived from the
15 accumulated deductions of a member as provided in this article.

16 c. "Beneficiary" means any person receiving a retirement
17 allowance or other benefit as provided in this article.

18 d. (1) "Compensation" means the contractual salary, for
19 services as a teacher as defined in this article, which is in
20 accordance with established salary policies of the member's
21 employer for all employees in the same position but shall not
22 include individual salary adjustments which are granted primarily in
23 anticipation of the member's retirement or additional remuneration
24 for performing temporary or extracurricular duties beyond the
25 regular school day or the regular school year.

26 (2) In the case of a person who becomes a member of the
27 retirement system on or after July 1, 2007, "compensation" means
28 the amount of the contractual salary equivalent to the annual
29 maximum wage contribution base for Social Security, pursuant to
30 the Federal Insurance Contributions Act, for services as a teacher as
31 defined in this article, which is in accordance with established
32 salary policies of the member's employer for all employees in the
33 same position but shall not include individual salary adjustments
34 which are granted primarily in anticipation of the member's
35 retirement or additional remuneration for performing temporary or
36 extracurricular duties beyond the regular school day or the regular
37 school year.

38 (3) In the case of a person who becomes a member of the
39 retirement system on or after July 1, 2020 or a person who has less
40 than five years of service credit in the retirement system as of that
41 date, "compensation" means the amount of the contractual salary
42 that is \$40,000 or less for services rendered after enrollment or after
43 that effective date, as appropriate, as a teacher as defined in this
44 article, which is in accordance with established salary policies of
45 the member's employer for all employees in the same position but

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

Matter underlined thus is new matter.

1 shall not include individual salary adjustments which are granted
2 primarily in anticipation of the member's retirement or additional
3 remuneration for performing temporary or extracurricular duties
4 beyond the regular school day or the regular school year.

5 This paragraph shall not apply to a person who at the time of
6 enrollment in the retirement system on or after July 1, 2007
7 transfers service credit from another State-administered retirement
8 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
9 member of the retirement system who has been granted a retirement
10 allowance and is reenrolled in the retirement system on or after July
11 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
12 again in a position that makes the person eligible to be a member of
13 the retirement system.

14 For the period of July 1, 2009 through June 30, 2011,
15 "contractual salary" for State employees shall include wage
16 increases under a collective negotiations agreement notwithstanding
17 that, by amendment to that collective negotiations agreement, the
18 effective date of the contractual increase has been deferred. For the
19 purpose of this paragraph, "State employee" means an employee in
20 the Executive Branch of State government of New Jersey.

21 e. "Employer" means the State, the board of education or any
22 educational institution or agency of or within the State by which a
23 teacher is paid.

24 f. (1) "Final compensation" means the average annual
25 compensation for which contributions are made for the three years
26 of creditable service in New Jersey immediately preceding the
27 member's retirement or death, or it shall mean the average annual
28 compensation for New Jersey service for which contributions are
29 made during any three fiscal years of his or her membership
30 providing the largest possible benefit to the member or the
31 member's beneficiary.

32 (2) In the case of a person who becomes a member of the
33 retirement system on or after the effective date of P.L.2010, c.1,
34 "final compensation" means the average annual compensation for
35 which contributions are made for the five years of creditable service
36 in New Jersey immediately preceding the member's retirement or
37 death, or it shall mean the average annual compensation for New
38 Jersey service for which contributions are made during any five
39 fiscal years of his or her membership providing the largest possible
40 benefit to the member or the member's beneficiary.

41 g. "Fiscal year" means any year commencing with July 1, and
42 ending with June 30, next following.

43 h. "Pension" means payments for life derived from
44 appropriations made by the State or employers to the Teachers'
45 Pension and Annuity Fund.

46 i. "Annuity reserve" means the present value of all payments
47 to be made on account of any annuity or benefit in lieu of an
48 annuity, granted under the provisions of this article, computed on

1 the basis of such mortality tables recommended by the actuary as
2 the board of trustees adopts, with regular interest.

3 j. "Pension reserve" means the present value of all payments to
4 be made on account of any pension or benefit in lieu of a pension
5 granted to a member from the Teachers' Pension and Annuity Fund,
6 computed on the basis of such mortality tables recommended by the
7 actuary as the board of trustees adopts, with regular interest.

8 k. "Present-entrant" means any member of the Teachers'
9 Pension and Annuity Fund who had established status as a "present-
10 entrant member" of said fund prior to January 1, 1956.

11 l. "Rate of contribution initially certified" means the rate of
12 contribution certified by the retirement system in accordance with
13 N.J.S.18A:66-29.

14 m. "Regular interest" shall mean interest as determined by the
15 State Treasurer, after consultation with the Directors of the
16 Divisions of Investment and Pensions, the board of trustees and the
17 actuary. It shall bear a reasonable relationship to the percentage rate
18 of earnings on investments based on the market value of assets but
19 shall not exceed the assumed percentage rate of increase applied to
20 salaries plus 3%, provided however that the board of trustees shall
21 not set the average percentage rate of increase applied to salaries
22 below 6%.

23 n. "Retirement allowance" means the pension plus the annuity.

24 o. "School service" means any service as a "teacher" as defined
25 in this section.

26 p. "Teacher" means any regular teacher, special teacher,
27 helping teacher, teacher clerk, principal, vice-principal, supervisor,
28 supervising principal, director, superintendent, city superintendent,
29 assistant city superintendent, county superintendent, State
30 Commissioner or Assistant Commissioner of Education, members
31 of the State Department of Education who are certificated,
32 unclassified professional staff and other members of the teaching or
33 professional staff of any class, public school, renaissance school
34 project established pursuant to P.L.2011, c.176 (C.18A:36C-1 et
35 seq.) upon commencement of employment, high school, normal
36 school, model school, training school, vocational school, truant
37 reformatory school, or parental school, and of any and all classes or
38 schools within the State conducted under the order and
39 superintendence, and wholly or partly at the expense of the State
40 Board of Education, of a duly elected or appointed board of
41 education, board of school directors, or board of trustees of the
42 State or of any school district or normal school district thereof, and
43 any persons under contract or engagement to perform one or more
44 of these functions. It shall also mean any person who serves, while
45 on an approved leave of absence from regular duties as a teacher, as
46 an officer of a local, county or State labor organization which
47 represents, or is affiliated with an organization which represents,
48 teachers as defined in this subsection. No person shall be deemed a

1 teacher within the meaning of this article who is a substitute
2 teacher. In all cases of doubt the board of trustees shall determine
3 whether any person is a teacher as defined in this article.

4 q. "Teachers' Pension and Annuity Fund," hereinafter referred
5 to as the "retirement system" or "system," is the corporate name of
6 the arrangement for the payment of retirement allowances and other
7 benefits under the provisions of this article, including the several
8 funds placed under said system. By that name all its business shall
9 be transacted, its funds invested, warrants for money drawn, and
10 payments made and all of its cash and securities and other property
11 held.

12 r. "Veteran" means any honorably discharged officer, soldier,
13 sailor, airman, marine or nurse who served in any Army, Air Force
14 or Navy of the Allies of the United States in World War I between
15 July 14, 1914, and November 11, 1918, or who served in any Army,
16 Air Force or Navy of the Allies of the United States in World War
17 II, between September 1, 1939, and September 2, 1945, and who
18 was inducted into such service through voluntary enlistment, and
19 was a citizen of the United States at the time of such enlistment, and
20 who did not, during or by reason of such service, renounce or lose
21 United States citizenship, and any officer, soldier, sailor, marine,
22 airman, nurse or army field clerk who has served in the active
23 military or naval service of the United States and has or shall be
24 discharged or released therefrom under conditions other than
25 dishonorable, in any of the following wars, uprisings, insurrections,
26 expeditions or emergencies, and who has presented to the retirement
27 system evidence of such record of service in form and content
28 satisfactory to said retirement system:

29 (1) The Indian wars and uprisings during any of the periods
30 recognized by the War Department of the United States as periods
31 of active hostility;

32 (2) The Spanish-American War between April 20, 1898, and
33 April 11, 1899;

34 (3) The Philippine insurrections and expeditions during the
35 periods recognized by the War Department of the United States as
36 of active hostility from February 4, 1899, to the end of 1913;

37 (4) The Peking relief expedition between June 20, 1900, and
38 May 27, 1902;

39 (5) The army of Cuban occupation between July 18, 1898, and
40 May 20, 1902;

41 (6) The army of Cuban pacification between October 6, 1906,
42 and April 1, 1909;

43 (7) The Mexican punitive expedition between March 14, 1916,
44 and February 7, 1917;

45 (8) The Mexican border patrol, having actually participated in
46 engagements against Mexicans between April 12, 1911, and June
47 16, 1919;

1 (9) World War I, between April 6, 1917, and November 11,
2 1918;

3 (10) World War II, between September 16, 1940, and December
4 31, 1946, who shall have served at least 90 days in such active
5 service, exclusive of any period of assignment (1) for a course of
6 education or training under the Army Specialized Training Program
7 or the Navy College Training Program, which course was a
8 continuation of a civilian course and was pursued to completion, or
9 (2) as a cadet or midshipman at one of the service academies, any
10 part of which 90 days was served between said dates; provided that
11 any person receiving an actual service-incurred injury or disability
12 shall be classed as a veteran, whether or not that person has
13 completed the 90-day service as herein provided;

14 (11) Korean conflict on or after June 23, 1950, and on or prior to
15 January 31, 1955, who shall have served at least 90 days in such
16 active service, exclusive of any period of assignment (1) for a
17 course of education or training under the Army Specialized
18 Training Program or the Navy College Training Program, which
19 course was a continuation of a civilian course and was pursued to
20 completion, or (2) as a cadet or midshipman at one of the service
21 academies, any part of which 90 days was served between said
22 dates; provided that any person receiving an actual service-incurred
23 injury or disability shall be classed as a veteran, whether or not that
24 person has completed the 90-day service as herein provided; and
25 provided further that any member classed as a veteran pursuant to
26 this subsection prior to August 1, 1966, shall continue to be classed
27 as a veteran, whether or not that person completed the 90-day
28 service between said dates as herein provided;

29 (12) Lebanon crisis, on or after July 1, 1958, who has served in
30 Lebanon or on board any ship actively engaged in patrolling the
31 territorial waters of that nation for a period, continuous or in the
32 aggregate, of at least 14 days commencing on or before November
33 1, 1958 or the date of termination of that conflict, as proclaimed by
34 the President of the United States or Congress, whichever date of
35 termination is the latest, in such active service; provided, that any
36 person receiving an actual service-incurred injury or disability shall
37 be classed as a veteran whether or not that person has completed the
38 14 days' service as herein provided;

39 (13) Vietnam conflict, on or after December 31, 1960, and on or
40 prior to May 7, 1975, who shall have served at least 90 days in such
41 active service, exclusive of any period of assignment (1) for a
42 course of education or training under the Army Specialized
43 Training Program or the Navy College Training Program, which
44 course was a continuation of a civilian course and was pursued to
45 completion, or (2) as a cadet or midshipman at one of the service
46 academies, any part of which 90 days was served between said
47 dates; and exclusive of any service performed pursuant to the
48 provisions of section 511(d) of Title 10, United States Code,

1 pursuant to an enlistment in the Army National Guard or as a
2 reserve for service in the Army Reserve, Naval Reserve, Air Force
3 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
4 that any person receiving an actual service-incurred injury or
5 disability shall be classed as a veteran, whether or not that person
6 has completed the 90-day service as herein provided;

7 (14) Lebanon peacekeeping mission, on or after September 26,
8 1982, who has served in Lebanon or on board any ship actively
9 engaged in patrolling the territorial waters of that nation for a
10 period, continuous or in the aggregate, of at least 14 days
11 commencing on or before December 1, 1987 or the date of
12 termination of that mission, as proclaimed by the President of the
13 United States or Congress, whichever date of termination is the
14 latest, in such active service; provided, that any person receiving an
15 actual service-incurred injury or disability shall be classed as a
16 veteran whether or not that person has completed the 14 days'
17 service as herein provided;

18 (15) Grenada peacekeeping mission, on or after October 23,
19 1983, who has served in Grenada or on board any ship actively
20 engaged in patrolling the territorial waters of that nation for a
21 period, continuous or in the aggregate, of at least 14 days
22 commencing on or before November 21, 1983 or the date of
23 termination of that mission, as proclaimed by the President of the
24 United States or Congress, whichever date of termination is the
25 latest, in such active service; provided, that any person receiving an
26 actual service-incurred injury or disability shall be classed as a
27 veteran whether or not that person has completed the 14 days'
28 service as herein provided;

29 (16) Panama peacekeeping mission, on or after December 20,
30 1989 or the date of inception of that mission, as proclaimed by the
31 President of the United States or Congress, whichever date of
32 inception is earliest, who has served in Panama or on board any ship
33 actively engaged in patrolling the territorial waters of that nation for
34 a period, continuous or in the aggregate, of at least 14 days
35 commencing on or before January 31, 1990 or the date of
36 termination of that mission, as proclaimed by the President of the
37 United States or Congress, whichever date of termination is the
38 latest, in such active service; provided, that any person receiving an
39 actual service-incurred injury or disability shall be classed as a
40 veteran whether or not that person has completed the 14 days'
41 service as herein provided;

42 (17) Operation "Desert Shield/Desert Storm" mission in the
43 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
44 or the date of inception of that operation, as proclaimed by the
45 President of the United States or Congress, whichever date of
46 inception is earliest, who has served in the Arabian peninsula or on
47 board any ship actively engaged in patrolling the Persian Gulf for a
48 period, continuous or in the aggregate, of at least 14 days

1 commencing on or before the date of termination of that mission, as
2 proclaimed by the President of the United States or Congress,
3 whichever date of termination is the latest, in such active service;
4 provided, that any person receiving an actual service-incurred injury
5 or disability shall be classed as a veteran whether or not that person
6 has completed the 14 days' service as herein provided;

7 (18) Operation Northern Watch and Operation Southern Watch,
8 on or after August 27, 1992, or the date of inception of that
9 operation, as proclaimed by the President of the United States,
10 Congress or United States Secretary of Defense, whichever date of
11 inception is earliest, who served in the theater of operation,
12 including in the Arabian peninsula and the Persian Gulf, and in
13 direct support of that operation for a period, continuously or in the
14 aggregate, of at least 14 days in such active service, commencing on
15 or before the date of termination of the operation, as proclaimed by
16 the President of the United States, Congress or United States
17 Secretary of Defense, whichever date of termination is latest;
18 provided, that any person receiving an actual service-incurred injury
19 or disability while engaged in such service shall be classed as a
20 veteran whether or not that person has completed the 14 days'
21 service as herein provided;

22 (19) Operation "Restore Hope" in Somalia, on or after December
23 5, 1992, or the date of inception of that operation as proclaimed by
24 the President of the United States or Congress, whichever date is
25 earliest, who has served in Somalia or on board any ship actively
26 engaged in patrolling the territorial waters of that nation for a
27 period, continuously or in the aggregate, of at least 14 days in such
28 active service commencing on or before March 31, 1994; provided
29 that any person receiving an actual service-incurred injury or
30 disability shall be classed as a veteran whether or not that person
31 has completed the 14-day service as herein provided;

32 (20) Operations "Joint Endeavor" and "Joint Guard" in the
33 Republic of Bosnia and Herzegovina, on or after November 20,
34 1995, who served in such active service in direct support of one or
35 both of the operations for at least 14 days, continuously or in the
36 aggregate, commencing on or before June 20, 1998, and (1) was
37 deployed in that nation or in another area in the region, or (2) was
38 on board a United States naval vessel operating in the Adriatic Sea,
39 or (3) operated in airspace above the Republic of Bosnia and
40 Herzegovina; provided that any person receiving an actual service-
41 incurred injury or disability shall be classed as a veteran whether or
42 not that person completed the 14-day service requirement;

43 (21) Operation "Enduring Freedom", on or after September 11,
44 2001, who served in a theater of operation and in direct support of
45 that operation for a period, continuously or in the aggregate, of at
46 least 14 days in such active service commencing on or before the
47 date the President of the United States or the United States
48 Secretary of Defense designates as the termination date of that

1 operation; provided, that any person receiving an actual service-
2 incurred injury or disability while engaged in such service shall be
3 classed as a veteran whether or not that person has completed the 14
4 days' service as herein provided; and

5 (22) Operation "Iraqi Freedom", on or after the date the President
6 of the United States or the United States Secretary of Defense
7 designates as the inception date of that operation, who served in
8 Iraq or in another area in the region in direct support of that
9 operation for a period, continuously or in the aggregate, of at least
10 14 days in such active service commencing on or before the date the
11 President of the United States or the United States Secretary of
12 Defense designates as the termination date of that operation;
13 provided, that any person receiving an actual service-incurred injury
14 or disability while engaged in such service shall be classed as a
15 veteran whether or not that person has completed the 14 days'
16 service as herein provided.

17 "Veteran" also means any honorably discharged member of the
18 American Merchant Marine who served during World War II and is
19 declared by the United States Department of Defense to be eligible
20 for federal veterans' benefits.

21 s. "Child" means a deceased member's unmarried child either
22 (a) under the age of 18 or (b) of any age who, at the time of the
23 member's death, is disabled because of mental retardation or
24 physical incapacity, is unable to do any substantial, gainful work
25 because of the impairment and the impairment has lasted or can be
26 expected to last for a continuous period of not less than 12 months,
27 as affirmed by the medical board.

28 t. (1) "Widower," for employees of the State, means the man
29 to whom a member was married, or a domestic partner as defined in
30 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
31 the date of her death and to whom she continued to be married or a
32 domestic partner until the date of her death and who was receiving
33 at least one-half of his support from the member in the 12-month
34 period immediately preceding the member's death or the accident
35 which was the direct cause of the member's death. The dependency
36 of such a widower will be considered terminated by marriage of, or
37 establishment of a domestic partnership by, the widower subsequent
38 to the death of the member. In the event of the payment of an
39 accidental death benefit, the five-year qualification shall be waived.

40 (2) Subject to the provisions of paragraph (3) of this subsection,
41 "widower," for employees of public employers other than the State,
42 means the man to whom a member was married at least five years
43 before the date of her death and to whom she continued to be
44 married until the date of her death and who was receiving at least
45 one-half of his support from the member in the 12-month period
46 immediately preceding the member's death or the accident which
47 was the direct cause of the member's death. The dependency of such
48 a widower shall be considered terminated by marriage of the

1 widower subsequent to the death of the member. In the event of the
2 payment of an accidental death benefit, the five-year qualification
3 shall be waived.

4 (3) A public employer other than the State may adopt a
5 resolution providing that the term "widower" as defined in
6 paragraph (2) of this subsection shall include domestic partners as
7 provided in paragraph (1) of this subsection.

8 u. (1) "Widow," for employees of the State, means the woman
9 to whom a member was married, or a domestic partner as defined in
10 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
11 the date of his death and to whom he continued to be married or a
12 domestic partner until the date of his death and who was receiving
13 at least one-half of her support from the member in the 12-month
14 period immediately preceding the member's death or the accident
15 which was the direct cause of the member's death. The dependency
16 of such a widow will be considered terminated by the marriage of,
17 or establishment of a domestic partnership by, the widow
18 subsequent to the member's death. In the event of the payment of an
19 accidental death benefit, the five-year qualification shall be waived.

20 (2) Subject to the provisions of paragraph (3) of this subsection,
21 "widow," for employees of public employers other than the State,
22 means the woman to whom a member was married at least five
23 years before the date of his death and to whom he continued to be
24 married until the date of his death and who was receiving at least
25 one-half of her support from the member in the 12-month period
26 immediately preceding the member's death or the accident which
27 was the direct cause of the member's death. The dependency of such
28 a widow shall be considered terminated by the marriage of the
29 widow subsequent to the member's death. In the event of the
30 payment of an accidental death benefit, the five-year qualification
31 shall be waived.

32 (3) A public employer other than the State may adopt a
33 resolution providing that the term "widower" as defined in
34 paragraph (2) of this subsection shall include domestic partners as
35 provided in paragraph (1) of this subsection.

36 v. "Parent" means the parent of a member who was receiving at
37 least one-half of the parent's support from the member in the 12-
38 month period immediately preceding the member's death or the
39 accident which was the direct cause of the member's death. The
40 dependency of such a parent will be considered terminated by
41 marriage of the parent subsequent to the death of the member.

42 w. "Medical board" means the board of physicians provided for
43 in N.J.S.18A:66-56.

44 x. (1) "Spouse," for employees of the State, means the husband
45 or wife, or domestic partner as defined in section 3 of P.L.2003,
46 c.246 (C.26:8A-3), of a member.

1 (2) Subject to the provisions of paragraph (1) of this subsection,
2 "spouse," for employees of public employers other than the State,
3 means the husband or wife of a member.

4 (3) A public employer other than the State may adopt a
5 resolution providing that the term "spouse" as defined in paragraph
6 (2) of this subsection shall include domestic partners as provided in
7 paragraph (1) of this subsection.
8 (cf: P.L.2018, c.129, s.1)
9

10 2. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read
11 as follows:

12 6. a. "Accumulated deductions" means the sum of all the
13 amounts, deducted from the compensation of a member or
14 contributed by or on behalf of the member, standing to the credit of
15 the member's individual account in the annuity savings fund.

16 b. "Annuity" means payments for life derived from the
17 accumulated deductions of a member as provided in this act.

18 c. "Annuity reserve" means the present value of all payments
19 to be made on account of any annuity or benefit in lieu of an
20 annuity, granted under the provisions of this act, computed on the
21 basis of such mortality tables recommended by the actuary as the
22 board of trustees adopts, with regular interest.

23 d. "Beneficiary" means any person receiving a retirement
24 allowance or other benefit as provided in this act.

25 e. "Child" means a deceased member's unmarried child either
26 (1) under the age of 18 or (2) of any age who, at the time of the
27 member's death, is disabled because of an intellectual disability or
28 physical incapacity, is unable to do any substantial, gainful work
29 because of the impairment and the impairment has lasted or can be
30 expected to last for a continuous period of not less than 12 months,
31 as affirmed by the medical board.

32 f. "Parent" shall mean the parent of a member who was
33 receiving at least 1/2 of the parent's support from the member in the
34 12-month period immediately preceding the member's death or the
35 accident which was the direct cause of the member's death. The
36 dependency of such a parent will be considered terminated by
37 marriage of the parent subsequent to the death of the member.

38 g. (1) "Widower," for employees of the State, means the man
39 to whom a member was married, or a domestic partner as defined in
40 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
41 the date of her death and to whom she continued to be married or a
42 domestic partner until the date of her death and who was receiving
43 at least 1/2 of his support from the member in the 12-month period
44 immediately preceding the member's death or the accident which
45 was the direct cause of the member's death. The dependency of such
46 a widower will be considered terminated by marriage of, or
47 establishment of a domestic partnership by, the widower subsequent

1 to the death of the member. In the event of the payment of an
2 accidental death benefit, the five-year qualification shall be waived.

3 (2) Subject to the provisions of paragraph (3) of this subsection,
4 "widower," for employees of public employers other than the State,
5 means the man to whom a member was married at least five years
6 before the date of her death and to whom she continued to be
7 married until the date of her death and who was receiving at least
8 1/2 of his support from the member in the 12-month period
9 immediately preceding the member's death or the accident which
10 was the direct cause of the member's death. The dependency of such
11 a widower shall be considered terminated by marriage of the
12 widower subsequent to the death of the member. In the event of the
13 payment of an accidental death benefit, the five-year qualification
14 shall be waived.

15 (3) A public employer other than the State may adopt a
16 resolution providing that the term "widower" as defined in
17 paragraph (2) of this subsection shall include domestic partners as
18 provided in paragraph (1) of this subsection.

19 h. (1) "Final compensation" means the average annual
20 compensation for which contributions are made for the three years
21 of creditable service in New Jersey immediately preceding the
22 member's retirement or death, or it shall mean the average annual
23 compensation for New Jersey service for which contributions are
24 made during any three fiscal years of his or her membership
25 providing the largest possible benefit to the member or the
26 member's beneficiary.

27 (2) In the case of a person who becomes a member of the
28 retirement system on or after the effective date of P.L.2010, c.1,
29 "final compensation" means the average annual compensation for
30 which contributions are made for the five years of creditable service
31 in New Jersey immediately preceding the member's retirement or
32 death, or it shall mean the average annual compensation for New
33 Jersey service for which contributions are made during any five
34 fiscal years of his or her membership providing the largest possible
35 benefit to the member or the member's beneficiary.

36 i. "Fiscal year" means any year commencing with July 1 and
37 ending with June 30 next following.

38 j. "Medical board" shall mean the board of physicians
39 provided for in section 17 of P.L.1954, c.84 (C.43:15A-17).

40 k. "Pension" means payments for life derived from
41 appropriations made by the employer as provided in this act.

42 l. "Pension reserve" means the present value of all payments to
43 be made on account of any pension or benefit in lieu of a pension
44 granted under the provisions of this act, computed on the basis of
45 such mortality tables recommended by the actuary as the board of
46 trustees adopts, with regular interest.

47 m. "Public Employees' Retirement System of New Jersey,"
48 hereinafter referred to as the "retirement system" or "system," is the

1 corporate name of the arrangement for the payment of retirement
2 allowances and other benefits under the provisions of this act
3 including the several funds placed under said system. By that name
4 all of its business shall be transacted, its funds invested, warrants
5 for money drawn, and payments made and all of its cash and
6 securities and other property held.

7 n. "Regular interest" shall mean interest as determined by the
8 State Treasurer, after consultation with the Directors of the
9 Divisions of Investment and Pensions, the board of trustees and the
10 actuary. It shall bear a reasonable relationship to the percentage rate
11 of earnings on investments based on the market value of the assets
12 but shall not exceed the assumed percentage rate of increase applied
13 to salaries plus 3%, provided however that the board of trustees
14 shall not set the average percentage rate of increase applied to
15 salaries below 6%.

16 o. "Retirement allowance" means the pension plus the annuity.

17 p. "Veteran" means any honorably discharged officer, soldier,
18 sailor, airman, marine or nurse who served in any Army, Air Force
19 or Navy of the Allies of the United States in World War I, between
20 July 14, 1914, and November 11, 1918, or who served in any Army,
21 Air Force or Navy of the Allies of the United States in World War
22 II, between September 1, 1939, and September 2, 1945, and who
23 was inducted into such service through voluntary enlistment, and
24 was a citizen of the United States at the time of such enlistment, and
25 who did not, during or by reason of such service, renounce or lose
26 United States citizenship, and any officer, soldier, sailor, marine,
27 airman, nurse or army field clerk, who has served in the active
28 military or naval service of the United States and has or shall be
29 discharged or released therefrom under conditions other than
30 dishonorable, in any of the following wars, uprisings, insurrections,
31 expeditions, or emergencies, and who has presented to the
32 retirement system evidence of such record of service in form and
33 content satisfactory to said retirement system:

34 (1) The Indian wars and uprisings during any of the periods
35 recognized by the War Department of the United States as periods
36 of active hostility;

37 (2) The Spanish-American War between April 20, 1898, and
38 April 11, 1899;

39 (3) The Philippine insurrections and expeditions during the
40 periods recognized by the War Department of the United States as
41 of active hostility from February 4, 1899, to the end of 1913;

42 (4) The Peking relief expedition between June 20, 1900, and
43 May 27, 1902;

44 (5) The army of Cuban occupation between July 18, 1898, and
45 May 20, 1902;

46 (6) The army of Cuban pacification between October 6, 1906,
47 and April 1, 1909;

1 (7) The Mexican punitive expedition between March 14, 1916,
2 and February 7, 1917;

3 (8) The Mexican border patrol, having actually participated in
4 engagements against Mexicans between April 12, 1911, and June
5 16, 1919;

6 (9) World War I, between April 6, 1917, and November 11,
7 1918;

8 (10) World War II, between September 16, 1940, and December
9 31, 1946, who shall have served at least 90 days in such active
10 service, exclusive of any period of assignment (1) for a course of
11 education or training under the Army Specialized Training Program
12 or the Navy College Training Program which course was a
13 continuation of a civilian course and was pursued to completion, or
14 (2) as a cadet or midshipman at one of the service academies any
15 part of which 90 days was served between said dates; provided, that
16 any person receiving an actual service-incurred injury or disability
17 shall be classed as a veteran whether or not that person has
18 completed the 90-day service as herein provided;

19 (11) Korean conflict on or after June 23, 1950, and on or prior to
20 January 31, 1955, who shall have served at least 90 days in such
21 active service, exclusive of any period of assignment (1) for a
22 course of education or training under the Army Specialized
23 Training Program or the Navy College Training Program which
24 course was a continuation of a civilian course and was pursued to
25 completion, or (2) as a cadet or midshipman at one of the service
26 academies, any part of which 90 days was served between said
27 dates; provided, that any person receiving an actual service-incurred
28 injury or disability shall be classed as a veteran whether or not that
29 person has completed the 90-day service as herein provided; and
30 provided further, that any member classed as a veteran pursuant to
31 this paragraph prior to August 1, 1966, shall continue to be classed
32 as a veteran whether or not that person completed the 90-day
33 service between said dates as herein provided;

34 (12) Lebanon crisis, on or after July 1, 1958, who has served in
35 Lebanon or on board any ship actively engaged in patrolling the
36 territorial waters of that nation for a period, continuous or in the
37 aggregate, of at least 14 days commencing on or before November
38 1, 1958 or the date of termination of that conflict, as proclaimed by
39 the President of the United States or Congress, whichever date of
40 termination is the latest, in such active service; provided, that any
41 person receiving an actual service-incurred injury or disability shall
42 be classed as a veteran whether or not that person has completed the
43 14 days' service as herein provided;

44 (13) Vietnam conflict on or after December 31, 1960, and on or
45 prior to May 7, 1975, who shall have served at least 90 days in such
46 active service, exclusive of any period of assignment (1) for a
47 course of education or training under the Army Specialized
48 Training Program or the Navy College Training Program which

1 course was a continuation of a civilian course and was pursued to
2 completion, or (2) as a cadet or midshipman at one of the service
3 academies, any part of which 90 days was served between said
4 dates; and exclusive of any service performed pursuant to the
5 provisions of section 511(d) of Title 10, United States Code,
6 pursuant to an enlistment in the Army National Guard or as a
7 reserve for service in the Army Reserve, Naval Reserve, Air Force
8 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
9 that any person receiving an actual service-incurred injury or
10 disability shall be classed as a veteran whether or not that person
11 has completed the 90 days' service as herein provided;

12 (14) Lebanon peacekeeping mission, on or after September 26,
13 1982, who has served in Lebanon or on board any ship actively
14 engaged in patrolling the territorial waters of that nation for a
15 period, continuous or in the aggregate, of at least 14 days
16 commencing on or before December 1, 1987 or the date of
17 termination of that mission, as proclaimed by the President of the
18 United States or Congress, whichever date of termination is the
19 latest, in such active service; provided, that any person receiving an
20 actual service-incurred injury or disability shall be classed as a
21 veteran whether or not that person has completed the 14 days'
22 service as herein provided;

23 (15) Grenada peacekeeping mission, on or after October 23,
24 1983, who has served in Grenada or on board any ship actively
25 engaged in patrolling the territorial waters of that nation for a
26 period, continuous or in the aggregate, of at least 14 days
27 commencing on or before November 21, 1983 or the date of
28 termination of that mission, as proclaimed by the President of the
29 United States or Congress, whichever date of termination is the
30 latest, in such active service; provided, that any person receiving an
31 actual service-incurred injury or disability shall be classed as a
32 veteran whether or not that person has completed the 14 days'
33 service as herein provided;

34 (16) Panama peacekeeping mission, on or after December 20,
35 1989 or the date of inception of that mission, as proclaimed by the
36 President of the United States or Congress, whichever date of
37 inception is earliest, who has served in Panama or on board any ship
38 actively engaged in patrolling the territorial waters of that nation for
39 a period, continuous or in the aggregate, of at least 14 days
40 commencing on or before January 31, 1990 or the date of
41 termination of that mission, as proclaimed by the President of the
42 United States or Congress, whichever date of termination is the
43 latest, in such active service; provided, that any person receiving an
44 actual service-incurred injury or disability shall be classed as a
45 veteran whether or not that person has completed the 14 days'
46 service as herein provided;

47 (17) Operation "Desert Shield/Desert Storm" mission in the
48 Arabian peninsula and the Persian Gulf, on or after August 2, 1990

1 or the date of inception of that operation, as proclaimed by the
2 President of the United States or Congress, whichever date of
3 inception is earliest, who has served in the Arabian peninsula or on
4 board any ship actively engaged in patrolling the Persian Gulf for a
5 period, continuous or in the aggregate, of at least 14 days
6 commencing on or before the date of termination of that mission, as
7 proclaimed by the President of the United States or Congress,
8 whichever date of termination is the latest, in such active service;
9 provided, that any person receiving an actual service-incurred injury
10 or disability shall be classed as a veteran whether or not that person
11 has completed the 14 days' service as herein provided;

12 (18) Operation Northern Watch and Operation Southern Watch,
13 on or after August 27, 1992, or the date of inception of that
14 operation, as proclaimed by the President of the United States,
15 Congress or United States Secretary of Defense, whichever date of
16 inception is earliest, who served in the theater of operation,
17 including in the Arabian peninsula and the Persian Gulf, and in
18 direct support of that operation for a period, continuously or in the
19 aggregate, of at least 14 days in such active service, commencing on
20 or before the date of termination of that operation, as proclaimed by
21 the President of the United States, Congress or United States
22 Secretary of Defense, whichever date of termination is the latest;
23 provided, that any person receiving an actual service-incurred injury
24 or disability while engaged in such service shall be classed as a
25 veteran whether or not that person has completed the 14 days'
26 service as herein provided;

27 (19) Operation "Restore Hope" in Somalia, on or after December
28 5, 1992, or the date of inception of that operation as proclaimed by
29 the President of the United States or Congress, whichever date is
30 earliest, who has served in Somalia or on board any ship actively
31 engaged in patrolling the territorial waters of that nation for a
32 period, continuously or in the aggregate, of at least 14 days in such
33 active service commencing on or before March 31, 1994; provided
34 that any person receiving an actual service-incurred injury or
35 disability shall be classed as a veteran whether or not that person
36 has completed the 14-day service as herein provided;

37 (20) Operations "Joint Endeavor" and "Joint Guard" in the
38 Republic of Bosnia and Herzegovina, on or after November 20,
39 1995, who served in such active service in direct support of one or
40 both of the operations for at least 14 days, continuously or in the
41 aggregate, commencing on or before June 20, 1998 and (1) was
42 deployed in that nation or in another area in the region, or (2) was
43 on board a United States naval vessel operating in the Adriatic Sea,
44 or (3) operated in airspace above the Republic of Bosnia and
45 Herzegovina; provided that any person receiving an actual service-
46 incurred injury or disability shall be classed as a veteran whether or
47 not that person completed the 14-day service requirement;

1 (21) Operation "Enduring Freedom", on or after September 11,
2 2001, who served in a theater of operation and in direct support of
3 that operation for a period, continuously or in the aggregate, of at
4 least 14 days in such active service commencing on or before the
5 date the President of the United States or the United States
6 Secretary of Defense designates as the termination date of that
7 operation; provided, that any person receiving an actual service-
8 incurred injury or disability while engaged in such service shall be
9 classed as a veteran whether or not that person has completed the 14
10 days' service as herein provided; and

11 (22) Operation "Iraqi Freedom", on or after the date the President
12 of the United States or the United States Secretary of Defense
13 designates as the inception date of that operation, who served in
14 Iraq or in another area in the region in direct support of that
15 operation for a period, continuously or in the aggregate, of at least
16 14 days in such active service commencing on or before the date the
17 President of the United States or the United States Secretary of
18 Defense designates as the termination date of that operation;
19 provided, that any person receiving an actual service-incurred injury
20 or disability while engaged in such service shall be classed as a
21 veteran whether or not that person has completed the 14 days'
22 service as herein provided.

23 "Veteran" also means any honorably discharged member of the
24 American Merchant Marine who served during World War II and is
25 declared by the United States Department of Defense to be eligible
26 for federal veterans' benefits.

27 q. (1) "Widow," for employees of the State, means the woman
28 to whom a member was married, or a domestic partner as defined in
29 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
30 the date of his death and to whom he continued to be married or a
31 domestic partner until the date of his death and who was receiving
32 at least 1/2 of her support from the member in the 12-month period
33 immediately preceding the member's death or the accident which
34 was the direct cause of the member's death. The dependency of such
35 a widow will be considered terminated by the marriage of, or
36 establishment of a domestic partnership by, the widow subsequent
37 to the member's death. In the event of the payment of an accidental
38 death benefit, the five-year qualification shall be waived.

39 (2) Subject to the provisions of paragraph (3) of this subsection,
40 "widow," for employees of public employers other than the State,
41 means the woman to whom a member was married at least five
42 years before the date of his death and to whom he continued to be
43 married until the date of his death and who was receiving at least
44 1/2 of her support from the member in the 12-month period
45 immediately preceding the member's death or the accident which
46 was the direct cause of the member's death. The dependency of such
47 a widow shall be considered terminated by the marriage of the
48 widow subsequent to the member's death. In the event of the

1 payment of an accidental death benefit, the five-year qualification
2 shall be waived.

3 (3) A public employer other than the State may adopt a
4 resolution providing that the term "widow" as defined in paragraph
5 (2) of this subsection shall include domestic partners as provided in
6 paragraph (1) of this subsection.

7 r. (1) "Compensation" means the base or contractual salary,
8 for services as an employee, which is in accordance with
9 established salary policies of the member's employer for all
10 employees in the same position but shall not include individual
11 salary adjustments which are granted primarily in anticipation of
12 the member's retirement or additional remuneration for performing
13 temporary or extracurricular duties beyond the regular workday or
14 the regular work year.

15 (2) In the case of a person who becomes a member of the
16 retirement system on or after July 1, 2007, "compensation" means
17 the amount of base or contractual salary equivalent to the annual
18 maximum wage contribution base for Social Security, pursuant to
19 the Federal Insurance Contributions Act, for services as an
20 employee, which is in accordance with established salary policies of
21 the member's employer for all employees in the same position but
22 shall not include individual salary adjustments which are granted
23 primarily in anticipation of the member's retirement or additional
24 remuneration for performing temporary or extracurricular duties
25 beyond the regular workday or the regular work year.

26 (3) In the case of a person who becomes a member of the
27 retirement system on or after July 1, 2020 or a person who has less
28 than five years of service credit in the retirement system as of that
29 date, "compensation" means the amount of base or contractual
30 salary that is \$40,000 or less for services rendered after enrollment
31 or after that effective date, as appropriate, as an employee, which is
32 in accordance with established salary policies of the member's
33 employer for all employees in the same position but shall not
34 include individual salary adjustments which are granted primarily in
35 anticipation of the member's retirement or additional remuneration
36 for performing temporary or extracurricular duties beyond the
37 regular workday or the regular work year.

38 This paragraph shall not apply to a person who at the time of
39 enrollment in the retirement system on or after July 1, 2007
40 transfers service credit from another State-administered retirement
41 system pursuant to section 14 of P.L.1954, c.84 (C.43:15A-14), but
42 shall apply to a former member of the retirement system who has
43 been granted a retirement allowance and is reenrolled in the
44 retirement system on or after July 1, 2007 pursuant to section 27 of
45 P.L.1966, c.217 (C.43:15A-57.2) after becoming employed again in
46 a position that makes the person eligible to be a member of the
47 retirement system.

1 In cases where salary includes maintenance, the retirement
2 system shall fix the value of that part of the salary not paid in
3 money which shall be considered under this act.

4 For the period of July 1, 2009 through June 30, 2011,
5 "contractual salary" for State employees shall include across the
6 board negotiated wage increases under a collective negotiations
7 agreement that were payable to all State employees covered by that
8 agreement notwithstanding that, by amendment to that collective
9 negotiations agreement, the effective date of the contractual
10 increase has been deferred. For the purpose of this paragraph,
11 "State employee" means an employee in the Executive Branch or
12 the Judicial Branch of State government of New Jersey or an
13 employee of the State University authorized to participate in the
14 system under subsection b. of section 73 of P.L.1954, c.84
15 (C.43:15A-73), but shall not include employees of agencies
16 authorized to participate in the system under subsections a., c., d.,
17 e., f., and g. of section 73 of P.L.1954, c.84 (C.43:15A-73) or under
18 P.L.1990, c.25 (C.43:15A-73.2 et al.).

19 For the period of July 1, 2009 through June 30, 2011,
20 "contractual salary" for county and municipal employees shall
21 include across the board negotiated wage increases under a
22 collective negotiations agreement that were payable to all county or
23 all municipal employees covered by that agreement notwithstanding
24 that, by amendment to that collective negotiations agreement which
25 has been filed with the Division of Pensions and Benefits, the
26 effective date of the contractual increase has been deferred. For the
27 purpose of this paragraph, "county and municipal employees"
28 means all persons employed by a county or municipality in this
29 State.

30 (cf: P.L.2010, c.50, s.71)

31

32 3. N.J.S.18A:66-36 is amended to read as follows:

33 18A:66-36. Should a member of the Teachers' Pension and
34 Annuity Fund, after having completed 10 years of service, be
35 separated voluntarily or involuntarily from the service, before
36 reaching service retirement age, and not by removal for conduct
37 unbecoming a teacher or other just cause under the provisions of
38 N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive,
39 such person may elect to receive, in lieu of the payment provided in
40 N.J.S.18A:66-34:

41 a. The payments provided for in N.J.S.18A:66-37, if he so
42 qualified under said section; or

43 b. A deferred retirement allowance beginning at age 60, or for
44 a person who becomes a member of the retirement system on or
45 after the effective date of P.L.2008, c.89 beginning at age 62, or for
46 a person who becomes a member of the retirement system on or
47 after July 1, 2020 or a person who has less than five years of service
48 credit in the retirement system as of that date beginning at age 67,

1 which shall be made up of an annuity derived from the member's
2 accumulated deductions at the time of his severance from the
3 service, and a pension in the amount which, when added to the
4 member's annuity, will provide a total retirement allowance of $1/64$
5 of final compensation for each year of service credited as Class A
6 service and $1/55$ of final compensation for each year of service
7 credited as class B service, or for a person who becomes a member
8 of the retirement system on or after the effective date of P.L.2010,
9 c.1 $1/60$ of final compensation for each year of service credited as
10 class B service, calculated in accordance with N.J.S.18A:66-44,
11 with optional privileges provided for in N.J.S.18A:66-47 if he
12 exercises such optional privilege at least 30 days before his
13 attainment of the normal retirement age; provided, that such
14 election is communicated by such member to the retirement system
15 in writing stating at what time subsequent to the execution and
16 filing thereof he desires to be retired; and provided, further, that
17 such member may later elect: (1) to receive the payments provided
18 for in N.J.S.18A:66-37, if he had qualified under that section at the
19 time of leaving service, except that in order to avail himself of the
20 optional privileges pursuant to N.J.S.18A:66-47, he must exercise
21 such optional privilege at least 30 days before the effective date of
22 his retirement; or (2) to withdraw his accumulated deductions with
23 interest as provided in N.J.S.18A:66-34. If such member shall die
24 before attaining service retirement age, then his accumulated
25 deductions, plus regular interest after January 1, 1956, shall be paid
26 in accordance with N.J.S.18A:66-38, and, in addition if such
27 member shall die after attaining service retirement age and has not
28 withdrawn his accumulated deductions, an amount equal to $3/16$ of
29 the compensation upon which contributions by the member to the
30 annuity savings fund were based in the last year of creditable
31 service shall be paid to such member's beneficiary.

32 Any member who, having elected to receive a deferred
33 retirement allowance, again becomes an employee covered by the
34 retirement system while under the age of 60 or, if that person
35 became a member of the retirement system on or after the effective
36 date of P.L.2008, c.89, while under the age of 62, or if that person
37 became a member of the retirement system on or after July 1, 2020
38 or if that person had less than five years of service credit in the
39 retirement system as of that date while under the age of 67, shall
40 thereupon be reenrolled. If he had discontinued his service for
41 more than two consecutive years, subsequent contributions shall be
42 at a rate applicable to the age resulting from the subtraction of his
43 years of creditable service at the time of his last discontinuance of
44 contributing membership from his age at the time of his return to
45 service. He shall be credited with all service as a member standing
46 to his credit at the time of his election to receive a deferred
47 retirement allowance.

48 (cf: P.L.2010, c.1, s.8)

1 4. N.J.S.18A:66-37 is amended to read as follows:

2 18A:66-37. Should a member resign after having established 25
3 years of creditable service before reaching age 60, or before
4 reaching the age of 62 if the person became a member of the
5 retirement system on or after the effective date of P.L.2008, c.89, or
6 after having established 30 years of creditable service before
7 reaching the age of 65 if the person became a member of the
8 retirement system on or after the effective date of P.L.2011, c.78, or
9 after having established 30 years of creditable service before
10 reaching the age of 67 if the person became a member of the
11 retirement system on or after July 1, 2020 or if that person had less
12 than five years of service credit in the retirement system as of that
13 date, the member may elect "early retirement," provided, that such
14 election is communicated by such member to the retirement system
15 by filing a written application, duly attested, stating at what time
16 subsequent to the execution and filing thereof the member desires to
17 be retired. The member shall receive, in lieu of the payment
18 provided in N.J.S.18A:66-34, an annuity which is the actuarial
19 equivalent of the member's accumulated deductions and a pension
20 in the amount which, when added to the member's annuity, will
21 provide a total retirement allowance of 1/64 of the member's final
22 compensation for each year of service credited as class A service
23 and 1/55 of the member's final compensation for each year of
24 service credited as class B service, or for a person who becomes a
25 member of the retirement system on or after the effective date of
26 P.L.2010, c.1 1/60 of final compensation for each year of service
27 credited as class B service, calculated in accordance with
28 N.J.S.18A:66-44, reduced:

29 (a) by 1/4 of 1% for each month that the member lacks of being
30 age 55; or

31 (b) for a person who becomes a member of the retirement
32 system on or after July 1, 2007, by 1/4 of 1% for each month that
33 the member lacks of being age 55 and by 1/12 of 1% for each
34 month that the member lacks of being age 60 but over age 55; or

35 (c) for a person who becomes a member of the retirement
36 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
37 for each month that the member lacks of being age 55 and by 1/12
38 of 1% for each month that the member lacks of being age 62 but
39 over age 55; or

40 (d) for a person who becomes a member of the retirement
41 system on or after the effective date of P.L.2011, c.78, by 1/4 of 1%
42 for each month that the member lacks of being age 65; or

43 (e) for a person who becomes a member of the retirement
44 system on or after July 1, 2020 or a person who has less than five
45 years of service credit in the retirement system as of that date by 1/4
46 of 1% for each month that the member lacks of being age 67;

47 provided, however, that upon the receipt of proper proofs of the
48 death of such a member there shall be paid to the member's

1 beneficiary an amount equal to 3/16 of the compensation upon
2 which contributions by the member to the annuity savings fund
3 were based in the last year of creditable service or in the year of the
4 member's highest contractual salary, whichever is higher.

5 Subparagraph (b) or (c) or (e) of this section shall not apply to a
6 person who at the time of enrollment in the retirement system on or
7 after July 1, 2007 transfers service credit from another State-
8 administered retirement system pursuant to N.J.S.18A:66-15.1, but
9 shall apply to a former member of the retirement system who has
10 been granted a retirement allowance and is reenrolled in the
11 retirement system on or after July 1, 2007 pursuant to
12 N.J.S.18A:66-53.2 after becoming employed again in a position that
13 makes the person eligible to be a member of the retirement system.

14 The board of trustees shall retire the member at the time
15 specified or at such other time within one month after the date so
16 specified as the board finds advisable.

17 (cf: P.L.2011, c.78, s.17)

18
19 5. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to
20 read as follows:

21 41. a. A member who withdraws from service or ceases to be an
22 employee for any cause other than death or retirement shall, upon
23 the filing of an application therefor, receive all of his accumulated
24 deductions standing to the credit of his individual account in the
25 annuity savings fund, plus regular interest, less any outstanding
26 loan, except that for any period after June 30, 1944, the interest
27 payable shall be such proportion of the interest determined at the
28 regular rate of 2% per annum bears to the regular rate of interest,
29 and except that no interest shall be payable in the case of a member
30 who has less than three years of membership credit for which he has
31 made contributions. He shall cease to be a member two years from
32 the date he discontinued service as an eligible employee, or, if prior
33 thereto, upon payment to him of his accumulated deductions. If any
34 such person or member shall die before withdrawing or before
35 endorsing the check constituting the return of his accumulated
36 deductions, such deductions shall be paid to the member's
37 beneficiary. No member shall be entitled to withdraw the amounts
38 contributed by his employer covering his military leave unless he
39 shall have returned to the payroll and contributed to the retirement
40 system for a period of 90 days.

41 b. Should a member resign after having established 25 years of
42 creditable service before reaching age 60, or before reaching age 62
43 if the person became a member of the retirement system on or after
44 the effective date of P.L.2008, c.89, or after having established 30
45 years of creditable service before reaching the age of 65 if the
46 person became a member of the retirement system on or after the
47 effective date of P.L.2011, c.78, or after having established 30 years
48 of creditable service before reaching the age of 67 if the person

1 became a member of the retirement system on or after July 1, 2020
2 or if that person had less than five years of service credit in the
3 retirement system as of that date, he may elect "early retirement,"
4 provided, that such election is communicated by such member to
5 the retirement system by filing a written application, duly attested,
6 stating at what time subsequent to the execution and filing thereof
7 he desires to be retired. He shall receive, in lieu of the payment
8 provided in subsection a. of this section, an annuity which is the
9 actuarial equivalent of his accumulated deductions together with
10 regular interest, and a pension in the amount which, when added to
11 the member's annuity, will provide a total retirement allowance of
12 1/64 of final compensation for each year of service credited as
13 Class A service and 1/55 of final compensation for each year of
14 service credited as Class B service, or for a person who becomes a
15 member of the retirement system on or after the effective date of
16 P.L.2010, c.1 1/60 of final compensation for each year of service
17 credited as Class B service, calculated in accordance with section
18 48 (C.43:15A-48) of this act, reduced:

19 (a) by 1/4 of 1% for each month that the member lacks of being
20 age 55; or

21 (b) for a person who becomes a member of the retirement
22 system on or after July 1, 2007, by 1/4 of 1% for each month that
23 the member lacks of being age 55 and by 1/12 of 1% for each
24 month that the member lacks of being age 60 but over age 55; or

25 (c) for a person who becomes a member of the retirement
26 system on or after the effective date of P.L.2008, c.89, by 1/4 of 1%
27 for each month that the member lacks of being age 55 and by 1/12
28 of 1% for each month that the member lacks of being age 62 but
29 over age 55; or

30 (d) for a person who becomes a member of the retirement
31 system on or after the effective date of P.L.2011, c.78, by 1/4 of 1%
32 for each month that the member lacks of being age 65; or

33 (e) for a person who becomes a member of the retirement
34 system on or after July 1, 2020 or a person who has less than five
35 years of service credit in the retirement system as of that date by 1/4
36 of 1% for each month that the member lacks of being age 67;

37 provided, however, that upon the receipt of proper proofs of the
38 death of such a member there shall be paid to his beneficiary an
39 amount equal to three-sixteenths of the compensation upon which
40 contributions by the member to the annuity savings fund were based
41 in the last year of creditable service

42 Paragraph (b) or (c) or (e) of this subsection shall not apply to a
43 person who at the time of enrollment in the retirement system on or
44 after July 1, 2007 transfers service credit from another State-
45 administered retirement system pursuant to section 14 of P.L.1954,
46 c.84 (C.43:15A-14), but shall apply to a former member of the
47 retirement system who has been granted a retirement allowance and
48 is reenrolled in the retirement system on or after July 1, 2007

1 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after
2 becoming employed again in a position that makes the person
3 eligible to be a member of the retirement system.

4 The board of trustees shall retire him at the time specified or at
5 such other time within one month after the date so specified as the
6 board finds advisable.

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

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

13 (2) An amount equal to one and one-half times the
14 compensation upon which contributions by the member to the
15 annuity savings fund were based in the last year of creditable
16 service.

17 (cf: P.L.2011, c.78, s.18)

18

19 6. N.J.S.18A:66-43 is amended to read as follows:

20 18A:66-43. Retirement for service shall be as follows: (a) A
21 person who was a member before the effective date of P.L.2008,
22 c.89 and has attained 60 years of age may retire on a service
23 retirement allowance by filing with the retirement system a written
24 application, duly attested, stating at which time subsequent to the
25 execution and filing thereof he desires to be retired. The board of
26 trustees shall retire him at the time specified or at such other time
27 within 1 month after the date so specified as the board finds
28 advisable.

29 (b) A person who becomes a member on or after the effective
30 date of P.L.2008, c.89 and has attained 62 years of age may retire
31 on a service retirement allowance by filing with the retirement
32 system a written application, duly attested, stating at which time
33 subsequent to the execution and filing thereof the member desires to
34 be retired. The board of trustees shall retire the member at the time
35 specified or at such other time within 1 month after the date so
36 specified as the board finds advisable.

37 (c) A person who becomes a member on or after the effective
38 date of P.L.2011, c.78 and has attained 65 years of age may retire
39 on a service retirement allowance by filing with the retirement
40 system a written application, duly attested, stating at which time
41 subsequent to the execution and filing thereof the member desires to
42 be retired. The board of trustees shall retire the member at the time
43 specified or at such other time within 1 month after the date so
44 specified as the board finds advisable.

45 (d) A person who becomes a member of the retirement system
46 on or after the July 1, 2020 or a person who has less than five years
47 of service credit in the retirement system as of that date and has
48 attained 67 years of age may retire on a service retirement

1 allowance by filing with the retirement system a written application,
2 duly attested, stating at which time subsequent to the execution and
3 filing thereof the member desires to be retired. The board of trustees
4 shall retire the member at the time specified or at such other time
5 within 1 month after the date so specified as the board finds
6 advisable.

7 (cf: P.L.2011, c.78, s.37)

8
9 7. Section 47 of P.L.1954, c.84 (C.43:15A-47) is amended to
10 read as follows:

11 47. a. A person who was a member before the effective date of
12 P.L.2008, c.89 and has attained 60 years of age may retire on a
13 service retirement allowance by filing with the retirement system a
14 written application, duly attested, stating at which time subsequent
15 to the execution and filing thereof the member desires to be retired.
16 The board of trustees shall retire him at the time specified or at such
17 other time within one month after the date so specified as the board
18 finds advisable.

19 b. A person who becomes a member on or after the effective
20 date of P.L.2008, c.89 and has attained 62 years of age may retire
21 on a service retirement allowance by filing with the retirement
22 system a written application, duly attested, stating at which time
23 subsequent to the execution and filing thereof the member desires to
24 be retired. The board of trustees shall retire the member at the time
25 specified or at such other time within one month after the date so
26 specified as the board finds advisable.

27 c. A person who becomes a member on or after the effective
28 date of P.L.2011, c.78 and has attained 65 years of age may retire
29 on a service retirement allowance by filing with the retirement
30 system a written application, duly attested, stating at which time
31 subsequent to the execution and filing thereof the member desires to
32 be retired. The board of trustees shall retire the member at the time
33 specified or at such other time within one month after the date so
34 specified as the board finds advisable.

35 d. A person who becomes a member of the retirement system
36 on or after July 1, 2020 or a person who has less than five years of
37 service credit in the retirement system as of that date and has
38 attained 67 years of age may retire on a service retirement
39 allowance by filing with the retirement system a written application,
40 duly attested, stating at which time subsequent to the execution and
41 filing thereof the member desires to be retired. The board of
42 trustees shall retire the member at the time specified or at such
43 other time within one month after the date so specified as the board
44 finds advisable.

45 (cf: P.L.2011, c.78, s.38)

46
47 8. Section 7 of P.L.1950, c.270 (C.52:18A-85) is amended to
48 read as follows:

1 7. The functions, powers and duties vested by law in the
2 following enumerated agencies:

3 The Board of Trustees of the Public Employees' Retirement
4 System; the Board of Trustees of the State Police Retirement
5 System; the Prison Officers' Pension Commission; the Board of
6 Trustees of the Teachers' Pension and Annuity Fund; and the
7 Consolidated Police and Firemen's Pension Fund Commission; of,
8 or relating to, investment or reinvestment of moneys of, and
9 purchase, sale or exchange of any investments or securities of or for
10 any funds or accounts under the control and management of such
11 agencies, are hereby transferred to and shall be exercised and
12 performed for such agencies by the Director of the Division of
13 Investment established hereunder. The investment or reinvestment
14 of moneys of, and purchase, sale or exchange of, any investments or
15 securities of or for any funds or accounts for the Public Employees'
16 Retirement System cash balance plan and the Teachers' Pension and
17 Annuity Fund cash balance plan shall be under the control and
18 management of the Director of the Division of Investment.

19 Notwithstanding this provision, the Board of Trustees of the
20 Police and Firemen's Retirement System shall have the authority to
21 direct investment policy. The purchase, sale or exchange of any
22 investments or securities under the control and management of the
23 Board of Trustees of the Police and Firemen's Retirement System
24 shall be exercised and performed by the Director of the Division of
25 Investment. Notwithstanding this provision, Common Pension
26 Fund L and the assets held by Common Pension Fund L as of the
27 effective date of this Act and thereafter, including the interest of the
28 Police and Firemen's Retirement System of New Jersey therein shall
29 remain within the Division of Investment. The Division of
30 Investment, the Director of the Division of Investment and the State
31 Investment Council shall retain all functions, powers, and duties
32 relating to Common Pension Fund L assigned to the Division of
33 Investment, the Director of the Division of Investment, and the
34 State Investment Council, by P.L.2017, c.98 (C.5:9-22.5 et seq.).
35 (cf: P.L.2018, c.55, s.35)

36
37 9. Section 1 of P.L.1959, c.17 (C.52:18A-88.1) is amended to
38 read as follows:

39 1. The Director of the Division of Investment, in addition to
40 other investments, presently or from time to time hereafter
41 authorized by law, shall have authority to invest and reinvest the
42 moneys in, and to acquire for or on behalf of the funds of the
43 following enumerated agencies:

44 The Consolidated Police and Firemen's Pension Fund;
45 The Police and Firemen's Retirement System of New Jersey;
46 The Prison Officers' Pension Fund;
47 The Public Employees' Retirement System of New Jersey and the
48 cash balance plan;

1 The State Police Retirement System;
2 The Teachers' Pension and Annuity Fund and the cash balance
3 plan;
4 The Judicial Retirement System of New Jersey;
5 The Trustees for the Support of Public Schools;
6 and all other funds in the custody of the State Treasurer, unless
7 otherwise provided by law;
8 such investments which shall be authorized or approved for
9 investment by regulation of the State Investment Council, or in the
10 case of the Police and Firemen's Retirement System of New Jersey,
11 by regulation of the Board of Trustees of the Police and Firemen's
12 Retirement System of New Jersey, except that notwithstanding this
13 provision, Common Pension Fund L and the assets held by
14 Common Pension Fund L as of the effective date of this Act and
15 thereafter, including the interest of the Police and Firemen's
16 Retirement System of New Jersey therein shall remain within the
17 Division of Investment. The Director of the Division of Investment
18 and the State Investment Council shall retain all functions, powers,
19 and duties relating to Common Pension Fund L assigned to the
20 Division of Investment, the Director of the Division of Investment,
21 and the State Investment Council, by P.L.2017, c.98 (C.5:9-22.5 et
22 seq.).
23 (cf: P.L.2018, c.55, s.36)

24
25 10. Section 1 of P.L.1986, c.188 (C.43:3C-9) is amended to read
26 as follows:

27 1. The mandatory contributions by members or participants to
28 the Teachers' Pension and Annuity Fund required by N.J.S.18A:66-
29 31, to the Teachers' Pension and Annuity Fund cash balance plan, to
30 alternate benefit providers under the alternate benefit program
31 required by section 8 of P.L.1969, c.242 (C.18A:66-174), to the
32 Judicial Retirement System required by section 26 of P.L.1981,
33 c.470 (C.43:6A-34.1), to the Prison Officers' Pension Fund required
34 by section 7 of P.L.1941, c.220 (C.43:7-13), to the Public
35 Employees' Retirement System required by section 25 of P.L.1954,
36 c.84 (C.43:15A-25), to the Public Employees' Retirement System
37 cash balance plan, to the Defined Contribution Retirement Program
38 required by section 3 of P.L.2007, c.92 (C.43:15C-3), to the
39 Consolidated Police and Firemen's Pension Fund required by
40 R.S.43:16-5, to the Police and Firemen's Retirement System
41 required by section 15 of P.L.1944, c.255 (C.43:16A-15), and to the
42 State Police Retirement System required by section 38 of P.L.1965,
43 c.89 (C.53:5A-38), shall be picked up by their employers and shall
44 be treated as employer contributions as provided by section 414(h)
45 of the United States Internal Revenue Code. The amount of
46 contributions on behalf of each member shall continue to be
47 included as regular compensation for all other purposes, except that

1 the amount shall not be included in the computation of federal
2 income taxes withheld from the member's compensation.
3 (cf: P.L.2007, c.92, s.16)
4

5 11. Section 1 of P.L.1997, c.113 (C.43:3C-9.1) is amended to
6 read as follows:

7 1. In accordance with the provisions of section 401 (a) (2) of
8 the federal Internal Revenue Code, and subject to such exceptions
9 as may be permitted for governmental plans under section 401 (a)
10 (2) of the federal Internal Revenue Code, at no time prior to the
11 satisfaction of all liabilities with respect to members and their
12 beneficiaries under the Teachers' Pension and Annuity Fund,
13 established pursuant to N.J.S.18A:66-1 et seq., the Teachers'
14 Pension and Annuity Fund cash balance plan, the Judicial
15 Retirement System, established pursuant to P.L.1973, c.140
16 (C.43:6A-1 et seq.), the Prison Officers' Pension Fund, established
17 pursuant to P.L.1941, c.220 (C.43:7-7 et seq.), the Public
18 Employees' Retirement System, established pursuant to P.L.1954,
19 c.84 (C.43:15A-1 et seq.), Public Employees' Retirement System
20 cash balance plan, the Consolidated Police and Firemen's Pension
21 Fund, established pursuant to R.S.43:16-1 et seq., the Police and
22 Firemen's Retirement System, established pursuant to P.L.1944,
23 c.255 (C.43:16A-1 et seq.), the State Police Retirement System,
24 established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.), the
25 Alternate Benefit Program, established pursuant to P.L.1969, c.242
26 (C.18A:66-167 et seq.), and the Defined Contribution Retirement
27 Program, established pursuant to P.L.2007, c.92 (C.43:15C-1 et
28 seq.), shall any part of the corpus or income of the respective
29 retirement systems, within the taxable year or thereafter, be used for
30 or diverted to purposes other than for the exclusive benefit of the
31 members or their beneficiaries.

32 (cf: P.L.2011, c.78, s.56)
33

34 12. Section 2 of P.L.1997, c.113 (C.43:3C-9.2) is amended to
35 read as follows:

36 2. Notwithstanding any law, rule or regulation to the contrary,
37 the contributions to and benefits payable under the Teachers'
38 Pension and Annuity Fund, Teachers' Pension and Annuity Fund
39 cash balance plan, the Judicial Retirement System, the Prison
40 Officers' Pension Fund, the Public Employees' Retirement System,
41 the Public Employees' Retirement System cash balance plan, the
42 Consolidated Police and Firemen's Pension Fund, the Police and
43 Firemen's Retirement System, the State Police Retirement System,
44 the Alternate Benefit Program, and the Defined Contribution
45 Retirement Program shall not exceed the limitations provided under
46 section 415 of the federal Internal Revenue Code. The Division of
47 Pensions and Benefits in the Department of the Treasury shall be

1 responsible for implementation and enforcement of these
2 limitations.

3 (cf: P.L.2011, c.78, s.57)

4
5 13. Section 3 of P.L.1997, c.113 (C.43:3C-9.3) is amended to
6 read as follows:

7 3. Notwithstanding any law, rule or regulation to the contrary,
8 for members of the Teachers' Pension and Annuity Fund, the
9 Judicial Retirement System, the Public Employees' Retirement
10 System, the Police and Firemen's Retirement System, to the
11 Teachers' Pension and Annuity Fund and Public Employees'
12 Retirement System cash balance plans, and the State Police
13 Retirement System, the amount of compensation which may be used
14 for member contributions and benefits under the retirement systems
15 after June 30, 1996 shall not exceed the compensation limitation of
16 section 401 (a) (17) of the federal Internal Revenue Code of 1986,
17 (26 U.S.C. s.401 (a) (17)), as amended pursuant to section 13212
18 of the Omnibus Budget Reconciliation Act of 1993, Pub. L.103-66,
19 107 Stat. 312 or as hereafter amended or supplemented, to the
20 extent applicable to governmental plans. The provisions of this
21 section shall not be applicable to members enrolled prior to July 1,
22 1996 if the employer of the members certifies to the Director of the
23 Division of Pensions and Benefits, in the form and manner
24 prescribed by the director, prior to July 1, 1997, that the employer
25 will pay the additional cost for not applying the limit to the
26 members.

27 (cf: P.L.1997, c.113, s.3)

28
29 14. Section 41 of P.L.2007, c.92 (C.43:3C-9.6) is amended to
30 read as follows:

31 41. a. Upon the termination of the Teachers' Pension and
32 Annuity Fund, the Teachers' Pension and Annuity Fund cash
33 balance plan, the Public Employees' Retirement System, Public
34 Employees' Retirement System cash balance plan, the Judicial
35 Retirement System, the Police and Firemen's Retirement System,
36 the State Police Retirement System, the Prison Officers' Pension
37 Fund, the Consolidated Police and Firemen's Fund, the Alternate
38 Benefit Program, or the Defined Contribution Retirement Program,
39 or upon complete discontinuance of contributions to any of the
40 retirement systems, the rights of all members of such retirement
41 system to benefits accrued to the date of such termination or
42 discontinuance, to the extent then funded, are non-forfeitable.

43 b. Notwithstanding any law, rule or regulation to the contrary,
44 the form and timing of all distributions from the Teachers' Pension
45 and Annuity Fund, the Teachers' Pension and Annuity Fund cash
46 balance plan, the Public Employees' Retirement System, the Public
47 Employees' Retirement System cash balance plan, the Judicial
48 Retirement System, the Police and Firemen's Retirement System,

1 the State Police Retirement System, the Prison Officers' Pension
2 Fund, the Consolidated Police and Firemen's Fund, the Alternate
3 Benefit Program, or the Defined Contribution Retirement Program,
4 to a member, or to the beneficiary of a member if the member dies
5 before the member's entire interest has been distributed, shall
6 conform to the required distribution provisions of section 401(a)(9)
7 of the federal Internal Revenue Code and the regulations issued by
8 the United States Department of the Treasury under that Code
9 section, including the incidental death benefit requirements of
10 section 401(a)(9)(G) of the federal Internal Revenue Code. In
11 addition, in no event shall payments under any of the retirement
12 systems commence to be paid to a member later than the member's
13 required beginning date, without regard to whether the member has
14 filed application therefor. For this purpose, a member's required
15 beginning date is the April 1 of the calendar year following the later
16 of (1) the calendar year in which the member attains age 70 1/2 or
17 (2) the calendar year in which the member retires. The actuarial
18 adjustment described in section 401(a)(9)(C)(iii) of the federal
19 Internal Revenue Code shall not apply.
20 (cf: P.L.2011, c.78, s.59)

21

22 15. Section 60 of P.L.2011, c.78 (C.43:3C-18) is amended to
23 read as follows:

24 60. a. Notwithstanding any law, rule or regulation to the
25 contrary, the Teachers' Pension and Annuity Fund, established
26 pursuant to N.J.S.18A:66-1 et seq., the Judicial Retirement System,
27 established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the
28 Prison Officers' Pension Fund, established pursuant to P.L.1941,
29 c.220 (C.43:7-7 et seq.), the Public Employees' Retirement System,
30 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the
31 Consolidated Police and Firemen's Pension Fund, established
32 pursuant to R.S.43:16-1 et seq., the Police and Firemen's
33 Retirement System, established pursuant to P.L.1944, c.255
34 (C.43:16A-1 et seq.), and the State Police Retirement System,
35 established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.), are
36 established as qualified governmental defined benefit plans
37 pursuant to sections 401(a) and 414(d) of the federal Internal
38 Revenue Code of 1986 (26 U.S.C. ss.401(a) and 414(d)), as
39 amended, or such other provision of the federal Internal Revenue
40 Code, as applicable, regulations of the U.S. Treasury Department,
41 and other guidance of the federal Internal Revenue Service.

42 The Teachers' Pension and Annuity Fund cash balance plan and
43 the Public Employees' Retirement System cash balance plan shall
44 be established as qualified governmental plans pursuant to the
45 federal Internal Revenue Code, regulations of the U.S. Treasury
46 Department, and other guidance of the federal Internal Revenue
47 Service.

1 b. Notwithstanding any law, rule or regulation to the contrary,
2 the Alternate Benefit Program, established pursuant to P.L.1969,
3 c.242 (C.18A:66-167 et seq.), and the Defined Contribution
4 Retirement Program, established pursuant to P.L.2007, c.92
5 (C.43:15C-1 et seq.) are established as qualified governmental
6 defined contribution plans pursuant to sections 401(a) and 414(d) of
7 the federal Internal Revenue Code of 1986 (26 U.S.C. ss.401(a) and
8 414(d)), as amended, or such other provision of the federal Internal
9 Revenue Code, as applicable, regulations of the U.S. Treasury
10 Department, and other guidance of the federal Internal Revenue
11 Service.

12 c. Notwithstanding the provisions of any law, rule or regulation
13 to the contrary, the Director of the Division of Pensions and
14 Benefits in the Department of the Treasury, and in the case of the
15 Police and Firemen's Retirement System, the board of trustees of
16 that system, shall be authorized to modify the provisions of the
17 foregoing retirement plans, when a modification is required to
18 maintain the qualified status of the retirement plans under the
19 Internal Revenue Code of 1986, applicable regulations of the U.S.
20 Treasury Department or other guidance of the federal Internal
21 Revenue Service. Notwithstanding the provisions of the
22 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
23 seq.), the director, and in the case of the Police and Firemen's
24 Retirement System, the board, may modify the provisions of the
25 foregoing retirement plans, when a modification is required to
26 maintain the qualified status of the retirement plans by
27 promulgating a rule or regulation which shall be effective upon
28 filing with the Office of Administrative Law.
29 (cf: P.L.2018, c.55, s.4)

30
31 16. Section 62 of P.L.2011, c.78 (C.43:3C-20) is amended to
32 read as follows:

33 62. Notwithstanding any law, rule or regulation to the contrary,
34 the Teachers' Pension and Annuity Fund, Teachers' Pension and
35 Annuity Fund cash balance plan, the Judicial Retirement System,
36 the Prison Officers' Pension Fund, the Public Employees'
37 Retirement System, the Public Employees' Retirement System cash
38 balance plan, the Consolidated Police and Firemen's Pension Fund,
39 the Police and Firemen's Retirement System, the State Police
40 Retirement System, the Alternate Benefit Program, and the Defined
41 Contribution Retirement Program shall be administered in
42 accordance with the rollover requirements of section 401(a)(31) of
43 the federal Internal Revenue Code (26 U.S.C. s.401(a)(31)).
44 (cf: P.L.2011, c.78, s.62)

45
46 17. Section 24 of P.L.1954, c.84 (C.43:15A-24) is amended to
47 read as follows:

1 24. The contingent reserve fund shall be the fund in which shall
2 be credited contributions made by the State and other employers.

3 a. Upon the basis of the tables recommended by the actuary
4 which the board adopts and regular interest, the actuary shall
5 compute annually, beginning as of March 31, 1992, the amount of
6 contribution which shall be the normal cost as computed under the
7 projected unit credit method attributable to service rendered under
8 the retirement system for the year beginning on July 1 immediately
9 succeeding the date of the computation. This shall be known as the
10 "normal contribution."

11 b. With respect to employers other than the State, upon the
12 basis of the tables recommended by the actuary which the board
13 adopts and regular interest, the actuary shall compute the amount of
14 the accrued liability of the retirement system as of March 31, 1992
15 under the projected unit credit method, excluding the liability for
16 pension adjustment benefits for active employees funded pursuant
17 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already
18 covered by the assets of the retirement system, valued in accordance
19 with the asset valuation method established in this section. Using
20 the total amount of this unfunded accrued liability, the actuary shall
21 compute the initial amount of contribution which, if paid annually
22 in level dollars for a specific period of time, will amortize this
23 liability. The State Treasurer shall determine, upon the advice of
24 the Director of the Division of Pensions and Benefits, the board of
25 trustees and the actuary, the time period for full funding of this
26 liability, which shall not exceed 40 years on initial application of
27 this section as amended by this act, P.L.1994, c.62. This shall be
28 known as the "accrued liability contribution." Any increase or
29 decrease in the unfunded accrued liability as a result of actuarial
30 losses or gains for the 10 valuation years following valuation year
31 1992 shall serve to increase or decrease, respectively, the unfunded
32 accrued liability contribution. Thereafter, any increase or decrease
33 in the unfunded accrued liability as a result of actuarial losses or
34 gains for subsequent valuation years shall serve to increase or
35 decrease, respectively, the amortization period for the unfunded
36 accrued liability, unless an increase in the amortization period will
37 cause it to exceed 30 years. If an increase in the amortization period
38 as a result of actuarial losses for a valuation year would exceed 30
39 years, the accrued liability contribution shall be computed for the
40 valuation year in the same manner provided for the computation of
41 the initial accrued liability contribution under this section.
42 Beginning with the July 1, 2019 actuarial valuation, the accrued
43 liability contribution shall be computed so that if the contribution is
44 paid annually in level dollars, it will amortize this unfunded accrued
45 liability over a closed 30-year period. Beginning with the July 1,
46 2023 actuarial valuation, the accrued liability contribution shall be
47 computed so that if the contribution is paid annually in level
48 dollars, it will amortize this unfunded accrued liability over a closed

1 29-year period, with that closed amortization period decreasing by
2 one year in each subsequent fiscal year. [Beginning with the July
3 1, 2029 actuarial valuation, when] When the remaining
4 amortization period reaches [20] 15 years, any increase or decrease
5 in the unfunded accrued liability as a result of actuarial losses or
6 gains for subsequent valuation years shall serve to increase or
7 decrease, respectively, the amortization period for the unfunded
8 accrued liability, unless an increase in the amortization period will
9 cause it to exceed [20] 15 years. If an increase in the amortization
10 period as a result of actuarial losses for a valuation year would
11 exceed [20] 15 years, the accrued liability contribution shall be
12 computed for the valuation year in the same manner provided for
13 the computation of the initial accrued liability contribution under
14 this section.

15 With respect to the State, upon the basis of the tables
16 recommended by the actuary which the commission adopts and
17 regular interest, the actuary shall annually determine if there is an
18 amount of the accrued liability of the retirement system, computed
19 under the projected unit credit method, which is not already covered
20 by the assets of the retirement system, valued in accordance with
21 the asset valuation method established in this section. This shall be
22 known as the "unfunded accrued liability." If there was no
23 unfunded accrued liability for the valuation period immediately
24 preceding the current valuation period, the actuary, using the total
25 amount of this unfunded accrued liability, shall compute the initial
26 amount of contribution which, if paid annually in level dollars for a
27 specific period of time, will amortize this liability. The State
28 Treasurer shall determine, upon the advice of the Director of the
29 Division of Pensions and Benefits, the commission and the actuary,
30 the time period for full funding of this liability, which shall not
31 exceed 30 years. This shall be known as the "accrued liability
32 contribution." Thereafter, any increase or decrease in the unfunded
33 accrued liability as a result of actuarial losses or gains for
34 subsequent valuation years shall serve to increase or decrease,
35 respectively, the amortization period for the unfunded accrued
36 liability, unless an increase in the amortization period will cause it
37 to exceed 30 years. If an increase in the amortization period as a
38 result of actuarial losses for a valuation year would exceed 30 years,
39 the accrued liability contribution shall be computed for the
40 valuation year in the same manner provided for the computation of
41 the initial accrued liability contribution under this section.
42 Beginning with the July 1, 2019 actuarial valuation, the accrued
43 liability contribution shall be computed so that if the contribution is
44 paid annually in level dollars, it will amortize this unfunded accrued
45 liability over a closed 30-year period. Beginning with the July 1,
46 2023 actuarial valuation, the accrued liability contribution shall be
47 computed so that if the contribution is paid annually in level

1 dollars, it will amortize this unfunded accrued liability over a closed
2 29-year period, with that closed amortization period decreasing by
3 one year in each subsequent fiscal year. [Beginning with the July 1,
4 2029 actuarial valuation, when] When the remaining amortization
5 period reaches [20] 15 years, any increase or decrease in the
6 unfunded accrued liability as a result of actuarial losses or gains for
7 subsequent valuation years shall serve to increase or decrease,
8 respectively, the amortization period for the unfunded accrued
9 liability, unless an increase in the amortization period will cause it
10 to exceed [20] 15 years. If an increase in the amortization period
11 as a result of actuarial losses for a valuation year would exceed
12 [20] 15 years, the accrued liability contribution shall be computed
13 for the valuation year in the same manner provided for the
14 computation of the initial accrued liability contribution under this
15 section.

16 The State may pay all or any portion of its unfunded accrued
17 liability under the retirement system from any source of funds
18 legally available for the purpose, including, without limitation, the
19 proceeds of bonds authorized by law for this purpose.

20 The value of the assets, excluding the special asset value set
21 forth in section 38 of P.L.2010, c.1 (C.43:3C-14), to be used in the
22 computation of the contributions provided for under this section for
23 valuation periods shall be the value of the assets for the preceding
24 valuation period increased by the regular interest rate, plus the net
25 cash flow for the valuation period (the difference between the
26 benefits and expenses paid by the system and the contributions to
27 the system) increased by one half of the regular interest rate, plus
28 20% of the difference between this expected value and the full
29 market value of the assets as of the end of the valuation period.
30 This shall be known as the "valuation assets." Notwithstanding the
31 first sentence of this paragraph, the valuation assets for the
32 valuation period ending March 31, 1996 shall be the full market
33 value of the assets as of that date and, with respect to the valuation
34 assets allocated to the State, shall include the proceeds from the
35 bonds issued pursuant to the "Pension Bond Financing Act of
36 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid to the system
37 by the New Jersey Economic Development Authority to fund the
38 unfunded accrued liability of the system. Notwithstanding the first
39 sentence of this paragraph, the valuation assets for the valuation
40 period ending June 30, 1999 shall be the full market value of the
41 assets as of that date.

42 "Excess valuation assets" for a valuation period means, with
43 respect to the valuation assets allocated to the State:

- 44 (1) the valuation assets allocated to the State; less
45 (2) the actuarial accrued liability of the State for basic benefits
46 and pension adjustment benefits under the retirement system; less

1 (3) the contributory group insurance premium fund, created by
2 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
3 4 of P.L.1960, c.79; less

4 (4) the post retirement medical premium fund, created pursuant
5 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by
6 section 8 of P.L.1994, c.62; less

7 (5) the present value of the projected total normal cost for
8 pension adjustment benefits in excess of the projected total phased-
9 in normal cost for pension adjustment benefits for the State
10 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the
11 full phase-in period, determined in the manner prescribed for the
12 determination and amortization of the unfunded accrued liability of
13 the system, if the sum of the foregoing items is greater than zero.

14 "Excess valuation assets" for a valuation period means, with
15 respect to the valuation assets allocated to other employers:

16 (1) the valuation assets allocated to the other employers; less

17 (2) the actuarial accrued liability of the other employers for
18 basic benefits and pension adjustment benefits under the retirement
19 system, excluding the unfunded accrued liability for early
20 retirement incentive benefits pursuant to P.L.1991, c.229, P.L.1991,
21 c.230, P.L.1993, c.138, and P.L.1993, c.181, for employers other
22 than the State; less

23 (3) the contributory group insurance premium fund, created by
24 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
25 4 of P.L.1960, c.79; less

26 (4) the present value of the projected total normal cost for
27 pension adjustment benefits in excess of the projected total phased-
28 in normal cost for pension adjustment benefits for the other
29 employers authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1)
30 over the full phase-in period, determined in the manner prescribed
31 for the determination and amortization of the unfunded accrued
32 liability of the system, if the sum of the foregoing items is greater
33 than zero.

34 If there are excess valuation assets allocated to the State or to the
35 other employers for the valuation period ending March 31, 1996,
36 the normal contributions payable by the State or by the other
37 employers for the valuation periods ending March 31, 1996 and
38 March 31, 1997 which have not yet been paid to the retirement
39 system shall be reduced to the extent possible by the excess
40 valuation assets allocated to the State or to the other employers,
41 respectively, provided that with respect to the excess valuation
42 assets allocated to the State, the General Fund balances that would
43 have been paid to the retirement system except for this provision
44 shall first be allocated as State aid to public schools to the extent
45 that additional sums are required to comply with the May 14, 1997
46 decision of the New Jersey Supreme Court in Abbott v. Burke. If
47 there are excess valuation assets allocated to the State or to the
48 other employers for a valuation period ending after March 31, 1996,

1 the State Treasurer may reduce the normal contribution payable by
2 the State or by the other employers for the next valuation period as
3 follows:

4 (1) for valuation periods ending March 31, 1997 through March
5 31, 2001, to the extent possible by up to 100% of the excess
6 valuation assets allocated to the State or to the other employers,
7 respectively;

8 (2) for the valuation period ending March 31, 2002, to the extent
9 possible by up to 84% of the excess valuation assets allocated to the
10 State or to the other employers, respectively;

11 (3) for the valuation period ending March 31, 2003, to the extent
12 possible by up to 68% of the excess valuation assets allocated to the
13 State or to the other employers, respectively; and

14 (4) for valuation periods ending March 31, 2004 through June
15 30, 2007, to the extent possible by up to 50% of the excess
16 valuation assets allocated to the State or to the other employers,
17 respectively.

18 For calendar years 1998 and 1999, the rate of contribution of
19 members of the retirement system under section 25 of P.L.1954,
20 c.84 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess
21 valuation assets and for calendar years 2000 and 2001, the rate of
22 contribution shall be reduced by 2% from excess valuation assets.
23 Thereafter, through calendar year 2007, the rate of contribution of
24 members of the retirement system under that section for a calendar
25 year shall be reduced equally with normal contributions to the
26 extent possible, but not by more than 2%, from excess valuation
27 assets if the State Treasurer determines that excess valuation assets
28 shall be used to reduce normal contributions by the State and local
29 employers for the fiscal year beginning immediately prior to the
30 calendar year, or for the calendar year for local employers whose
31 fiscal year is the calendar year, and excess valuation assets above
32 the amount necessary to fund the reduction for that calendar year in
33 the member contribution rate plus an equal reduction in the normal
34 contribution shall be available for the further reduction of normal
35 contributions, subject to the limitations prescribed by this
36 subsection.

37 If there are excess valuation assets after reductions in normal
38 contributions and member contributions as authorized in the
39 preceding paragraphs for a valuation period beginning with the
40 valuation period ending June 30, 1999, an amount of excess
41 valuation assets not to exceed the amount of the member
42 contributions for the fiscal year in which the normal contributions
43 are payable shall be credited to the benefit enhancement fund. The
44 amount of excess valuation assets credited to the benefit
45 enhancement fund shall not exceed the present value of the
46 expected additional normal contributions attributable to the
47 provisions of P.L.2001, c.133 payable on behalf of the active
48 members over the expected working lives of the active members in

1 accordance with the tables of actuarial assumptions for the
2 valuation period. No additional excess valuation assets shall be
3 credited to the benefit enhancement fund after the maximum
4 amount is attained. Interest shall be credited to the benefit
5 enhancement fund as provided under section 33 of P.L.1954, c.84
6 (C.43:15A-33).

7 The normal contribution for the increased benefits for active
8 employees under P.L.2001, c.133 shall be paid from the benefit
9 enhancement fund. If assets in the benefit enhancement fund are
10 insufficient to pay the normal contribution for the increased benefits
11 for a valuation period, the State shall pay the amount of normal
12 contribution for the increased benefits not covered by assets from
13 the benefit enhancement fund.

14 c. The retirement system shall certify annually the aggregate
15 amount payable to the contingent reserve fund in the ensuing year,
16 which amount shall be equal to the sum of the amounts described in
17 this section.

18 The State Treasurer shall reduce the normal and accrued liability
19 contributions payable by employers other than the State, excluding
20 the contribution payable from the benefit enhancement fund, to a
21 percentage of the amount certified annually by the retirement
22 system, which percentage shall be: for payments due in the State
23 fiscal year ending June 30, 2005, 20%; for payments due in the
24 State fiscal year ending June 30, 2006, not more than 40%; for
25 payments due in the State fiscal year ending June 30, 2007, not
26 more than 60%; and for payments due in the State fiscal year ending
27 June 30, 2008, not more than 80%.

28 The State Treasurer shall reduce the normal and accrued liability
29 contributions payable by employers other than the State, excluding
30 the contribution payable from the benefit enhancement fund, to 50
31 percent of the amount certified annually by the retirement system,
32 for payments due in the State fiscal year ending June 30, 2009. An
33 employer that elects to pay the reduced normal and accrued liability
34 contribution shall adopt a resolution, separate and apart from other
35 budget resolutions, stating that the employer needs to pay the
36 reduced contribution and providing an explanation of that need
37 which shall include (1) a description of its inability to meet the levy
38 cap without jeopardizing public safety, health, and welfare or
39 without jeopardizing the fiscal stability of the employer, or (2) a
40 description of another condition that offsets the long term fiscal
41 impact of the payment of the reduced contribution. An employer
42 also shall document those actions it has taken to reduce its
43 operating costs, or provide a description of relevant anticipated
44 circumstances that could have an impact on revenues or
45 expenditures. This resolution shall be submitted to and approved by
46 the Local Finance Board after making a finding that these fiscal
47 conditions are valid and affirming the findings contained in the
48 employer resolution.

1 An employer that elects to pay 100 percent of the amount
2 certified by the retirement system for the State fiscal year ending
3 June 30, 2009 shall be credited with such payment and any such
4 amounts shall not be included in the employer's unfunded liability.

5 The actuaries for the retirement system shall determine the
6 unfunded liability of the retirement system, by employer, for the
7 reduced normal and accrued liability contributions provided under
8 P.L.2009, c.19. This unfunded liability shall be paid by the
9 employer in level annual payments over a period of 15 years
10 beginning with the payments due in the State fiscal year ending
11 June 30, 2012 and shall be adjusted by the rate of return on the
12 actuarial value of assets.

13 The retirement system shall annually certify to each employer
14 the contributions due to the contingent reserve fund for the liability
15 under P.L.2009, c.19. The contributions certified by the retirement
16 system shall be paid by the employer to the retirement system on or
17 before the date prescribed by law for payment of employer
18 contributions for basic retirement benefits. If payment of the full
19 amount of the contribution certified is not made within 30 days
20 after the last date for payment of employer contributions for basic
21 retirement benefits, interest at the rate of 10% per year shall be
22 assessed against the unpaid balance on the first day after the
23 thirtieth day.

24 The State shall pay into the contingent reserve fund during the
25 ensuing year the amount so determined. The death benefits,
26 payable as a result of contribution by the State under the provisions
27 of this chapter upon the death of an active or retired member, shall
28 be paid from the contingent reserve fund.

29 d. The disbursements for benefits not covered by reserves in
30 the system on account of veterans shall be met by direct
31 contributions of the State and other employers.
32 (cf: P.L.2017, c.98, s.24)
33

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

35 18A:66-18. The contingent reserve fund shall be the fund in
36 which shall be credited contributions made by the State and other
37 employers.

38 a. Upon the basis of the tables recommended by the actuary
39 which the board of trustees adopts and regular interest, the actuary
40 of the board shall compute annually, beginning as of March 31,
41 1992, the amount of contribution which shall be the normal cost as
42 computed under the projected unit credit method attributable to
43 service rendered under the retirement system for the year beginning
44 on July 1 immediately succeeding the date of the computation. This
45 shall be known as the "normal contribution."

46 b. Upon the basis of the tables recommended by the actuary
47 which the board of trustees adopts and regular interest, the actuary
48 of the board shall annually determine if there is an amount of the

1 accrued liability of the retirement system, computed under the
2 projected unit credit method, including the liability for pension
3 adjustment benefits for active employees funded pursuant to section
4 2 of P.L.1987, c.385 (C.18A:66-18.1), which is not already covered
5 by the assets of the retirement system, valued in accordance with
6 the asset valuation method established in this section. This shall be
7 known as the "unfunded accrued liability." If there was no
8 unfunded accrued liability for the valuation period immediately
9 preceding the current valuation period, the actuary, using the total
10 amount of this unfunded accrued liability, shall compute the initial
11 amount of contribution which, if paid annually in level dollars for a
12 specific period of time, will amortize this liability. The State
13 Treasurer shall determine, upon the advice of the Director of the
14 Division of Pensions and Benefits, the board of trustees and the
15 actuary, the time period for full funding of this liability, which shall
16 not exceed 30 years. This shall be known as the "accrued liability
17 contribution." Thereafter, any increase or decrease in the unfunded
18 accrued liability as a result of actuarial losses or gains for
19 subsequent valuation years shall serve to increase or decrease,
20 respectively, the amortization period for the unfunded accrued
21 liability, unless an increase in the amortization period will cause it
22 to exceed 30 years. If an increase in the amortization period as a
23 result of actuarial losses for a valuation year would exceed 30 years,
24 the accrued liability contribution shall be computed for the
25 valuation year in the same manner provided for the computation of
26 the initial accrued liability contribution under this section.
27 Beginning with the July 1, 2019 actuarial valuation, the accrued
28 liability contribution shall be computed so that if the contribution is
29 paid annually in level dollars, it will amortize this unfunded accrued
30 liability over a closed 30-year period. Beginning with the July 1,
31 2023 actuarial valuation, the accrued liability contribution shall be
32 computed so that if the contribution is paid annually in level
33 dollars, it will amortize this unfunded accrued liability over a closed
34 29-year period, with that closed amortization period decreasing by
35 one year in each subsequent fiscal year. **Beginning with the July 1,**
36 **2029 actuarial valuation, when** When the remaining amortization
37 period reaches **[20]** 15 years, any increase or decrease in the
38 unfunded accrued liability as a result of actuarial losses or gains for
39 subsequent valuation years shall serve to increase or decrease,
40 respectively, the amortization period for the unfunded accrued
41 liability, unless an increase in the amortization period will cause it
42 to exceed **[20]** 15 years. If an increase in the amortization period
43 as a result of actuarial losses for a valuation year would exceed
44 **[20]** 15 years, the accrued liability contribution shall be computed
45 for the valuation year in the same manner provided for the
46 computation of the initial accrued liability contribution under this
47 section.

1 The State may pay all or any portion of its unfunded accrued
2 liability under the retirement system from any source of funds
3 legally available for the purpose, including, without limitation, the
4 proceeds of bonds authorized by law for this purpose.

5 The value of the assets, excluding the special asset value set
6 forth in section 38 of P.L.2010, c.1 (C.43:3C-14), to be used in the
7 computation of the contributions provided for under this section for
8 valuation periods shall be the value of the assets for the preceding
9 valuation period increased by the regular interest rate, plus the net
10 cash flow for the valuation period (the difference between the
11 benefits and expenses paid by the system and the contributions to
12 the system) increased by one half of the regular interest rate, plus
13 20% of the difference between this expected value and the full
14 market value of the assets as of the end of the valuation period.
15 This shall be known as the "valuation assets." Notwithstanding the
16 first sentence of this paragraph, the valuation assets for the
17 valuation period ending March 31, 1996 shall be the full market
18 value of the assets as of that date and shall include the proceeds
19 from the bonds issued pursuant to the "Pension Bond Financing Act
20 of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid to the system
21 by the New Jersey Economic Development Authority to fund the
22 unfunded accrued liability of the system. Notwithstanding the first
23 sentence of this paragraph, the valuation assets for the valuation
24 period ending June 30, 1999 shall be the full market value of the
25 assets as of that date.

26 "Excess valuation assets" for a valuation period means:

27 (1) the valuation assets; less

28 (2) the actuarial accrued liability for basic benefits and pension
29 adjustment benefits, excluding the unfunded accrued liability for
30 early retirement incentive benefits pursuant to P.L.1991, c.231 and
31 P.L.1993, c.163 for employers other than the State; less

32 (3) the contributory group insurance premium fund created by
33 N.J.S.18A:66-77; less

34 (4) the post-retirement medical premium fund created pursuant
35 to section 2 of P.L.1987, c.385 (C.18A:66-18.1), as amended by
36 section 3 of P.L.1994, c.62; less

37 (5) the present value of the projected total normal cost for
38 pension adjustment benefits in excess of the projected total phased-
39 in normal cost for pension adjustment benefits as originally
40 authorized by section 2 of P.L.1987, c.385 (C.18A:66-18.1) over
41 the full phase-in period, determined in the manner prescribed for
42 the determination and amortization of the unfunded accrued liability
43 of the system, if the sum of the foregoing items is greater than zero.

44 If there are excess valuation assets for the valuation period
45 ending March 31, 1996, the normal contributions for the valuation
46 periods ending March 31, 1996 and March 31, 1997 which have not
47 yet been paid to the retirement system shall be reduced to the extent
48 possible by the excess valuation assets, provided that the General

1 Fund balances that would have been paid to the retirement system
2 except for this provision shall first be allocated as State aid to
3 public schools to the extent that additional sums are required to
4 comply with the May 14, 1997 decision of the New Jersey Supreme
5 Court in Abbott v. Burke, and provided further that the normal
6 contribution for the valuation period ending March 31, 1996 shall
7 not be less than \$54,000,000. If there are excess valuation assets
8 for a valuation period ending after March 31, 1996, the State
9 Treasurer may reduce the normal contribution payable for the next
10 valuation period as follows:

11 (1) for valuation periods ending March 31, 1997 through March
12 31, 2001, to the extent possible by up to 100% of the excess
13 valuation assets;

14 (2) for the valuation period ending March 31, 2002, to the extent
15 possible by up to 84% of the excess valuation assets;

16 (3) for the valuation period ending March 31, 2003, to the extent
17 possible by up to 68% of the excess valuation assets; and

18 (4) for valuation periods ending March 31, 2004 through June
19 30, 2007, to the extent possible by up to 50% of the excess
20 valuation assets.

21 For calendar years 1998 and 1999, the rate of contribution of
22 members of the retirement system under N.J.S.18A:66-29 shall be
23 reduced by 1/2 of 1% from excess valuation assets. For calendar
24 years 2000 and 2001, the rate of contribution of members of the
25 retirement system shall be reduced equally with normal
26 contributions to the extent possible, but not more than 1/2 of 1%,
27 from excess valuation assets. Thereafter, through calendar year
28 2007, the rate of contribution of members of the retirement system
29 under that section for a calendar year shall be reduced equally with
30 normal contributions to the extent possible, but not by more than
31 2%, from excess valuation assets if the State Treasurer determines
32 that excess valuation assets shall be used to reduce normal
33 contributions by the State for the fiscal year beginning immediately
34 prior to the calendar year, and excess valuation assets above the
35 amount necessary to fund the reduction for that calendar year in the
36 member contribution rate plus an equal reduction in the normal
37 contribution shall be available for the further reduction of normal
38 contributions, subject to the limitations prescribed by this
39 subsection.

40 If there are excess valuation assets after reductions in normal
41 contributions and member contributions as authorized in the
42 preceding paragraphs for a valuation period beginning with the
43 valuation period ending June 30, 1999, an amount of excess
44 valuation assets not to exceed the amount of the member
45 contributions for the fiscal year in which the normal contributions
46 are payable shall be credited to the benefit enhancement fund. The
47 amount of excess valuation assets credited to the benefit
48 enhancement fund shall not exceed the present value of the

1 expected additional normal contributions attributable to the
2 provisions of P.L.2001, c.133 payable on behalf of the active
3 members over the expected working lives of the active members in
4 accordance with the tables of actuarial assumptions for the
5 valuation period. No additional excess valuation assets shall be
6 credited to the benefit enhancement fund after the maximum
7 amount is attained. Interest shall be credited to the benefit
8 enhancement fund as provided under N.J.S.18A:66-25.

9 The normal contribution for the increased benefits for active
10 members under P.L.2001, c.133 shall be paid from the benefit
11 enhancement fund. If assets in the benefit enhancement fund are
12 insufficient to pay the normal contribution for the increased benefits
13 for a valuation period, the State shall pay the amount of normal
14 contribution for the increased benefits not covered by assets from
15 the benefit enhancement fund.

16 c. (Deleted by amendment, P.L.1992, c.125.)

17 d. The retirement system shall certify annually the aggregate
18 amount payable to the contingent reserve fund in the ensuing year,
19 which amount shall be equal to the sum of the amounts described in
20 this section, and which shall be paid into the contingent reserve
21 fund in the manner provided by N.J.S.18A:66-33.

22 e. Except as provided in N.J.S.18A:66-26 and N.J.S.18A:66-
23 53, the death benefits payable under the provisions of this article
24 upon the death of an active or retired member shall be paid from the
25 contingent reserve fund.

26 f. The disbursements for benefits not covered by reserves in
27 the system on account of veterans shall be met by direct
28 contribution of the State.

29 (cf: P.L.2017, c.98, s.20)

30
31 19. (New section) a. There is hereby created a cash balance
32 plan within the Public Employees' Retirement System, established
33 pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), and a cash balance
34 plan within the Teachers' Pension and Annuity Fund, established
35 pursuant to N.J.S.18A:66-1 et seq.).

36 The cash balance plan shall be part of the Public Employees'
37 Retirement System and the Teachers' Pension and Annuity Fund to
38 the extent permitted by the federal Internal Revenue Code,
39 regulations of the U.S. Treasury Department, and other guidance of
40 the federal Internal Revenue Service. The provisions of P.L.1954,
41 c.84 (C.43:15A-1 et seq.), and N.J.S.18A:66-1 et seq., as
42 appropriate, shall be applicable to the cash balance plan of the
43 Public Employees' Retirement System and the Teachers' Pension
44 and Annuity Fund and the members of each cash balance plan to the
45 extent not inconsistent with the requirements and limitations
46 contained in this section.

47 The board of trustees of the Public Employees' Retirement
48 System and the Teachers' Pension and Annuity Fund shall be

1 trustees of the cash balance plan and shall have the general
2 responsibility for the proper operation of their respective cash
3 balance plan.

4 Participating employers in the Public Employees' Retirement
5 System and the Teachers' Pension and Annuity Fund shall pay their
6 pro rata share of the administrative costs of the cash balance plan.

7 The board of trustees shall provide to members online access to
8 their accounts in the cash balance plans for information purposes.

9 b. A person who becomes a member of the Public Employees'
10 Retirement System or the Teachers' Pension and Annuity Fund on
11 or after July 1, 2020, or a member who has less than five years of
12 service credit in the Public Employees' Retirement System or the
13 Teachers' Pension and Annuity Fund as of that date, shall be
14 simultaneously a member of the cash balance plan of that system or
15 fund with regard to any excess over the maximum base or
16 contractual compensation for contribution and benefit purposes of
17 the Public Employees' Retirement System and the Teachers'
18 Pension and Annuity Fund, defined as no more than \$40,000 of
19 annual base or contractual compensation.

20 The member shall receive, if eligible, the benefits provided by
21 the cash balance plan in addition to the benefits provided under
22 Public Employees' Retirement System or the Teachers' Pension and
23 Annuity Fund, as appropriate.

24 Service credit in the Public Employees' Retirement System or
25 the Teachers' Pension and Annuity Fund, as appropriate, shall
26 include any period of time during a year when a member is making
27 contributions to the member's account in the cash balance plan.

28 c. A member shall be enrolled in the cash balance plan and an
29 account shall be established in the plan for that member in the year
30 in which the member's annual base or contractual compensation
31 exceeds \$40,000, and that year shall be considered the first year of
32 membership in the cash balance plan. Additions to and deductions
33 from the account shall be made in accordance with the provisions of
34 this section or other applicable State and federal law.

35 The account shall be a notational account for recordkeeping
36 purposes only. Neither the maintenance nor the adding of credits
37 thereto shall be construed as an allocation of assets of the system,
38 fund, or plan to, or a segregation of such assets in, any such
39 account, or otherwise creating a right for any member to receive
40 specific assets of the system, fund, or plan. Benefits provided under
41 the plan shall be paid from general assets in the amounts, in the
42 forms, and at the times provided under the terms of the plan and in
43 accordance with applicable State and federal law.

44 The members' contributions to the account in the cash balance
45 plan shall be considered assets of the Public Employees' Retirement
46 System or Teachers' Retirement and Annuity Fund, as appropriate,
47 for valuation report purposes.

1 d. Each member of the cash balance plan shall contribute to the
2 member's plan account the same percentage of the annual base or
3 contractual compensation that is in excess of \$40,000 as required
4 for contributions to the Public Employees' Retirement System,
5 pursuant to section 25 of P.L.1954, c.84 (C.43:15A-25), and the
6 Teachers' Pension and Annuity Fund, pursuant to N.J.S.18A:66-29,
7 as appropriate.

8 The account of each member of the plan shall be credited with
9 the amount of the member's contributions.

10 The member shall be vested with regard to the member's
11 mandatory contributions to the account from the date the member is
12 enrolled in the plan.

13 e. A member's account shall include the member's mandatory
14 contributions to the account plus a minimum interest credit on those
15 contributions. The minimum interest credit shall be four percent
16 per annum. The interest shall be credited quarterly based on the
17 accumulated account balance on the last day of each preceding
18 quarter.

19 In addition, the member's account shall reflect the member's
20 mandatory contributions to the account plus an alternate interest
21 credit on those contributions. The alternate interest credit shall be
22 75 percent of the rate of return on the asset investments for a fiscal
23 year, as that rate of return is certified by the actuary in the actuarial
24 valuation when the valuation is adopted by the board of trustees of
25 the system or fund, as appropriate.

26 The alternate interest credit shall be added annually based on the
27 member's accumulated account balance on the last day of each
28 fiscal year.

29 The Legislature may prospectively change, from time to time by
30 law, the minimum interest credit and the alternate interest credit
31 provided in this section and expressly reserves the right to do so.

32 For a member to be eligible for an interest credit and an alternate
33 interest credit, the member shall have an account balance at the time
34 the interest is credited to the account.

35 No employer contributions shall be credited to the member's
36 account in the cash balance plan.

37 f. Upon termination of employment, a member's cash balance
38 account shall remain active, shall not expire, and the member shall
39 not be required to withdraw funds after any specified time period,
40 regardless of the member's years of service upon termination. The
41 closing of the account and withdrawal of funds shall be at the
42 discretion of the member, except that the member shall cease to be a
43 member when so required by the provisions of P.L.1954, c.84
44 (C.43:15A-1 et seq.) or N.J.S.18A:66-1 et seq.

45 After termination of employment, or during any period of
46 employment when contributions are not being made to the account,
47 by a member who has less than 10 years of service credit, the

1 minimum interest credit shall be added to member's account, but no
2 alternate interest credit shall be added to the member's account.

3 After termination of employment, or during any period of
4 employment when contributions are not being made to the account,
5 by a member who has 10 or more years of service credit, the
6 minimum interest credit and the alternate interest credit shall be
7 added to member's account.

8 After termination of employment, a member who has less than
9 10 years of service credit and who elects to take a refund of the
10 member's accumulated contributions to the account shall receive
11 the member's contributions and interest as follows. The member
12 shall receive no interest for the first two years of plan membership
13 and the minimum interest credit and the alternate interest credit
14 added to the member's account for the first two years shall be
15 forfeit. The minimum interest credit and the alternate interest credit
16 added to the member's account for the third and each subsequent
17 year of plan membership shall be recalculated. Only 30 percent of
18 the minimum interest credit and only 30 percent of the alternate
19 interest credit shall be added to the member's account for the third
20 year of membership. That 30 percent shall be increased by an
21 additional 10 percent in each subsequent year of membership until
22 90 percent of the minimum interest credit and 90 percent of the
23 alternate interest credit are added to the member's account in the
24 9th year of membership. A member who elects to take a refund of
25 the member's accumulated contributions shall receive the
26 accumulated contributions with the recalculated minimum interest
27 credit or the accumulated contributions with the alternate interest
28 credit, whichever is greater. A member who has less than 10 years
29 of service credit upon the termination of employment shall receive a
30 distribution as recalculated pursuant to this paragraph based on the
31 percentage for recalculation purposes applicable to the year of plan
32 membership in which employment was terminated, regardless of
33 how much time has elapsed since the date of termination of
34 employment.

35 After termination of employment, a member who has 10 years or
36 more of service credit and who elects to take a refund of the
37 member's accumulated account balance shall receive the member's
38 contributions with the minimum interest credit or the accumulated
39 contribution with the alternate interest credit, whichever is greater.
40 The distribution shall be in a manner or by a method permitted by
41 the regulations of the board of trustees and applicable State and
42 federal law. The board of trustees shall ensure that the refund of
43 contributions and the distribution of an accumulated account
44 balance comply with the federal Internal Revenue Code, regulations
45 of the U.S. Treasury Department, and other guidance of the federal
46 Internal Revenue Service.

47 If a member elects a deferred retirement, the member's
48 accumulated account balance shall remain, after termination of

1 employment, as an active account, in the cash balance plan and the
2 minimum interest credit and the alternate interest shall continue to
3 be added to the account until the member's retirement.

4 g. A member may elect at retirement to receive a monthly
5 retirement allowance payable for life by having the member's
6 accumulated contributions with the minimum interest credit or the
7 accumulated contributions with alternate interest credit, whichever
8 is greater, converted to an annuity in accordance with the actuarial
9 assumptions and actuarial methods adopted by the board of trustees
10 and in effect on the member's retirement date. The member may
11 also elect an annuity that includes an option provided in section 50
12 of P.L.1954, c.84 (C.43:15A-50) or in N.J.S.18A:66-46. The
13 member may also elect to take the member's accumulated account
14 balance as a lump sum payment, or in the form of a direct rollover
15 to a qualified plan, or as a payment directly to a qualified individual
16 retirement account, or any other method permitted by the
17 regulations of the board of trustees and applicable State and federal
18 law.

19 The board of trustees may specify minimum account balances for
20 purposes of allowing benefit payment options and rollovers or
21 transfers in accordance with applicable State or federal law

22 h. Upon the death of a member, the member's beneficiary or
23 estate shall receive the member's accumulated contributions in the
24 account with the minimum interest credit or the accumulated
25 contributions with the alternate interest credit, whichever is greater,
26 regardless of the member's years of service and even if the
27 beneficiary is eligible for an accidental death pension. The
28 distribution to the beneficiary or estate shall be in a manner or by a
29 method permitted by the regulations of the board of trustees and
30 applicable State and federal law. The board of trustees shall ensure
31 that the payment of contributions and the terms and conditions and
32 interest of the refund comply with the federal Internal Revenue
33 Code, regulations of the U.S. Treasury Department, and other
34 guidance of the federal Internal Revenue Service.

35 i. For distributions of accumulated account balances in any
36 manner or by any method or for conversion to an annuity, interest
37 credits shall be added to the account for the accumulated account
38 balance as of the last day of the quarter preceding the distribution or
39 conversion. Interest credits from the first day of the following
40 quarter to the date of distribution or conversion shall be the same as
41 for the prior quarter.

42 The calculation required to be made in accordance with the
43 following sections of law for group life insurance payments using
44 the compensation upon which contributions by the member to the
45 annuity savings fund were based in the last year of creditable
46 service shall include the compensation upon which contributions by
47 the member to the cash balance account were based in the last year
48 of creditable service: N.J.S.18A:66-37, 38, 44, and subsection e. of

1 46; and sections 41, 48, and subsection (e) of 49 of P.L.1954, c.84
2 (C.43:15A-41, 48, and 49e.).

3 Calculation of the maximum amount that may be borrowed from
4 the retirement system or fund shall include the member's
5 accumulated deductions to the member's account in the cash
6 balance plan.

7 When a member with an account in the cash balance plan begins
8 to receive a disability benefit under a group policy in accordance
9 with sections 10 or 11 of P.L.2010, c.3 (C.18A:66-39.1 or
10 C.43:15A-42.1), the insurance company shall also pay an amount
11 equal to the member's contribution which would have been required
12 of the member and deducted from the member's base or contractual
13 compensation in order to meet the member's obligation for deposit
14 in the member's account in the cash balance plan. Minimum
15 interest credits and alternate interest credits shall be added to the
16 member's account during the period such disability benefits are
17 paid.

18 j. For a member of the Public Employees' Retirement System
19 and the Teacher's Pension and Annuity Fund who has less than five
20 years of service credit in the system or fund on July 1, 2020, the
21 board of trustees and the Division of Pensions and Benefits shall,
22 within 90 days following the establishment of a cash balance plan in
23 the system or fund, make such adjustments to the member's
24 accounts and records as to comply with the provisions of this
25 section for membership in the cash balance plan for that member for
26 any year of service prior to July 1, 2020, provided such retroactive
27 membership and adjustment is permitted by federal law.

28 k. The board of trustees shall make such provision for interfund
29 transfers to and from accounts in the cash balance plan, and for the
30 manner of adding interest credit and additional interest credit to a
31 cash balance account subject to an interfund transfer, as shall be
32 required to comply with this section, the provisions of P.L.1954,
33 c.84 (C.43:15A-1 et seq.), N.J.S.18A:66-1 et seq., the federal
34 Internal Revenue Code, regulations of the U.S. Treasury
35 Department, and other guidance of the federal Internal Revenue
36 Service.

37
38 20. (New section) Savings realized by a school district as a
39 result of the implementation of P.L. , c. (pending before the
40 Legislature as this bill) shall be used solely and exclusively by the
41 school district for the purpose of reducing the amount that is
42 required to be raised by the local property tax levy by the school
43 district for school district purposes. When a cap on the annual
44 increase in the property tax levy for a school district is imposed by
45 law, the savings realized shall be deducted, when determined to be
46 appropriate by the Department of Education, from the adjusted tax
47 levy for the previous budget year and the difference shall serve as
48 the basis for calculating the adjusted tax levy for the next year.

1 the asset investments for a fiscal year, as that rate of return is
2 certified by the actuary in the actuarial valuation when the valuation
3 is adopted by the board of trustees of the system or fund, as
4 appropriate. Upon a member' retirement or a distribution of the
5 accumulated account balance, the member or beneficiary will
6 receive the accumulated member contribution with the minimum
7 interest credit or the accumulated member contribution with the
8 alternate interest credit, whichever is greater.

9 If a member terminates employment after less than 10 years of
10 service and requests a distribution, there will be no interest paid on
11 the member contributions to the account for the first two years. For
12 the third and each subsequent year of plan membership, distribution
13 of the accumulated account balance at the request of the member
14 will only include a portion of the interest for each year of plan
15 membership commencing with 30 percent in the third year of plan
16 membership and increasing by 10 percent for each year thereafter.

17 There will be no employer contributions added to an employee's
18 account in the cash balance plan.

19 The bill contains provisions for distribution of accumulated
20 account balances in the cash balance plans when an employee
21 terminates employment, retires, or dies, and for the enrollment
22 retroactively of employees who have less than five years of service
23 credit in the PERS or TPAF as of July 1, 2020.

24 The board of trustees of the PERS and TPAF will be responsible
25 for the operation of the cash balance plans, in compliance with State
26 law, the federal Internal Revenue Code, regulations of the U.S.
27 Treasury Department, and other guidance of the federal Internal
28 Revenue Service.

29 The bill requires the savings realized by a local unit or a school
30 district as a result of this bill to be used solely and exclusively for
31 the purpose of reducing the amount that is required to be raised by
32 the local property tax levy for the local unit or school district.