

ASSEMBLY, No. 3779

STATE OF NEW JERSEY 221st LEGISLATURE

INTRODUCED FEBRUARY 24, 2024

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblywoman ROSAURA "ROSY" BAGOLIE

District 27 (Essex and Passaic)

SYNOPSIS

Changes membership of board of trustees of SPRS to remove requirement that two members be private citizens.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/10/2024)

1 AN ACT concerning the membership of the board of trustees of the
2 State Police Retirement System and amending P.L.1965, c. 89

3

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

6

7 1. Section 30 of P.L.1965, c.89 (C.53:5A-30) is amended to
8 read as follows:

9 30. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
10 et seq.), the general responsibility for the proper operation of the
11 retirement system is hereby vested in the board of trustees, and, as
12 specified, the committee established pursuant to subsection o. of
13 this section.

14 b. The board shall consist of five trustees as follows:

15 (1) Two active or retired members of the system who shall be
16 appointed by the Superintendent of State Police, who shall serve at
17 the pleasure of the superintendent and until their successors are
18 appointed and one of whom shall be or shall have been a
19 commissioned officer of the Division of State Police.

20 (2) Two members to be appointed by the Governor, with the
21 advice and consent of the Senate, who shall serve for a term of
22 office of three years and until their successors are appointed and
23 who **[shall]** may be private citizens of the State of New Jersey
24 **[who are neither an officer thereof nor active or retired members of**
25 **the system]**. Of the two members initially appointed by the
26 Governor pursuant to P.L.1992, c.125 (C.43:4B-1 et al.), one shall
27 be appointed for a term of two years and one for a term of three
28 years.

29 (3) The State Treasurer ex officio. The Deputy State Treasurer,
30 when designated for that purpose by the State Treasurer, may sit as
31 a member of the board of trustees and when so sitting shall have all
32 the powers and shall perform all the duties vested by this act in the
33 State Treasurer.

34 c. Each trustee shall, after his appointment, take an oath of
35 office that, so far as it devolves upon him, he will diligently and
36 honestly fulfill his duties as a board member, and that he will not
37 knowingly violate or permit to be violated any of the provisions of
38 the law applicable to the retirement system. Such oath shall be
39 subscribed by the member taking it, and certified by the official
40 before whom it is taken, and immediately filed in the office of the
41 Secretary of State.

42 d. If a vacancy occurs in the office of a trustee, the vacancy
43 shall be filled in the same manner as the office was previously
44 filled.

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 e. The trustees shall serve without compensation, but they shall
2 be reimbursed by the State for all necessary expenses that they may
3 incur through service on the board. No employee member shall
4 suffer loss of salary through the serving on the board.

5 f. Except as otherwise herein provided, no member of the
6 board of trustees shall have any direct interest in the gains or profits
7 of any investments of the retirement system; nor shall any member
8 of the board of trustees directly or indirectly, for himself or as an
9 agent in any manner use the moneys of the retirement system,
10 except to make such current and necessary payments as are
11 authorized by the board of trustees; nor shall any member of the
12 board of trustees become an endorser or surety, or in any manner an
13 obligor for moneys loaned to or borrowed from the retirement
14 system.

15 g. Each trustee shall be entitled to one vote in the board. A
16 majority vote of all trustees shall be necessary for any decision by
17 the trustees at any meeting of said board.

18 h. Subject to the limitations of this act, the board of trustees
19 shall annually establish rules and regulations for the administration
20 of the funds created by this act and for the transactions of the
21 board's and committee's business. Such rules and regulations shall
22 be consistent with those adopted by the other pension funds within
23 the Division of Pensions and Benefits in order to permit the most
24 economical and uniform administration of all such retirement
25 systems. The committee shall adopt such regulations as provided in
26 subsection o. of this section.

27 i. The actuary of the fund shall be selected by the Retirement
28 Systems Actuary Selection Committee established by P.L.1992,
29 c.125. He shall be the technical adviser of the board and the
30 committee on matters regarding the operation of the funds created
31 by the provisions of this act and shall perform such other duties as
32 are required in connection herewith.

33 j. The Attorney General shall be the legal adviser of the
34 retirement system, except that if the Attorney General determines
35 that a conflict of interest would affect the ability of the Attorney
36 General to represent the board or the committee on a matter
37 affecting the retirement system, the board may select and employ
38 legal counsel to advise and represent the board or the committee on
39 that matter.

40 k. The Director of the Division of Pensions and Benefits of the
41 State Department of the Treasury shall appoint a qualified member
42 of the division who shall be the secretary of the board.

43 l. The board of trustees shall keep a record of all of its
44 proceedings which shall be open to public inspection. The
45 retirement system shall publish annually a report showing the fiscal
46 transactions of the retirement system for the preceding year, the
47 amount of the accumulated cash and securities of the system and the
48 last balance sheet showing the financial condition of the system by

1 means of an actuarial valuation of the assets and liabilities of the
2 retirement system.

3 m. The State Treasurer shall designate a medical board after
4 consultation with the Director of the Division of Pensions and
5 Benefits, subject to veto by the board of trustees for valid reason. It
6 shall be composed of three physicians. The medical board shall
7 pass on all medical examinations required under the provisions of
8 this act, and shall report in writing to the retirement system its
9 conclusions and recommendations upon all matters referred to it.

10 n. (Deleted by amendment, P.L.1987, c.330).

11 o. There is established a committee to be composed of eight
12 members, four of whom shall be appointed by the Governor as
13 representatives of the public employer whose employees are
14 enrolled in the retirement system, three of whom shall be appointed
15 by the head of the State Troopers Fraternal Association, and one of
16 whom shall be appointed by the head of the union representing the
17 greatest number of members of the retirement system who are
18 supervisory officers having union membership. The members of
19 the committee shall not be appointed until the system attains the
20 target funded ratio.

21 The members of the committee shall serve for a term of three
22 years and until a successor is appointed and qualified. Of the initial
23 appointments by the Governor, two members shall serve for two
24 years and until a successor is appointed and qualified, and one shall
25 serve for one year and until a successor is appointed and qualified.
26 Of the initial appointments by the State Troopers Fraternal
27 Association, one member shall serve for two years and until a
28 successor is appointed and qualified, and one shall serve for one
29 year and until a successor is appointed and qualified.

30 The members of the committee shall select a chairperson from
31 among the members, who shall serve for a term of one year, with no
32 member serving more than one term until all the members of the
33 committee have served a term in a manner alternating among the
34 employer representatives and employee representatives, unless the
35 committee determines otherwise with regard to this process.

36 The provisions of subsections c. through g., inclusive, of this
37 section shall apply to the committee and its members, as
38 appropriate. The committee shall keep a record of all of its
39 proceedings which shall be open to public inspection.

40 Upon the convening of any meeting of the committee, the
41 members shall consider a motion to assume the authority provided
42 in this subsection and shall proceed only if a majority of the
43 members of the committee vote in the affirmative on that motion.

44 The committee may contract with such actuaries or consultants,
45 or both, in accordance with the provisions of P.L.1954, c.48
46 (C.52:34-6 et seq.), as the committee may deem necessary to
47 perform its duties, when the system has attained the target funded
48 ratio.

1 When the retirement system has attained the target funded ratio
2 as defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the
3 committee shall have the discretionary authority for the system to
4 (1) modify the: member contribution rate; formula for calculation of
5 final compensation or final salary; age at which a member may be
6 eligible for and the benefits for service or special retirement; and
7 benefits provided for disability retirement; and (2) activate the
8 application of the "Pension Adjustment Act," P.L.1958, c.143
9 (C.43:3B-1 et seq.) for retirees for the period that the system is at or
10 above the target funded ratio and modify the basis for the
11 calculation of the adjustment and set the duration and extent of the
12 activation. The committee shall give priority consideration to
13 subparagraph (2) of this paragraph. The committee shall not have
14 the authority to change the years of creditable service required for
15 vesting.

16 The committee may consider a matter described above and
17 render a decision notwithstanding that the provisions of the
18 statutory law may set forth a specific requirement on that matter.

19 The committee may consider a matter described above and
20 render a decision notwithstanding that the provisions of the
21 statutory law do not set forth a specific requirement on the
22 considered aspect of that matter or address that matter at all.

23 The members of the committee shall have the same duty and
24 responsibility to the retirement system as do the members of the
25 board of trustees. No decision of the committee shall be
26 implemented if the direct or indirect result of the decision will be
27 that the system's funded ratio falls below the target funded ratio in
28 any valuation period during the 30 years following the
29 implementation of the decision. The actuary of the fund shall make
30 a determination of the result in that regard and submit that
31 determination in a written report to the committee and the board
32 prior to the implementation of the decision.

33 If any matter before the committee receives at least five votes in
34 the affirmative, the board of trustees shall approve and implement
35 the committee's decision.

36 If any matter regarding benefits before the committee receives
37 four votes in the affirmative and four votes in the negative or the
38 committee otherwise reaches an impasse on a decision, the
39 provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be
40 followed.

41 A final action of the committee shall be made by the adoption of
42 a regulation that shall identify the modifications to the system by
43 reference to statutory section. The regulations shall also specify the
44 effective date of the modification and the system members,
45 including beneficiaries and retirees, to whom the modification
46 applies. Regulations of the committee are considered to be part of
47 the plan document for the system. A regulation adopted by the

1 committee may be modified by regulation in order to comply with
2 the requirements of this section.

3 p. No member of the board, committee, employee of the board,
4 or employee of the Division of Pensions and Benefits in the
5 Department of the Treasury shall accept from any person, whether
6 directly or indirectly and whether by himself or through his spouse
7 or any member of his family, or through any partner or associate,
8 any gift, favor, service, employment or offer of employment, or any
9 other thing of value, including contributions to the campaign of a
10 member or employee as a candidate for elective public office,
11 which he knows or has reason to believe is offered to him with
12 intent to influence him in the performance of his public duties and
13 responsibilities. As used in this subsection, "person" means an (1)
14 individual or business entity, or officer or employee of such an
15 entity, who is seeking, or who holds, or who held within the prior
16 three years, a contract with the board; (2) an active or retired
17 member, or beneficiary, of the retirement system; or (3) an entity,
18 or officer or employee of such an entity, in which the assets of the
19 retirement system have been invested. A board or committee
20 member or employee violating this prohibition shall be guilty of a
21 crime of the third degree.

22 (cf: P.L.2011, c.78, s.5)

23

24 2. This act shall take effect immediately.

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STATEMENT

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29 This bill changes the membership requirements for the board of
30 trustees of the State Police Retirement System (SPRS). Under the
31 bill, two members appointed by the Governor will no longer be
32 required to be private citizens who are neither an active nor retired
33 member of the system.

34 The SPRS board of trustees currently consists of two active or
35 retired members of SPRS, two private citizens appointed by the
36 Governor, and the State Treasurer. The board of trustees is
37 responsible for the operations of the SPRS in accordance with
38 current law and administrative regulations.