

SENATE, No. 4697

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED OCTOBER 1, 2026

Sponsored by:
Senator LATHAM TIVER
District 8 (Atlantic and Burlington)

SYNOPSIS

Reinstates automatic COLA for retirement benefits of certain members of TPAF.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning cost-of-living adjustments for retirement
2 benefits of certain members of the Teachers' Pension and
3 Annuity Fund, amending P.L.1958, c.143 and N.J.S.18A:66-56,
4 and supplementing chapter 66 of Title 18A of the New Jersey
5 Statutes.

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

9
10 1. N.J.S.18A:66-56 is amended to read as follows:

11 18A:66-56. a. (1) Subject to the provisions of chapter 70 of the
12 laws of 1955, the general responsibility for the proper operation of
13 the teachers' pension and annuity fund shall be vested in the board
14 of trustees, and, as specified, in the committee established pursuant
15 to subsection b. of this section. Subject to the limitations of the law,
16 the board shall annually establish rules and regulations for the
17 administration and transaction of the board's and committee's
18 business and for the control of the funds created by this article.
19 Such rules and regulations shall be consistent with those adopted by
20 the other pension funds within the Division of Pensions and
21 Benefits in order to permit the most economical and uniform
22 administration of all such retirement systems. The committee shall
23 adopt such regulations as provided in subsection b. of this section.

24 (2) The membership of the board shall consist of the following:

25 (a) The State Treasurer or the deputy State Treasurer, when
26 designated for that purpose by the State Treasurer;

27 (b) Two trustees appointed by the Governor, with the advice and
28 consent of the Senate, who shall serve for a term of office of three
29 years and until their successors are appointed, and who shall be
30 private citizens of the State of New Jersey and who are neither an
31 officer thereof nor active or retired members of the system, except
32 that of the two trustees initially appointed by the Governor pursuant
33 to P.L.1992, c.41 (C.43:6A-33.1 et al.), one shall be appointed for a
34 term of two years and one for a term of three years;

35 (c) Three trustees from among the active or retired members of
36 the retirement system, elected by the membership or by the
37 delegates elected for this purpose by the membership, one of whom
38 shall be elected each year for a three-year term commencing on
39 January 1, following such election in such manner as the board of
40 trustees may prescribe. If the board of trustees determines that the
41 election of trustees under this subsection is to be made by delegates
42 elected by the membership, it shall prescribe that those delegates
43 shall be chosen from among active and retired members of the
44 retirement system;

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 (d) One trustee not an active or retired teacher nor an officer of
2 the State, elected by the other trustees, other than the State
3 Treasurer, for a term of three years.

4 (3) A vacancy occurring in the board of trustees shall be filled
5 in the same manner as provided in this section for regular
6 appointment or election to the position where the vacancy exists,
7 except that a vacancy occurring in the trustees elected from among
8 the active or retired members of the retirement system shall be
9 filled for the unexpired term.

10 Each member of the board shall, upon appointment or election,
11 take an oath of office that, so far as it devolves upon him, he will
12 diligently and honestly administer the board's affairs, and that he
13 will not knowingly violate or willfully permit to be violated any
14 provision of law applicable to this article. The oath shall be
15 subscribed to by the member making it, certified by the officer
16 before whom it is taken and filed immediately in the office of the
17 Secretary of State.

18 Each trustee shall be entitled to one vote in the board and a
19 majority of all the votes of the entire board shall be necessary for a
20 decision by the board of trustees at a meeting of the board or
21 committee. The board shall keep a record of all its proceedings,
22 which shall be open to public inspection.

23 The members of the board shall serve without compensation but
24 shall be reimbursed for any necessary expenditures. No employee
25 shall suffer loss of salary or wages through serving on the board.

26 (4) The State Treasurer shall designate a medical board after
27 consultation with the Director of the Division of Pensions and
28 Benefits, subject to veto by the board for valid reason. It shall be
29 composed of three physicians who are not eligible to participate in
30 the retirement system. The medical board shall pass upon all
31 medical examinations required under the provisions of this article,
32 shall investigate all essential statements and certificates by or on
33 behalf of a member in connection with an application for disability
34 retirement, and shall report in writing to the retirement system its
35 conclusions and recommendations upon all matters referred to it.

36 b. There is established a committee to be composed of eight
37 members, four of whom shall be appointed by the Governor as
38 representatives of public employers whose employees are enrolled
39 in the retirement system, three of whom shall be appointed by the
40 head of the union representing the greatest number of members of
41 the retirement system having union membership, and one of whom
42 shall be appointed by the head of the union representing the second
43 greatest number of members of the retirement system having union
44 membership. The members of the committee shall not be appointed
45 until the system, or part of the system, attains the target funded
46 ratio.

47 The members of the committee shall serve for a term of three
48 years and until a successor is appointed and qualified. Of the initial

1 appointments by the Governor, two members shall serve for two
2 years and until a successor is appointed and qualified, and one shall
3 serve for one year and until a successor is appointed and qualified.
4 Of the initial appointments by the head of the union representing
5 the greatest number of members of the retirement system, one
6 member shall serve for two years and until a successor is appointed
7 and qualified, and one shall serve for one year and until a successor
8 is appointed and qualified.

9 The members of the committee shall select a chairperson from
10 among the members, who shall serve for a term of one year, with no
11 member serving more than one term, until all the members of the
12 committee have served a term in a manner alternating among the
13 employer representatives and employee representatives, unless the
14 committee determines otherwise with regard to this process.

15 The provisions of paragraph (3) of subsection a. of this section,
16 and N.J.S.18A:66-60, shall apply to the committee and its members,
17 as appropriate.

18 Upon the convening of any meeting of the committee, the
19 members shall consider a motion to assume the authority provided
20 in this subsection and shall proceed only if a majority of the
21 members of the committee vote in the affirmative on that motion.

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

27 **【When】** Except as provided in section 3 of P.L. , c. (C.)
28 (pending before the Legislature as this bill), when the retirement
29 system, or a part of the system, has attained the target funded ratio
30 as defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the
31 committee shall have the discretionary authority for the system or
32 for that part, as appropriate, to (1) modify the: member contribution
33 rate; formula for calculation of final compensation; the fraction of
34 compensation applied to service credited after the modification; age
35 at which a member may be eligible for and the benefits for service
36 or early retirement; and benefits provided for disability retirement;
37 and (2) activate the application of the "Pension Adjustment Act,"
38 P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees for the period that
39 the system or part is at or above the target funded ratio and modify
40 the basis for the calculation of the adjustment and set the duration
41 and extent of the activation. The committee shall give priority
42 consideration to subparagraph (2) of this paragraph. The committee
43 shall not have the authority to change the years of creditable service
44 required for vesting.

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

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

5 The members of the committee shall have the same duty and
6 responsibility to the retirement system as do the members of the
7 board of trustees. No decision of the committee shall be
8 implemented if the direct or indirect result of the decision will be
9 that the system's or part's funded ratio falls below the target funded
10 ratio in any valuation period during the 30 years following the
11 implementation of the decision. The actuary of the fund shall make
12 a determination of the result in that regard and submit that
13 determination in a written report to the committee and the board
14 prior to the implementation of the decision.

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

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

23 A final action of the committee shall be made by the adoption of
24 a regulation that shall identify the modifications to the system by
25 reference to statutory section. The regulations shall also specify the
26 effective date of the modification and the system members,
27 including beneficiaries and retirees, to whom the modification
28 applies. Regulations of the committee are considered to be part of
29 the plan document for the system. A regulation adopted by the
30 committee may be modified by regulation in order to comply with
31 the requirements of this section.

32 c. No member of the board, committee, employee of the board,
33 or employee of the Division of Pensions and Benefits in the
34 Department of the Treasury shall accept from any person, whether
35 directly or indirectly and whether by himself or through his spouse
36 or any member of his family, or through any partner or associate,
37 any gift, favor, service, employment or offer of employment, or any
38 other thing of value, including contributions to the campaign of a
39 member or employee as a candidate for elective public office,
40 which he knows or has reason to believe is offered to him with
41 intent to influence him in the performance of his public duties and
42 responsibilities. As used in this paragraph, "person" means an (1)
43 individual or business entity, or officer or employee of such an
44 entity, who is seeking, or who holds, or who held within the prior
45 three years, a contract with the board; (2) an active or retired
46 member, or beneficiary, of the retirement system; or (3) an entity,
47 or officer or employee of such an entity, in which the assets of the
48 retirement system have been invested. A board or committee

1 member or employee violating this prohibition shall be guilty of a
2 crime of the third degree.

3 (cf: P.L.2011, c.78, s.1)

4
5 2. Section 2 of P.L.1958, c.143 (C.43:3B-2) is amended to read
6 as follows:

7 2. The monthly retirement allowance or pension originally
8 granted to any retirant and the pension or survivorship benefit
9 originally granted to any beneficiary shall be adjusted in accordance
10 with the provisions of this act provided, however, that:

11 a. The maximum retirement allowance, without option, shall be
12 considered the retirement allowance originally granted to any
13 retirant who, at retirement, elected an Option I allowance pursuant
14 to the provisions of the statutes stipulated in subsection b. of section
15 1 of this act (C.43:3B-1); and

16 b. the minimum pension granted to any beneficiary stipulated
17 in subsection d. (4) of section 1 of this act (C.43:3B-1), shall be
18 considered the pension originally granted to such beneficiary.

19 Pension adjustments shall not be paid to retirants or beneficiaries
20 who are not receiving their regular, full, monthly retirement
21 allowances, pensions or survivorship benefits. The adjustment
22 granted under the provisions of this act shall be effective only on
23 the first day of a month, shall be paid in monthly installments, and
24 shall not be decreased, increased, revoked or repealed except as
25 otherwise provided in this act. No adjustment shall be due to a
26 retirant or a beneficiary unless it constitutes a payment for an entire
27 month; provided, however, that an adjustment shall be payable for
28 the entire month in which the retirant or beneficiary dies.

29 **【Commencing】** Except as provided in section 3 of
30 P.L. , c. (C.) (pending before the Legislature as this bill),
31 commencing with the effective date of P.L.2011, c.78 and
32 thereafter, no further adjustments to the monthly retirement
33 allowance or pension originally granted to any retirant and the
34 pension or survivorship benefit granted to any beneficiary shall be
35 made in accordance with the provisions of P.L.1958, c.143
36 (C.43:3B-1 et seq.), unless the adjustment is reactivated as
37 permitted by law. This provision shall not reduce the monthly
38 retirement benefit that a retirant or a beneficiary is receiving on the
39 effective date of P.L.2011, c.78 when the benefit includes an
40 adjustment granted prior to that effective date. The Board of
41 Trustees of the Police and Firemen's Retirement System may adjust
42 the monthly retirement allowance or pension of its retired members
43 in accordance with subsection b. of section 13 of P.L.1944, c.255
44 (C.43:16A-13).

45 (cf: P.L.2018, c.55, s.1)

46
47 3. (New Section) a. Notwithstanding any law, rule, or
48 regulation to the contrary, the Board of Trustees of the Teachers'

1 Pension and Annuity Fund, in consultation with the actuary of the
2 fund and the State Treasurer, shall implement automatic cost-of-
3 living adjustments subject to the provisions of this section for the
4 monthly retirement allowance or pension benefits for retired
5 members of the Teachers' Pension and Annuity Fund who received
6 early retirement incentives prior to January 1, 2011. No other
7 members of the Teachers' Pension and Annuity Fund shall be
8 eligible to receive automatic cost-of-living adjustments under this
9 section.

10 b. The adjustment in members' pension benefits as provided
11 pursuant to subsection a. of this section shall apply to such benefit
12 entitlements granted prior to and in effect on the effective date of
13 this act, but only for benefit payments made after that effective
14 date. No member of the retirement system shall be granted a
15 retroactive payment based upon the difference between the benefit
16 the member would have received if the adjustment had been
17 applicable at the date of entitlement and the benefit that the member
18 has received from the date of entitlement to that effective date.

19

20 4. This act shall take effect immediately.

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STATEMENT

24

25 This bill reinstates automatic cost-of-living adjustments
26 (COLAs) for retirement benefits under the "Pension Adjustment
27 Act," P.L.1958, c.143 (C.43:3B-1 et seq.), for certain retired
28 members of the Teachers' Pension and Annuity Fund (TPAF).
29 Provisions contained in P.L.2011, c.78 (C.43:3C-16 et al.), signed
30 into law on June 28, 2011, cancelled the automatic annual
31 adjustment for current and future retirees and beneficiaries of State-
32 administered retirement systems, including TPAF.

33 This bill reinstates automatic COLAs for retired members of
34 TPAF who accepted early retirement incentives prior to January 1,
35 2011. The Board of Trustees of the TPAF, in consultation with the
36 actuary of the fund and the State Treasurer, will implement the
37 COLAs. The COLAs will only apply to future pension benefit
38 payments.