

Title 43.  
Chapter 15C.  
(New).  
Defined  
Contribution  
Retirement  
Program.  
§§1-15 –  
C.43:15C-1  
to 43:15C-15  
§20 –  
C.43:15A-7.2  
§§21,28 –  
C.43:3C-12 &  
43:3C-13  
§31 –  
C.52:14-17.291  
§41 - C.43:3C-9.6  
§42 –  
C.11A:6-19.1  
§43 –  
C.40A:9-10.2  
§44 –  
C.18A:30-3.5  
§45 –  
C.40A:9-10.3  
§46 - C.18A:30-9  
§47 - Note to  
§§42-46  
§49 - Note to  
§§1-48

P.L. 2007, CHAPTER 92, *approved May 9, 2007*  
Senate, No. 17 (*Second Reprint*)

1 AN ACT implementing various recommendations of the Joint  
2 Legislative Committee on Public Employee Benefits Reform  
3 concerning benefits and certain terms and conditions of public  
4 office and employment and amending and supplementing various  
5 parts of the statutory law.  
6

7 **BE IT ENACTED** by the Senate and General Assembly of the State  
8 of New Jersey:  
9

10 1. (New section) There is hereby established in the Department  
11 of the Treasury a Defined Contribution Retirement Program. The  
12 program design shall be one that is permitted for governmental  
13 plans under the federal Internal Revenue Code as determined by the

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly floor amendments adopted January 29, 2007.

<sup>2</sup>Senate floor amendments adopted February 5, 2007.

1 State Treasurer. The retirement program is deemed to be a pension  
2 fund or retirement system for purposes of P.L.1968, c.23 (C.43:3C-  
3 1 et seq.). For the purposes of the Defined Contribution Retirement  
4 Program:

5 “Base salary” means a participant’s regular base salary. It shall  
6 exclude overtime or other forms of extra compensation, including  
7 but not limited to, longevity lump sum payments, lump sum  
8 terminal sick leave or vacation pay, the value of maintenance,  
9 individual pay adjustments made within or at the conclusion of the  
10 participant’s final year of service, retroactive salary adjustments or  
11 other pay adjustments made in the participant’s final year of service  
12 unless the adjustment was made as a result of a general pay  
13 adjustment for all personnel of the public office or agency in which  
14 the participant is employed, or any unscheduled individual  
15 adjustment made in the final year to place the participant at the  
16 maximum salary level within salary range.

17 “Employer” means the State or a political subdivision thereof, or  
18 an agency, board, commission, authority or instrumentality of the  
19 State or a subdivision, that pays the base salary of a participant for  
20 services rendered by the participant.

21 “Retirement program” means the Defined Contribution  
22 Retirement Program established by this section.

23

24 2. (New section) a. The following persons shall be eligible and  
25 shall participate in the Defined Contribution Retirement Program.

26 (1) A person who commences service on or after the effective  
27 date of this section of P.L. , c. (C. )(pending before the  
28 Legislature as this bill) in an elective public office of this State or  
29 of a political subdivision thereof, except that it shall not include a  
30 person who holds elective public office on the effective date of this  
31 section and is enrolled in the Public Employees’ Retirement System  
32 while that person continues to hold that elective public office  
33 without a break in service. Service in the Legislature shall be  
34 considered a single elective public office.

35 (2) A person who commences service on or after the effective  
36 date of this section in an employment, office or position of the State  
37 or of a political subdivision thereof, or an agency, board,  
38 commission, authority or instrumentality of the State or of a  
39 subdivision, pursuant to an appointment by the Governor that  
40 requires the advice and consent of the Senate, or pursuant to an  
41 appointment by the Governor to serve at the pleasure of the  
42 Governor only during his or her term of office. This paragraph  
43 shall not be deemed to include a person otherwise eligible for  
44 membership in the State Police Retirement System or the Judicial  
45 Retirement System.

46 (3) A person who commences service on or after the effective  
47 date of this section in an employment, office or position in a  
48 political subdivision of the State, or an agency, board, commission,

1 authority or instrumentality of a subdivision, pursuant to an  
2 appointment by an elected public official or elected governing  
3 body, that requires the specific consent or approval of the elected  
4 governing body of the political subdivision that is substantially  
5 similar in nature to the advice and consent of the Senate for  
6 appointments by the Governor of the State as that similarity is  
7 determined by the elected governing body and set forth in an  
8 adopted ordinance or resolution, pursuant to guidelines or policy  
9 that shall be established by the Local Finance Board in the  
10 Department of Community Affairs or the Department of Education,  
11 as appropriate to the elected governing body. This paragraph shall  
12 not be deemed to include a person otherwise eligible for  
13 membership in the Teachers' Pension and Annuity Fund or the  
14 Police and Firemen's Retirement System, or a person who is  
15 employed or appointed in the regular or normal course of  
16 employment or appointment procedures and consented to or  
17 approved in a general or routine manner appropriate for and  
18 followed by the political subdivision, or the agency, board,  
19 commission, authority or instrumentality of a subdivision, or a  
20 person who holds a professional license or certificate to perform  
21 and is performing as a certified health officer, tax assessor, tax  
22 collector, municipal planner, chief financial officer, registered  
23 municipal clerk, construction code official, licensed uniform  
24 subcode inspector, qualified purchasing agent, or certified public  
25 works manager.

26 (4) A person who is granted a pension or retirement allowance  
27 under any pension fund or retirement system established under the  
28 laws of this State and elects to participate pursuant to section 1 of  
29 P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

30 b. No person shall be eligible to participate in the retirement  
31 program with respect to any public employment, office, or position  
32 if:

33 (1) the base salary for that employment, office, or position is  
34 less than \$1,500 per year;

35 (2) the person is, on the basis of service in that employment,  
36 office, or position, eligible for membership or enrolled as a member  
37 of another State or locally-administered pension fund or retirement  
38 system established under the laws of this State including the  
39 Alternate Benefit Program, except as otherwise specifically  
40 provided in subsection a. of this section;

41 (3) the person is receiving a benefit as a retiree from any other  
42 State or locally-administered pension fund or retirement system  
43 established under the laws of this State, except as provided in  
44 section 1 of P.L.1977, c.171 (C.43:3C-3); or

45 (4) the person is an officer or employee of a political  
46 subdivision of this State or of a board of education, or of any  
47 agency, authority or instrumentality thereof, who is ineligible for  
48 membership in the Public Employees' Retirement System pursuant

1 to section 20 of P.L. , c. (C. )(pending before the Legislature  
2 as this bill).

3 c. A person eligible and required to participate in the  
4 retirement program whose base salary is less than \$5,000 may at the  
5 commencement of service in an employment, office or position  
6 irrevocably elect to waive participation with regard to that  
7 employment, office, or position by filing, at the time and on a form  
8 required by the division, a written waiver with the Division of  
9 Pensions and Benefits that waives all rights and benefits that would  
10 otherwise be provided by the retirement program.

11 d. Service credited to a participant in the Defined Contribution  
12 Retirement Program shall not be recognized as service credit to  
13 determine eligibility for employer-paid health care benefits in  
14 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),  
15 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et seq.) or  
16 any other law, rule or regulation.

17

18 3. (New section) a. The employer shall reduce the  
19 compensation of each participant in the Defined Contribution  
20 Retirement Program and pay over to the plan provider for the  
21 benefit of the participant an employee contribution for the  
22 retirement benefit contract or contracts equal to 5% of the  
23 participant's base salary. At the option and request of a participant,  
24 the employer shall reduce the compensation of the participant for  
25 additional contributions as permitted by the federal Internal  
26 Revenue Code. The intervals for reductions and payments shall be  
27 determined by the Division of Pensions and Benefits.

28 All participant contributions shall be made in accordance with  
29 section 414(h) of the federal Internal Revenue Code (26 U.S.C.  
30 s.414(h)).

31 b. The employer shall make payment of the employer  
32 contributions to the program at a rate equal to 3% of the employee's  
33 base salary, which moneys shall be paid to the designated provider  
34 for the benefit of each participant. Additionally, employers shall  
35 pay their share of the administrative costs of the program. The  
36 intervals for all payments and the allocation of administrative costs  
37 shall be determined by the Division of Pensions and Benefits  
38 including due dates and penalties for non compliance.

39 c. No employer contributions shall be vested in a participant  
40 until after the participant commences the second year of  
41 employment unless the participant, at the time of initial  
42 employment, either (1) participates in a program substantially  
43 similar to the retirement program, or (2) is a member of another  
44 State-administered pension fund or retirement system.

45

46 4. (New section) There is established in, but not of, the  
47 Division of Pensions and Benefits in the Department of the  
48 Treasury the Defined Contribution Retirement Program Board, that

1 shall consist of the Director of the Division of Pensions and  
2 Benefits or a designee; the Director of the Division of Investment or  
3 a designee; the Commissioner of the Department of Banking and  
4 Insurance or a designee; the Director of the Office of Management  
5 and Budget or a designee; and a person appointed by the Director of  
6 the Division of Pensions and Benefits who is an active participant  
7 or retiree of the Defined Contribution Retirement Program.

8 In order to expedite implementation of the Defined Contribution  
9 Retirement Program, the current third party administrator for the  
10 New Jersey State Employees Deferred Compensation Program  
11 selected through a competitive bidding process may be utilized as  
12 the initial provider for a period not to exceed the term of the  
13 contract in effect on the effective date of this section of P.L. ,  
14 c. (C. ) (pending before the Legislature as this bill) including  
15 extensions, to administer this program. Subsequent to the initial  
16 contract, the Defined Contribution Retirement Program Board shall  
17 select through a competitive bidding process a provider licensed or  
18 otherwise authorized to transact business in New Jersey. This  
19 provider shall be selected by competitive bidding in accordance  
20 with all applicable State laws and regulations.

21  
22 5. (New section) Participants in the Defined Contribution  
23 Retirement Program shall be allowed to allocate their own  
24 contributions and the contributions of their employer into  
25 investment alternatives as determined by the Defined Contribution  
26 Retirement Program Board, including, but not limited, to mutual  
27 funds, subject to such rules and regulations as the Division of  
28 Pensions and Benefits may adopt, in accordance with all Internal  
29 Revenue Code rules and regulations. All moneys which are  
30 deferred and deducted in accordance with the provisions of sections  
31 1 through 19 of P.L. , c. (C. ) (pending before the Legislature  
32 as this bill) and the program shall remain assets of the State and  
33 shall be invested in accordance with the provisions of this act and  
34 the program. The obligation of the State to participating employees  
35 and contractors shall be contractual only and no preferred or special  
36 interest in the deferred moneys shall accrue to such employees or  
37 contractors, except that all assets and income of the program shall  
38 be held in trust for the exclusive benefit of participating employees  
39 and their beneficiaries.

40  
41 6. (New section) a. The retirement program shall, under a  
42 group contract or contracts, provide life insurance and provide the  
43 option of obtaining disability insurance benefits for all participants  
44 in the retirement program on a basis to be determined by the State  
45 Treasurer. The State Treasurer is authorized to promulgate  
46 appropriate rules and regulations and perform other duties as  
47 necessary for the implementation and operation of the program.

48 b. The State Treasurer is hereby authorized to purchase from

1 one or more insurance companies, as the State Treasurer shall  
2 determine, group life insurance and disability benefit coverage to  
3 provide for the death benefits and disability benefits in the amounts  
4 specified in this act. Such group life insurance and disability  
5 benefit coverage may be provided under one or more policies issued  
6 to the State Treasurer specifically for this purpose or, in the  
7 discretion of the State Treasurer, under one or more policies issued  
8 to the State Treasurer which provide group life insurance coverage  
9 for members of one or more pension funds or retirement systems of  
10 the State of New Jersey. Any dividend or retrospective rate credit  
11 allowed by an insurance company attributable to the retirement  
12 program shall be credited to the funds available to meet the State's  
13 obligations under the retirement program.

14 Premiums for such group insurance coverage shall be paid from  
15 a special fund, hereby created, called the "Defined Contribution  
16 Retirement Program Group Insurance Premium Fund." The State  
17 Treasurer shall estimate annually the amount that will be required  
18 for premiums for such benefits for the ensuing fiscal year and shall  
19 certify such amounts that shall be applied to the total State and  
20 other employer contributions due on behalf of the participants in the  
21 retirement program from the State and other employers, depositing  
22 such amounts in the premium fund. Additionally, employers shall  
23 pay their share of the administrative costs of the program. The  
24 intervals for all payments and the allocation of administrative costs  
25 shall be determined by the Division of Pensions and Benefits  
26 including due dates and penalties for non compliance.

27 During the period such group insurance policy or policies are in  
28 effect with respect to participants in the retirement program, the  
29 State Treasurer shall not commingle moneys in this fund with any  
30 funds established under the retirement program.

31 c. A life insurance company shall meet the following  
32 requirements in order to provide coverage under this section:

33 (1) be licensed under the laws of the State of New Jersey to  
34 transact life and accidental death insurance, and the amount of its  
35 group life insurance in the State of New Jersey shall, at the time the  
36 insurance is to be purchased, equal at least 1% of the total amount  
37 of such group life insurance in the State of New Jersey in all life  
38 insurance companies; or

39 (2) come within the exceptions provided in P.L.1968, c.234  
40 (C.17:32-16 et seq.).

41

42 7. (New section) The benefit under a group contract or  
43 contracts providing life insurance shall be in an amount equal to  
44 one and one-half the base annual salary of the participant in the  
45 retirement program, except that in the event of death after  
46 retirement, the amount payable shall equal 3/16 of the participant's  
47 base annual salary. "Base annual salary" means the base salary  
48 upon which contributions by the participant and the participant's

1 employer to the retirement program were based during the last year  
2 of creditable service.

3 For purposes of this section, a participant shall be deemed to be  
4 in service and covered by the group life insurance for a period of  
5 official leave of absence without pay when such leave is due to  
6 illness or any reason other than illness, with such period to be  
7 determined by the Division of Pensions and Benefits, if satisfactory  
8 evidence is presented to the division of such official leave of  
9 absence. A participant shall be deemed to be on an official leave of  
10 absence only if the leave is formally approved by the employer  
11 prior to the time the leave commenced and timely notice is filed by  
12 the employer with the division. If timely notice is not filed, the  
13 employer shall be responsible for the payment of any benefits  
14 pursuant to this section if the participant was otherwise eligible for  
15 such benefits.

16 In the event of the death of a participant in active service in the  
17 first year of participation as a result of an accident met in the actual  
18 performance of duty at some definite time and place, the death  
19 benefit payable pursuant to this section shall be computed at the  
20 annual rate of base salary.

21 No beneficiary of a retired participant shall be entitled to receive  
22 the death benefits payable in the event of death after retirement  
23 pursuant to this section unless the participant either: had at least 25  
24 years of credited participation in the retirement program established  
25 pursuant to this act; or had at least 10 years of such credited  
26 participation and had attained 60 years of age and was an actively  
27 employed participant in the program in the year immediately  
28 preceding initial receipt of a retirement annuity.

29  
30 8. (New section) Any group life insurance policy or policies  
31 shall include, with respect to any insurance terminating or reducing  
32 because the participant has ceased to be in service or has retired, the  
33 conversion privilege available upon termination of employment as  
34 prescribed by the law relating to group life insurance, and shall also  
35 include, with respect to life insurance terminating because of  
36 termination of the group policy, the conversion privilege available  
37 upon termination of the group policy as prescribed by such law.  
38 Any such group policy or policies shall also provide that if the  
39 participant dies within the 31-day period during which the  
40 participant would be entitled to exercise the conversion privilege,  
41 the amount of life insurance with respect to which the participant  
42 could have exercised the conversion privilege shall be paid as a  
43 claim under the group policy. When benefits payable upon the  
44 death of a participant following retirement are determined as though  
45 the participant had not retired, the death benefits payable under the  
46 group policy or policies, together with the amount of life insurance  
47 paid under any individual policy obtained under the conversion  
48 privilege, shall in no event exceed the amount of insurance for

1 which the participant was insured under the group policy or policies  
2 immediately prior to the date the right of conversion arose. If a  
3 participant who has exercised the conversion privilege under the  
4 group policy or policies while on leave of absence or upon  
5 termination of employment again becomes a participant of the  
6 retirement program and the individual policy obtained pursuant to  
7 the conversion privilege is still in force, the participant shall not  
8 again be eligible for any of the group life insurance provided under  
9 such policy or policies without furnishing satisfactory evidence of  
10 insurability.

11

12 9. (New section) Death benefits under the group life insurance  
13 policy or policies shall be paid by the insurance company to such  
14 person, if living, as the participant shall have nominated by written  
15 designation duly executed and filed with the insurance company  
16 through the policyholder, otherwise to the executors or  
17 administrators of the participant's estate. A participant may file  
18 with the insurance company through the policyholder and alter from  
19 time to time during life, as desired, a duly attested written  
20 nomination of the payee for the death benefit.

21

22 10. (New section) Any group life insurance policy or policies  
23 shall provide that payment of any death benefits payable by the  
24 insurance company may be made in one sum directly to the  
25 beneficiary as hereinafter provided, in equal installments over a  
26 period of years or as a life annuity or in such other manner as may  
27 be made available by the insurance company. A participant may  
28 make such arrangements for settlement, and may alter from time to  
29 time during life any arrangement previously made, by making  
30 written request to the insurance company through the policyholder.  
31 Upon the death of the participant, a beneficiary to whom a benefit is  
32 payable in one sum by the insurance company may likewise arrange  
33 for a settlement as described above.

34

35 11. (New section) Any person entitled to become a participant  
36 in the retirement program shall not be allowed any of the group life  
37 insurance and disability benefits if on the date of filing an  
38 application for participation the person is 60 or more years of age,  
39 or if the person makes application for participation in the retirement  
40 program beyond the year after first becoming eligible for  
41 participation, regardless of age, unless the participant furnishes  
42 satisfactory evidence of insurability and on the effective date of  
43 participation is actively at work and performing all regular duties at  
44 the customary place of employment.

45 The effective date of coverage for such benefits shall be the first  
46 day of the month which immediately follows the date when such  
47 evidence is determined to be satisfactory.

1       Such evidence of insurability shall not be required of any person  
2 enrolling in the retirement program upon transfer from another  
3 State-administered retirement system, if such retirement system  
4 provided a benefit of a similar nature and the transferring person  
5 was covered by such a benefit at the time of the transfer. If such  
6 transferring person was not covered by such a benefit at the time of  
7 the transfer, the person may be allowed the benefit under the group  
8 policy or policies; however, any such person shall furnish  
9 satisfactory evidence of insurability if he had been unable or failed  
10 to give such evidence as a member of the retirement system from  
11 which the person transferred.

12       Any person who must furnish satisfactory evidence of  
13 insurability under the provisions of this section and who ceases to  
14 be a participant in the retirement program without such evidence  
15 having been given shall continue to be subject to the same  
16 requirement if the person subsequently becomes a participant.

17

18       12. (New section) The designation of a death benefit beneficiary  
19 by a participant or retiree shall be made in writing on a form  
20 satisfactory to the Division of Pensions and Benefits and filed with  
21 the division. The participant or retiree may, from time to time and  
22 without the consent of the designee, change the beneficiary by  
23 filing a written notice of the change on a satisfactory form. The  
24 new nomination shall be effective on the date the notice, in proper  
25 form, is received and any prior nomination shall thereupon become  
26 void.

27       If more than one beneficiary is nominated and in such  
28 nomination the participant or retiree has failed to specify their  
29 respective interests, the beneficiaries shall share equally. If any  
30 beneficiary predeceases the participant or retiree, the interest of that  
31 beneficiary shall terminate and shall be shared equally by such of  
32 the beneficiaries as survive the participant or retiree, unless the  
33 participant or retiree has made written request to the contrary in the  
34 beneficiary nomination.

35       Any amounts due for which there is no beneficiary at the death  
36 of a participant, retiree or beneficiary shall be payable to the estate  
37 of the participant, retiree or beneficiary.

38       Except with regard to the payment of the group life insurance  
39 death benefit upon the death of a retiree, a participant may elect, by  
40 making written request, that the whole or any part of the  
41 participant's group life insurance death benefits be made payable to  
42 the beneficiary either as a life annuity or in equal installments over  
43 a period of years specified in such election, and may alter such  
44 election from time to time during the participant's lifetime by again  
45 making such written request. In the event of a change of  
46 beneficiary, any previous arrangement by the participant or retiree  
47 under this paragraph shall be void. The election set forth in this  
48 paragraph shall not apply or be available when the beneficiary is an

1 estate, or a corporation, partnership, association, institution, trustee,  
2 or any fiduciary.

3 If, at the participant's death, an amount of group life insurance  
4 death benefit would be payable to the beneficiary in a single sum,  
5 any election with regard to such amount that was available to the  
6 participant immediately prior to death in accordance with the  
7 preceding paragraph shall then be available to such beneficiary for  
8 the benefit of the beneficiary.

9 With respect to any death benefits payable on the basis of the  
10 individual retirement annuity contract or contracts, all settlement  
11 options shall be made available to the participant, retiree or  
12 beneficiary as are allowed by the insurer or insurers.

13 The provisions of this section shall be construed separately with  
14 respect to each of the death benefits for which a beneficiary is  
15 designated by the participant or retiree.

16

17 13. (New section) The disability benefit coverage provided  
18 under a group policy or policies shall provide a monthly income if  
19 the participant becomes totally disabled from occupational or  
20 nonoccupational causes for a period of at least six consecutive  
21 months following the effective date of the coverage. The monthly  
22 disability benefit may be paid by the insurance company so long as  
23 the participant remains disabled up to the seventieth birthday,  
24 provided the disability commenced prior to the sixtieth birthday.  
25 The benefit shall terminate when the participant is no longer  
26 considered totally disabled or begins to receive retirement benefits.

27 The participant shall be considered totally disabled if the  
28 participant is unable to perform each duty of the participant's  
29 occupation and is under the regular care of a physician. After the  
30 24 months following the commencement of such disability benefit  
31 payments, the participant shall be unable to engage in any gainful  
32 occupation for which the participant is reasonably fitted by  
33 education, training or experience. Total disability shall not be  
34 considered to exist if the participant is gainfully employed.  
35 Following an agreement with the insurance company and the  
36 policyholder, the participant may continue to receive disability  
37 benefits for a limited time while performing some type of work.  
38 During the period of rehabilitation, the monthly benefit shall be the  
39 regular payment less 80% of the participant's earnings from such  
40 rehabilitative position.

41 A participant shall be deemed to be in service and covered by the  
42 disability benefit insurance provisions for a period of no more than  
43 six months while on official leave of absence without pay if  
44 satisfactory evidence is presented to the Division of Pensions and  
45 Benefits that such leave of absence without pay is due to illness and  
46 that the participant was not actively engaged in any gainful  
47 occupation during such period of leave of absence without pay.

1       Disability benefit insurance provisions of the group policy or  
2 policies shall not cover disability resulting from or contributed to  
3 by pregnancy, act of war, intentionally self-inflicted injury, or  
4 attempted suicide whether or not sane. For purposes of such  
5 disability benefit coverage, the participant shall not be considered  
6 to be disabled while the participant is imprisoned or while outside  
7 the United States, its territories or possessions, or Canada.

8       If the participant has recovered from the disability for which the  
9 member had received benefits and again becomes totally disabled  
10 while insured, the later disability shall be regarded as a continuation  
11 of the prior one unless the participant has returned to full-time  
12 covered employment for at least six months. If the later absence is  
13 due to an unrelated cause and the participant had returned to full-  
14 time work, it shall be considered a new disability. The disability  
15 benefit insurance cannot be converted to an individual policy.

16       No participant shall be covered by the disability benefit  
17 provision of the group policy or policies except upon the  
18 completion of one year of full-time continuous employment in a  
19 position eligible for participation in the Defined Contribution  
20 Retirement Program.

21

22       14. (New section) The disability benefit provided under a group  
23 policy or policies shall be in an amount equal to 60% of the  
24 participant's base monthly salary, reduced by periodic benefits to  
25 which the participant may be entitled during the period of total  
26 disability.

27       The periodic benefit by which the monthly disability benefit may  
28 be reduced shall include salary or wages, retirement benefits or  
29 benefits from any source for which the State or other public  
30 employer has paid any part of the cost or made payroll deductions,  
31 Social Security disability or other benefits, including dependents'  
32 benefits, and benefits paid by Social Security at the option of the  
33 participant before the age of 65, but not including any increase in  
34 Social Security benefits enacted after the disability benefit under  
35 such group policy or policies have commenced, and any other  
36 periodic benefits provided by law except on account of military  
37 service.

38       When a participant begins to receive a disability benefit under  
39 such group policy or policies, the insurance company shall pay an  
40 amount equal to the employee contribution which would have been  
41 required of the participant and deducted from the participant's base  
42 salary in order to meet the participant's obligation for the program.  
43 Such amount shall be paid by the insurance company without  
44 reduction by any other periodic benefit which the participant is  
45 eligible to receive. Such amount shall be paid by the insurance  
46 company to the insurer or insurers for the participant's retirement  
47 annuity.

1 Premiums for such disability coverage shall be paid from a  
2 special fund, hereby created, called the "Defined Contribution  
3 Retirement Program Disability Premium Fund." The State  
4 Treasurer shall estimate annually the amount that will be required  
5 for premiums for such benefits for the ensuing fiscal year and shall  
6 certify such amounts that shall be applied to the total State and  
7 other employer contributions due on behalf of the participants in the  
8 retirement program from the State and other employers, depositing  
9 such amounts in the premium fund. Additionally, employers will  
10 pay their share of the administrative costs of the program. The  
11 intervals for all payments and the allocation of administrative costs  
12 shall be determined by the Division of Pensions and Benefits  
13 including due dates and penalties for non compliance.  
14

15 15. (New section) Notwithstanding any other provision of law,  
16 an insurance company or companies issuing such policy or policies  
17 may credit the policyholder either directly or in the form of reduced  
18 premiums, with savings by the company or companies in the event  
19 that no brokerage commission or commissions are paid by the  
20 company or companies on the issuance of such policy or policies.

21 No employer obligations shall be paid when the participant is on  
22 a leave of absence without pay or when the participant no longer is  
23 enrolled in the retirement program.

24 The group disability insurance policy or policies shall provide a  
25 participant with an opportunity to purchase additional coverage.

26 A participant who is disabled and receiving a benefit shall  
27 remain eligible for employer-provided healthcare benefits coverage  
28 in the same manner as such coverage is provided by the employer to  
29 retirees of the retirement system.  
30

31 16. Section 1 of P.L.1986, c.188 (C.43:3C-9) is amended to read  
32 as follows:

33 1. The mandatory contributions by members or participants to  
34 the Teachers' Pension and Annuity Fund required by N.J.S.18A:66-  
35 31, to alternate benefit providers under the alternate benefit  
36 program required by section 8 of P.L.1969, c.242 (C.18A:66-174),  
37 to the Judicial Retirement System required by section 26 of  
38 P.L.1981, c.470 (C.43:6A-34.1), to the Prison Officers' Pension  
39 Fund required by section 7 of P.L.1941, c.220 (C.43:7-13), to the  
40 Public Employees' Retirement System required by section 25 of  
41 P.L.1954, c.84 (C.43:15A-25), to the Defined Contribution  
42 Retirement Program required by section 3 of P.L. , c. (C. )  
43 (pending before the Legislature as this bill), to the Consolidated  
44 Police and Firemen's Pension Fund required by R.S.43:16-5, to the  
45 Police and Firemen's Retirement System required by section 15 of  
46 P.L.1944, c.255 (C.43:16A-15), and to the State Police Retirement  
47 System required by section 38 of P.L.1965, c.89 (C.53:5A-38), shall  
48 be picked up by their employers and shall be treated as employer

1 contributions as provided by section 414(h) of the United States  
2 Internal Revenue Code. The amount of contributions on behalf of  
3 each member shall continue to be included as regular compensation  
4 for all other purposes, except that the amount shall not be included  
5 in the computation of federal income taxes withheld from the  
6 member's compensation.  
7 (cf: P.L.1993, c.385, s.12)

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

11 7. There is hereby established the Public Employees'  
12 Retirement System of New Jersey in the Division of Pensions and  
13 Benefits of the Department of the Treasury. The membership of the  
14 retirement system shall include:

15 a. The members of the former "State Employees' Retirement  
16 System of New Jersey" enrolled as such as of December 30, 1954,  
17 who shall not have claimed for refund their accumulated deductions  
18 in said system as provided in this section;

19 b. Any person becoming an employee of the State or other  
20 employer after January 2, 1955 and every veteran, other than a  
21 retired member who returns to service pursuant to subsection b. of  
22 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those  
23 whose appointments are seasonal, becoming an employee of the  
24 State or other employer after such date, including a temporary  
25 employee with at least one year's continuous service. The  
26 membership of the retirement system shall not include those  
27 persons appointed to serve as described in paragraphs (2) and (3) of  
28 subsection a. of section 2 of P.L. , c. (C. )(pending before  
29 the Legislature as this bill), except a person who was a member of  
30 the retirement system prior to the effective date of sections 1  
31 through 19 of P.L. , c. (C. )(pending before the Legislature  
32 as this bill) and continuously thereafter; and

33 c. Every employee veteran in the employ of the State or other  
34 employer on January 2, 1955, who is not a member of any  
35 retirement system supported wholly or partly by the State.

36 d. Membership in the retirement system shall be optional for  
37 elected officials other than veterans, and for school crossing guards,  
38 who having become eligible for benefits under other pension  
39 systems are so employed on a part-time basis. Elected officials  
40 commencing service on or after the effective date of sections 1  
41 through 19 of P.L. , c. (C. )(pending before the Legislature  
42 as this bill) shall not be eligible for membership in the retirement  
43 system based on service in the elective public office, except that an  
44 elected official enrolled in the retirement system as of that effective  
45 date who continues to hold that elective public office without a  
46 break in service shall be eligible to continue membership in the  
47 retirement system under the terms and conditions of enrollment.  
48 Service in the Legislature shall be considered a single elective

1 public office. Any [such] part-time school crossing guard who is  
2 eligible for benefits under any other pension system and who was  
3 hired as a part-time school crossing guard prior to March 4, 1976,  
4 may at any time terminate his membership in the retirement system  
5 by making an application in writing to the board of trustees of the  
6 retirement system. Upon receiving such application, the board of  
7 trustees shall terminate his enrollment in the system and direct the  
8 employer to cease accepting contributions from the member or  
9 deducting from the compensation paid to the member. State  
10 employees who become members of any other retirement system  
11 supported wholly or partly by the State as a condition of  
12 employment shall not be eligible for membership in this retirement  
13 system. Notwithstanding any other law to the contrary, all other  
14 persons accepting employment in the service of the State shall be  
15 required to enroll in the retirement system as a condition of their  
16 employment, regardless of age. No person in employment, office or  
17 position, for which the annual salary or remuneration is fixed at less  
18 than \$1,500.00, shall be eligible to become a member of the  
19 retirement system.

20 e. Membership of any person in the retirement system shall  
21 cease if he shall discontinue his service for more than two  
22 consecutive years.

23 f. The accumulated deductions of the members of the former  
24 "State Employees' Retirement System" which have been set aside  
25 in a trust fund designated as Fund A as provided in section 5 of this  
26 act and which have not been claimed for refund prior to February 1,  
27 1955 shall be transferred from said Fund A to the Annuity Savings  
28 Fund of the Retirement System, provided for in section 25 of this  
29 act. Each member whose accumulated deductions are so transferred  
30 shall receive the same prior service credit, pension credit, and  
31 membership credit in the retirement system as he previously had in  
32 the former "State Employees' Retirement System" and shall have  
33 such accumulated deductions credited to his individual account in  
34 the Annuity Savings Fund. Any outstanding obligations of such  
35 member shall be continued.

36 g. Any school crossing guard electing to terminate his  
37 membership in the retirement system pursuant to subsection d. of  
38 this section shall, upon his request, receive a refund of his  
39 accumulated deductions as of the date of his appointment to the  
40 position of school crossing guard. Such refund of contributions  
41 shall serve as a waiver of all benefits payable to the employee, to  
42 his dependent or dependents, or to any of his beneficiaries under the  
43 retirement system.

44 h. A temporary employee who is employed under the federal  
45 **[Job Training Partnership Act, Pub.L. 97-300 (29 U.S.C. s.1501)]**  
46 Workforce Investment Act shall not be eligible for membership in  
47 the system. Membership for temporary employees employed under  
48 the federal Job Training Partnership Act, Pub.L. 97-300 (29 U.S.C.

1 s.1501) who are in the system on September 19, 1986 shall be  
2 terminated, and affected employees shall receive a refund of their  
3 accumulated deductions as of the date of commencement of  
4 employment in a federal Job Training Partnership Act program.  
5 Such refund of contributions shall serve as a waiver of all benefits  
6 payable to the employee, to his dependent or dependents, or to any  
7 of his beneficiaries under the retirement system.

8 i. Membership in the retirement system shall be optional for a  
9 special service employee who is employed under the federal Older  
10 American Community Service Employment Act, Pub.L.94-135 (42  
11 U.S.C. s.3056). Any special service employee employed under the  
12 federal Older American Community Service Employment Act,  
13 Pub.L.94-135 (42 U.S.C. s.3056), who is in the retirement system  
14 on the effective date of P.L.1996, c.139 may terminate membership  
15 in the retirement system by making an application in writing to the  
16 board of trustees of the retirement system. Upon receiving the  
17 application, the board shall terminate enrollment in the system and  
18 the member shall receive a refund of accumulated deductions as of  
19 the date of commencement of employment in a federal Older  
20 American Community Service Employment Act program. This  
21 refund of contributions shall serve as a waiver of all benefits  
22 payable to the employee, to any dependent or dependents, or to any  
23 beneficiary under the retirement system.

24 j. An employee of the South Jersey Port Corporation who was  
25 employed by the South Jersey Port Corporation as of the effective  
26 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-  
27 employed within 365 days of such effective date by a subsidiary  
28 corporation or other corporation, which has been established by the  
29 Delaware River Port Authority pursuant to subdivision (m) of  
30 Article I of the compact creating the Delaware River Port Authority  
31 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-  
32 146), shall be eligible to continue membership while an employee  
33 of such subsidiary or other corporation.  
34 (cf: P.L.1997, c.150, s.23)

35  
36 18. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to  
37 read as follows:

38 75. (a) If this act is so adopted it shall become effective in the  
39 county or municipality adopting it on June 30 of the following year.  
40 Membership in the Public Employees' Retirement System shall be  
41 optional with the employees of the county, board of education or  
42 municipality in the service on the day the act becomes effective or  
43 on June 30, 1966, whichever is earlier, in such county, board of  
44 education or municipality except in the case of public employee  
45 veterans who on such date are members. An employee who elects  
46 to become a member within one year after this act so takes effect  
47 shall be entitled to prior service covering service rendered to the  
48 county, board of education or municipality prior to July 1, 1966 or

1 prior to the date this act so becomes effective, whichever is earlier.  
2 Membership shall be compulsory for all employees entering the  
3 service of the county, board of education or municipality on July 1,  
4 1966 or after the date this act becomes effective, whichever is  
5 earlier. Where any such employee entering the service of the  
6 county, board of education of education or municipality after the  
7 date this act so becomes effective has had prior service for which  
8 evidence satisfactory to the retirement system is presented, as an  
9 employee in such county, board of education or municipality before  
10 the date upon which this act so becomes effective, or July 1, 1966,  
11 whichever is earlier, such employee shall be entitled to prior service  
12 covering service rendered to the county, board of education or  
13 municipality prior to the date this act so becomes effective, or July  
14 1, 1966, whichever is earlier.

15 (b) Notwithstanding the provisions of section 74 of this act and  
16 subsection (a) of this section, every person, other than a non-veteran  
17 elected official, becoming an employee of a county, board of  
18 education, municipality or school district after June 30, 1966, who  
19 is not eligible to become a member of another retirement system,  
20 shall be required to become a member of the Public Employees'  
21 Retirement System. Notwithstanding the provisions of section 74  
22 of this act and subsection (a) of this section, membership in the  
23 retirement system shall be optional with any elected official who is  
24 not a veteran, regardless of the date he assumes office, and with any  
25 other person in the employ of any county, board of education,  
26 municipality or school district on June 30, 1966, provided such  
27 elected official or other person is not then a member and is not  
28 required to be a member of the retirement system pursuant to  
29 another provision of this act, and provided further that such person  
30 is not eligible to be a member of another retirement system.  
31 Elected officials commencing service on or after the effective date  
32 of sections 1 through 19 of P.L. , c. (C. ) (pending before  
33 Legislature as this bill) shall not be eligible for membership in the  
34 retirement system based on service in the elective public office,  
35 except that an elected official enrolled in the retirement system as  
36 of that effective date who continues to hold that elective public  
37 office without a break in service shall be eligible to continue  
38 membership in the retirement system under the terms and  
39 conditions of enrollment.

40 The provisions of this subsection shall not apply to any person  
41 whose position is temporary or seasonal, nor to any person in  
42 office, position or employment for which the annual salary or  
43 remuneration is fixed at less than \$1,500.00, nor to any person  
44 whose position is not covered by the old age and survivors'  
45 insurance provisions of the federal Social Security Act. No credit  
46 shall be allowed to any person becoming a member of the  
47 retirement system pursuant to this subsection for service rendered to  
48 the employer prior to July 1, 1966, until the provisions of section 74

1 of this act have been complied with, in which event such credit  
2 shall be allowed in accordance with the provisions of subsection (a)  
3 of this section; except that the governing body of any county, board  
4 of education or municipality may, by resolution, consent to the  
5 allowance of such credit and file a certified copy of such resolution  
6 with the board of trustees of the Public Employees' Retirement  
7 System.

8 (cf: P.L.1986, c.139, s.4)

9

10 19. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to  
11 read as follows:

12 1. **【Notwithstanding the provisions of P.L.1954, c. 84, s. 7d (C.**  
13 **43:15A-7d), all members of the Legislature shall become members**  
14 **of the retirement system, subject to all benefits and requirements of**  
15 **membership】 Members of the Legislature commencing service on**  
16 **or after the effective date of sections 1 through 19 of P.L. \_\_\_\_\_,**  
17 **c. (C. \_\_\_\_\_) (pending before the Legislature as this bill) shall not be**  
18 **eligible for membership in the retirement system based on service**  
19 **in that elective office. A member of the Legislature enrolled in the**  
20 **retirement system as of that effective date who continues to hold**  
21 **office as a member of the Legislature without a break in service**  
22 **shall be eligible to continue membership in the retirement system**  
23 **under the terms and conditions of the member's enrollment.**

24 (cf: P.L.1972, c.167, s.1)

25

26 20. (New section) a. A person who performs professional  
27 services for a political subdivision of this State or of a board of  
28 education, or of any agency, authority or instrumentality thereof,  
29 under a professional services contract awarded in accordance with  
30 section 5 of P.L.1971, c.198 (C.40A:11-5), N.J.S.18A:18A-5 or  
31 section 5 of P.L.1982, c.189 (C.18A:64A-25.5), on the basis of  
32 performance of the contract, shall not be eligible for membership in  
33 the Public Employees' Retirement System. A person who is a  
34 member of the retirement system as of the effective date of P.L. \_\_\_\_\_,  
35 c. (C. \_\_\_\_\_)(pending before the Legislature as this bill) shall not  
36 accrue service credit on the basis of that performance following the  
37 expiration of an agreement or contract in effect on the effective  
38 date. Nothing contained in this paragraph shall be construed as  
39 affecting the provisions of any agreement or contract in effect on  
40 the effective date of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)(pending before the  
41 Legislature as this bill), whether or not the agreement or contract  
42 specifically provides by its terms for membership in the retirement  
43 system. No renewal, extension, modification, or other agreement or  
44 action to continue any professional services contract in effect on the  
45 effective date of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)(pending before the Legislature  
46 as this bill) beyond its current term shall have the effect of  
47 continuing the membership of a person in the retirement system or

1 continuing the accrual of service credit on the basis of performance  
2 of the contract.

3 b. <sup>1</sup> [A person who performs professional services as a part-  
4 time officer or employee of a political subdivision of this State or of  
5 a board of education, or of any agency, authority or instrumentality  
6 thereof, and who is concurrently the sole proprietor, owner, partner,  
7 associate, officer or employee of a business entity, or who  
8 concurrently owns or controls more than 1% of the stock of a  
9 corporation, which is primarily engaged on a full-time basis in  
10 providing professional services of substantially the same type or  
11 nature to public entities or to a business entity or business entities,  
12 shall not be eligible, on the basis of performance of those  
13 professional services as a public officer or employee, for  
14 membership in the Public Employees' Retirement System. A  
15 person who is a member of the retirement system on the effective  
16 date of P.L. , c. (C. ) (pending before the Legislature as this  
17 bill) shall not accrue service credit on the basis of that performance  
18 following the expiration of an agreement or contract in effect on the  
19 effective date.

20 Nothing contained in this subsection shall be construed as  
21 affecting the provisions of any agreement or contract of  
22 employment in effect on the effective date of P.L. , c. (C. )  
23 (pending before the Legislature as this bill), whether or not the  
24 agreement or contract specifically provides by its terms for  
25 membership in the retirement system. No renewal, extension,  
26 modification, or other agreement or action to continue any such  
27 agreement or contract in effect on the effective date of P.L. ,  
28 c. (C. ) (pending before the Legislature as this bill) beyond its  
29 current term shall have the effect of continuing the membership of a  
30 person in the retirement system or continuing the accrual of service  
31 credit on the basis of performance of the agreement or contract.

32 As used in this subsection, "business entity" means any natural  
33 or legal person, business corporation, professional services  
34 corporation, limited liability company, partnership, limited  
35 partnership, business trust, association or any other legal  
36 commercial entity organized under the laws of this State or of any  
37 other state or foreign jurisdiction; and "part-time" means less than  
38 35 hours per week.

39 As used in this subsection, the term "professional services" shall  
40 have the meaning set forth in section 2 of P.L.1971, c.198  
41 (C.40A:11-2), except that it shall not include a service provided by  
42 a part-time officer or employee who holds a professional license or  
43 certificate to perform and is performing as a certified health officer,  
44 tax assessor, tax collector, municipal planner, chief financial  
45 officer, registered municipal clerk, construction code official,  
46 licensed uniform subcode inspector, qualified purchasing agent, or  
47 certified public works manager.】 A person who performs  
48 professional services for a political subdivision of this State or of a

1 board of education, or of any agency, authority or instrumentality  
2 thereof, shall not be eligible, on the basis of performance of those  
3 professional services, for membership in the Public Employees'  
4 Retirement System, if the person meets the definition of  
5 independent contractor as set forth in regulation or policy of the  
6 federal Internal Revenue Service for the purposes of the Internal  
7 Revenue Code. Such a person who is a member of the retirement  
8 system on the effective date of P.L. , c. (C. )(pending before  
9 the Legislature as this bill) shall not accrue service credit on the  
10 basis of that performance following the expiration of an agreement  
11 or contract in effect on the effective date.

12 Nothing contained in this subsection shall be construed as  
13 affecting the provisions of any agreement or contract of  
14 employment in effect on the effective date of P.L. , c. (C. )  
15 (pending before the Legislature as this bill), whether or not the  
16 agreement or contract specifically provides by its terms for  
17 membership in the retirement system. No renewal, extension,  
18 modification, or other agreement or action to continue any such  
19 agreement or contract in effect on the effective date of P.L. ,  
20 c. (C. ) (pending before the Legislature as this bill) beyond its  
21 current term shall have the effect of continuing the membership of a  
22 person in the retirement system or continuing the accrual of service  
23 credit on the basis of performance of the agreement or contract.

24 As used in this subsection, the term "professional services" shall  
25 have the meaning set forth in section 2 of P.L.1971, c.198  
26 (C.40A:11-2).<sup>1</sup>

27  
28 21. (New section) a. With respect to all claims for benefits  
29 under the Teachers' Pension and Annuity Fund, the Public  
30 Employees' Retirement System, the Judicial Retirement System, the  
31 Police and Firemen's Retirement System, or the State Police  
32 Retirement System submitted on or after the effective date of  
33 P.L. , c. (C. )(pending before the Legislature as this bill),  
34 the Division of Pensions and Benefits shall investigate increases in  
35 compensation reported for credit that exceed reasonably anticipated  
36 annual compensation increases for members of the retirement  
37 system based upon consideration of the Consumer Price Index for  
38 the time period of the increases, the table of assumed salary  
39 increases recommended by the system's actuary and adopted by the  
40 board of trustees of the retirement system, and the annual  
41 percentage increases of salaries as indicated in data from the Public  
42 Employment Relations Commission established pursuant to  
43 P.L.1941, c.100 (C.34:13A-1 et seq.) or through other reliable  
44 industry sources of information regarding average annual salary  
45 increases.

46 b. Those cases in which a violation of the relevant statute or  
47 regulation is suspected shall be referred to the board of trustees of  
48 the relevant retirement system for further action.

1       22. Section 2 of P.L.2001, c.259 (C.43:15A-143) is amended to  
2 read as follows:

3       2. Notwithstanding the provisions of any other law, workers  
4 compensation judges shall be members of the Workers  
5 Compensation Judges Part, established pursuant to this act,  
6 P.L.2001, c.259 (C.43:15A-142 et seq.), of the Public Employees'  
7 Retirement System, established pursuant to P.L.1954, c.84  
8 (C.43:15A-1 et seq.), if enrolled in the part prior to the effective  
9 date of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)(pending before the Legislature as this  
10 bill) and shall be subject to the same membership and benefit  
11 provisions as State employees, except as provided by P.L.2001,  
12 c.259. Membership in the retirement system shall be a condition of  
13 employment for service as a judge of compensation for a judge  
14 enrolled in the part prior to the effective date of P.L. \_\_\_\_\_,  
15 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill).

16       A workers compensation judge who becomes a member of the  
17 retirement system on or after the effective date of P.L. \_\_\_\_\_,  
18 c. (C. \_\_\_\_\_)(pending before the Legislature as this bill) shall not  
19 be a member of the Workers Compensation Judges Part and the  
20 provisions of P.L.2001, c.259 (C.43:15A-142 et seq.) shall not  
21 apply to such judge or the judge's survivors.

22 (cf: P.L.2001, c.259, s.2)

23

24       23. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to  
25 read as follows:

26       15. (1) The contributions required for the support of the  
27 retirement system shall be made by members and their employers.

28       (2) The uniform percentage contribution rate for members shall  
29 be 8.5% of compensation.

30       (3) (Deleted by amendment, P.L.1989, c.204).

31       (4) Upon the basis of the tables recommended by the actuary  
32 which the board adopts and regular interest, the actuary shall  
33 compute annually, beginning as of June 30, 1991, the amount of  
34 contribution which shall be the normal cost as computed under the  
35 projected unit credit method attributable to service rendered under  
36 the retirement system for the year beginning on July 1 immediately  
37 succeeding the date of the computation. This shall be known as the  
38 "normal contribution."

39       (5) (Deleted by amendment, P.L.1989, c.204).

40       (6) (Deleted by amendment, P.L.1994, c.62.)

41       (7) Each employer shall cause to be deducted from the salary of  
42 each member the percentage of earnable compensation prescribed in  
43 subsection (2) of this section. To facilitate the making of  
44 deductions, the retirement system may modify the amount of  
45 deduction required of any member by an amount not to exceed 1/10  
46 of 1% of the compensation upon which the deduction is based.

47       (8) The deductions provided for herein shall be made  
48 notwithstanding that the minimum salary provided for by law for

1 any member shall be reduced thereby. Every member shall be  
2 deemed to consent and agree to the deductions made and provided  
3 for herein, and payment of salary or compensation less said  
4 deduction shall be a full and complete discharge and acquittance of  
5 all claims and demands whatsoever for the service rendered by such  
6 person during the period covered by such payment, except as to the  
7 benefits provided under this act. The chief fiscal officer of each  
8 employer shall certify to the retirement system in such manner as  
9 the retirement system may prescribe, the amounts deducted; and  
10 when deducted shall be paid into said annuity savings fund, and  
11 shall be credited to the individual account of the member from  
12 whose salary said deduction was made.

13 (9) With respect to employers other than the State, upon the  
14 basis of the tables recommended by the actuary which the board  
15 adopts and regular interest, the actuary shall compute the amount of  
16 the accrued liability as of June 30, 1991 under the projected unit  
17 credit method, which is not already covered by the assets of the  
18 retirement system, valued in accordance with the asset valuation  
19 method established in this section. Using the total amount of this  
20 unfunded accrued liability, the actuary shall compute the initial  
21 amount of contribution which, if the contribution is increased at a  
22 specific rate and paid annually for a specific period of time, will  
23 amortize this liability. The State Treasurer shall determine, upon  
24 the advice of the Director of the Division of Pensions and Benefits,  
25 the board of trustees and the actuary, the rate of increase for the  
26 contribution and the time period for full funding of this liability,  
27 which shall not exceed 40 years on initial application of this section  
28 as amended by this act, P.L.1994, c.62. This shall be known as the  
29 "accrued liability contribution." Any increase or decrease in the  
30 unfunded accrued liability as a result of actuarial losses or gains for  
31 the 10 valuation years following valuation year 1991 shall serve to  
32 increase or decrease, respectively, the unfunded accrued liability  
33 contribution. Thereafter, any increase or decrease in the unfunded  
34 accrued liability as a result of actuarial losses or gains for  
35 subsequent valuation years shall serve to increase or decrease,  
36 respectively, the amortization period for the unfunded accrued  
37 liability, unless an increase in the amortization period will cause it  
38 to exceed 30 years. If an increase in the amortization period as a  
39 result of actuarial losses for a valuation year would exceed 30 years,  
40 the accrued liability contribution shall be computed for the  
41 valuation year in the same manner provided for the computation of  
42 the initial accrued liability contribution under this section.

43 With respect to the State, upon the basis of the tables  
44 recommended by the actuary which the board adopts and regular  
45 interest, the actuary shall annually determine if there is an amount  
46 of the accrued liability, computed under the projected unit credit  
47 method, which is not already covered by the assets of the retirement  
48 system, valued in accordance with the asset valuation method

1 established in this section. This shall be known as the “unfunded  
2 accrued liability.” If there was no unfunded accrued liability for the  
3 valuation period immediately preceding the current valuation  
4 period, the actuary, using the total amount of this unfunded accrued  
5 liability, shall compute the initial amount of contribution which, if  
6 the contribution is increased at a specific rate and paid annually for  
7 a specific period of time, will amortize this liability. The State  
8 Treasurer shall determine, upon the advice of the Director of the  
9 Division of Pensions and Benefits, the board of trustees and the  
10 actuary, the rate of increase for the contribution and the time period  
11 for full funding of this liability, which shall not exceed 30 years.  
12 This shall be known as the “accrued liability contribution.”  
13 Thereafter, any increase or decrease in the unfunded accrued  
14 liability as a result of actuarial losses or gains for subsequent  
15 valuation years shall serve to increase or decrease, respectively, the  
16 amortization period for the unfunded accrued liability, unless an  
17 increase in the amortization period will cause it to exceed 30 years.  
18 If an increase in the amortization period as a result of actuarial  
19 losses for a valuation year would exceed 30 years, the accrued  
20 liability contribution shall be computed for the valuation year in the  
21 same manner provided for the computation of the initial accrued  
22 liability contribution under this section. The State may pay all or  
23 any portion of its unfunded accrued liability under the retirement  
24 system from any source of funds legally available for the purpose,  
25 including, without limitation, the proceeds of bonds authorized by  
26 law for this purpose.

27 The value of the assets to be used in the computation of the  
28 contributions provided for under this section for valuation periods  
29 shall be the value of the assets for the preceding valuation period  
30 increased by the regular interest rate, plus the net cash flow for the  
31 valuation period (the difference between the benefits and expenses  
32 paid by the system and the contributions to the system) increased by  
33 one half of the regular interest rate, plus 20% of the difference  
34 between this expected value and the full market value of the assets  
35 as of the end of the valuation period. This shall be known as the  
36 “valuation assets.” Notwithstanding the first sentence of this  
37 paragraph, the valuation assets for the valuation period ending June  
38 30, 1995 shall be the full market value of the assets as of that date  
39 and, with respect to the valuation assets allocated to the State, shall  
40 include the proceeds from the bonds issued pursuant to the “Pension  
41 Bond Financing Act of 1997,” P.L.1997, c.114 (C.34:1B-7.45 et  
42 seq.), paid to the system by the New Jersey Economic Development  
43 Authority to fund the unfunded accrued liability of the system.  
44 Notwithstanding the first sentence of this paragraph, the percentage  
45 of the difference between the expected value and the full market  
46 value of the assets to be added to the expected value of the assets  
47 for the valuation period ending June 30, 1998 for the State shall be  
48 100% and for other employers shall be 57% plus such additional

1 percentage as is equivalent to \$150,000,000. Notwithstanding the  
2 first sentence of this paragraph, the amount of the difference  
3 between the expected value and the full market value of the assets  
4 to be added to the expected value of the assets for the valuation  
5 period ending June 30, 1999 shall include an additional amount of  
6 the market value of the assets sufficient to fund (1) the unfunded  
7 accrued liability for the supplementary “special retirement”  
8 allowances provided under subsection b. of section 16 of P.L.1964,  
9 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the  
10 full credit toward benefits under the retirement system for service  
11 credited in the Public Employees’ Retirement System and  
12 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)  
13 and the reimbursement of the cost of any credit purchase pursuant  
14 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under  
15 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

16 “Excess valuation assets” means, with respect to the valuation  
17 assets allocated to the State, the valuation assets allocated to the  
18 State for a valuation period less the actuarial accrued liability of the  
19 State for the valuation period, and beginning with the valuation  
20 period ending June 30, 1998, less the present value of the expected  
21 additional normal cost contributions attributable to the provisions of  
22 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the  
23 active members employed by the State as of the valuation period  
24 over the expected working lives of the active members in  
25 accordance with the tables of actuarial assumptions applicable to  
26 the valuation period, and less the present value of the expected  
27 additional normal cost contributions attributable to the provisions of  
28 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241  
29 (C.43:16A-11.1) payable on behalf of the active members employed  
30 by the State as of the valuation period over the expected working  
31 lives of the active members in accordance with the tables of  
32 actuarial assumptions applicable to the valuation period, if the sum  
33 is greater than zero. “Excess valuation assets” means, with respect  
34 to the valuation assets allocated to other employers, the valuation  
35 assets allocated to the other employers for a valuation period less  
36 the actuarial accrued liability of the other employers for the  
37 valuation period, excluding the unfunded accrued liability for early  
38 retirement incentive benefits pursuant to P.L.1993, c.99 for the  
39 other employers, and beginning with the valuation period ending  
40 June 30, 1998, less the present value of the expected additional  
41 normal cost contributions attributable to the provisions of P.L.1999,  
42 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active  
43 members employed by other employers as of the valuation period  
44 over the expected working lives of the active members in  
45 accordance with the tables of actuarial assumptions applicable to  
46 the valuation period, and less the present value of the expected  
47 additional normal cost contributions attributable to the provisions of  
48 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241

1 (C.43:16A-11.1) payable on behalf of the active members employed  
2 by other employers as of the valuation period over the expected  
3 working lives of the active members in accordance with the tables  
4 of actuarial assumptions applicable to the valuation period, if the  
5 sum is greater than zero.

6 If there are excess valuation assets allocated to the State or to the  
7 other employers for the valuation period ending June 30, 1995, the  
8 normal contributions payable by the State or by the other employers  
9 for the valuation periods ending June 30, 1995, and June 30, 1996  
10 which have not yet been paid to the retirement system shall be  
11 reduced to the extent possible by the excess valuation assets  
12 allocated to the State or to the other employers, respectively,  
13 provided that with respect to the excess valuation assets allocated to  
14 the State, the General Fund balances that would have been paid to  
15 the retirement system except for this provision shall first be  
16 allocated as State aid to public schools to the extent that additional  
17 sums are required to comply with the May 14, 1997 decision of the  
18 New Jersey Supreme Court in *Abbott v. Burke*.

19 If there are excess valuation assets allocated to the other  
20 employers for the valuation period ending June 30, 1998, the  
21 accrued liability contributions payable by the other employers for  
22 the valuation period ending June 30, 1997 shall be reduced to the  
23 extent possible by the excess valuation assets allocated to the other  
24 employers.

25 If there are excess valuation assets allocated to the State or to the  
26 other employers for a valuation period ending after June 30, 1998,  
27 the State Treasurer may reduce the normal contribution payable by  
28 the State or by other employers for the next valuation period as  
29 follows:

30 (1) for valuation periods ending June 30, 1996 through June 30,  
31 2000, to the extent possible by up to 100% of the excess valuation  
32 assets allocated to the State or to the other employers, respectively;

33 (2) for the valuation period ending June 30, 2001, to the extent  
34 possible by up to 84% of the excess valuation assets allocated to the  
35 State or to the other employers, respectively;

36 (3) for the valuation period ending June 30, 2002, to the extent  
37 possible by up to 68% of the excess valuation assets allocated to the  
38 State or to the other employers, respectively; and

39 (4) for valuation periods ending **[on or after]** June 30, 2003  
40 through June 30, 2007, to the extent possible by up to 50% of the  
41 excess valuation assets allocated to the State or to the other  
42 employers, respectively.

43 Notwithstanding the discretion provided to the State Treasurer in  
44 the previous paragraph to reduce the amount of the normal  
45 contribution payable by employers other than the State, the State  
46 Treasurer shall reduce the amount of the normal contribution  
47 payable by employers other than the State by \$150,000,000 in the  
48 aggregate for the valuation period ending June 30, 1998, and then

1 the State Treasurer may reduce further pursuant to the provisions of  
2 the previous paragraph the normal contribution payable by such  
3 employers for that valuation period.

4 As of the valuation report in which the funded level is in excess  
5 of 104%, an amount equal to the present value of the future normal  
6 contributions for the benefits provided by P.L.2003, c.108 as  
7 amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be  
8 credited to the benefit enhancement fund. If there are excess  
9 valuation assets after reductions in normal contributions as  
10 authorized in the preceding paragraphs, for a valuation period  
11 beginning with the valuation period in which the benefits provided  
12 by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by  
13 P.L.2003, c.108 apply, an amount of excess valuation assets not to  
14 exceed the amount of the member contributions for the fiscal year  
15 in which the normal contributions are payable shall be credited to  
16 the benefit enhancement fund. The amount of excess valuation  
17 assets credited to the benefit enhancement fund shall not exceed the  
18 present value of the expected additional normal and accrued  
19 liability contributions attributable to the provisions of section 16 of  
20 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,  
21 payable on behalf of the active members over the expected working  
22 lives of the active members in accordance with the tables of  
23 actuarial assumptions for the valuation period. No additional  
24 excess valuation assets shall be credited to the benefit enhancement  
25 fund after the maximum amount is attained. Interest shall be  
26 credited to the benefit enhancement fund.

27 The normal and accrued liability contributions for the increased  
28 benefits for active employees under section 16 of P.L.1964, c.241  
29 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid  
30 from the benefit enhancement fund. If assets in the benefit  
31 enhancement fund are insufficient to pay the normal and accrued  
32 liability contributions for the increased benefits for a valuation  
33 period, the retirement system shall pay the amount of normal and  
34 accrued liability contributions for the increased benefits not covered  
35 by assets from the benefit enhancement fund.

36 The normal and accrued liability contributions shall be certified  
37 annually by the retirement system and shall be included in the  
38 budget of the employer and levied and collected in the same manner  
39 as any other taxes are levied and collected for the payment of the  
40 salaries of members.

41 Notwithstanding the preceding sentence, the normal and accrued  
42 liability contributions to be included in the budget of and paid by  
43 the employer other than the State shall be as follows: for the  
44 payment due in the State fiscal year ending on June 30, 2004, 20%  
45 of the amount certified by the retirement system; for the payment  
46 due in the State fiscal year ending on June 30, 2005, a percentage of  
47 the amount certified by the retirement system as the State Treasurer  
48 shall determine but not more than 40%; for the payment due in the

1 State fiscal year ending on June 30, 2006, a percentage of the  
2 amount certified by the retirement system as the State Treasurer  
3 shall determine but not more than 60%; and for the payment due in  
4 the State fiscal year ending on June 30, 2007, a percentage of the  
5 amount certified by the retirement system as the State Treasurer  
6 shall determine but not more than 80%.

7 (10) The treasurer or corresponding officer of the employer shall  
8 pay to the State Treasurer no later than April 1 of the State's fiscal  
9 year in which payment is due the amount so certified as payable by  
10 the employer, and shall pay monthly to the State Treasurer the  
11 amount of the deductions from the salary of the members in the  
12 employ of the employer, and the State Treasurer shall credit such  
13 amount to the appropriate fund or funds, of the retirement system.

14 If payment of the full amount of the employer's obligation is not  
15 made within 30 days of the due date established by this act, interest  
16 at the rate of 10% per annum shall commence to run against the  
17 unpaid balance thereof on the first day after such 30th day.

18 If payment in full, representing the monthly transmittal and  
19 report of salary deductions, is not made within 15 days of the due  
20 date established by the retirement system, interest at the rate of 10%  
21 per annum shall commence to run against the total transmittal of  
22 salary deductions for the period on the first day after such 15th day.

23 (11) The expenses of administration of the retirement system  
24 shall be paid by the State of New Jersey. Each employer shall  
25 reimburse the State for a proportionate share of the amount paid by  
26 the State for administrative expense. This proportion shall be  
27 computed as the number of members under the jurisdiction of such  
28 employer bears to the total number of members in the system. The  
29 pro rata share of the cost of administrative expense shall be  
30 included with the certification by the retirement system of the  
31 employer's contribution to the system.

32 (12) Notwithstanding anything to the contrary, the retirement  
33 system shall not be liable for the payment of any pension or other  
34 benefits on account of the employees or beneficiaries of any  
35 employer participating in the retirement system, for which reserves  
36 have not been previously created from funds, contributed by such  
37 employer or its employees for such benefits.

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

39 (14) Commencing with valuation year 1991, with payment to be  
40 made in Fiscal Year 1994, the Legislature shall annually  
41 appropriate and the State Treasurer shall pay into the pension  
42 accumulation fund of the retirement system an amount equal to  
43 1.1% of the compensation of the members of the system for the  
44 valuation year to fund the benefits provided by section 16 of  
45 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

46 (15) If the valuation assets are insufficient to fund the normal  
47 and accrued liability costs attributable to P.L.1999, c.428  
48 (C.43:16A-15.8 et al.) as provided hereinabove, the normal and

1 unfunded accrued liability contributions required to fund these costs  
2 for the State and other employers shall be paid by the State.

3 (16) The savings realized as a result of the amendments to this  
4 section by P.L.2001, c.44 in the payment of normal contributions  
5 computed by the actuary for the valuation periods ending June 30,  
6 1998 for employers other than the State shall be used solely and  
7 exclusively by a county or municipality for the purpose of reducing  
8 the amount that is required to be raised by the local property tax  
9 levy by the county for county purposes or by the municipality for  
10 municipal purposes, as appropriate. The Director of the Division of  
11 Local Government Services in the Department of Community  
12 Affairs shall certify for each year that each county or municipality  
13 has complied with the requirements set forth herein. If the director  
14 finds that a county or municipality has not used the savings solely  
15 and exclusively for the purpose of reducing the amount that is  
16 required to be raised by the local property tax levy by the county for  
17 county purposes or by the municipality for municipal purposes, as  
18 appropriate, the director shall direct the county or municipal  
19 governing body, as appropriate, to make corrections to its budget.  
20 (cf: P.L.2003, c.108, s.3)

21

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

23 18A:66-18. The contingent reserve fund shall be the fund in  
24 which shall be credited contributions made by the State and other  
25 employers.

26 a. Upon the basis of the tables recommended by the actuary  
27 which the board of trustees adopts and regular interest, the actuary  
28 of the board shall compute annually, beginning as of March 31,  
29 1992, the amount of contribution which shall be the normal cost as  
30 computed under the projected unit credit method attributable to  
31 service rendered under the retirement system for the year beginning  
32 on July 1 immediately succeeding the date of the computation. This  
33 shall be known as the "normal contribution."

34 b. Upon the basis of the tables recommended by the actuary  
35 which the board of trustees adopts and regular interest, the actuary  
36 of the board shall annually determine if there is an amount of the  
37 accrued liability of the retirement system, computed under the  
38 projected unit credit method, including the liability for pension  
39 adjustment benefits for active employees funded pursuant to section  
40 2 of P.L.1987, c.385 (C.18A:66-18.1), which is not already covered  
41 by the assets of the retirement system, valued in accordance with  
42 the asset valuation method established in this section. This shall be  
43 known as the "unfunded accrued liability." If there was no  
44 unfunded accrued liability for the valuation period immediately  
45 preceding the current valuation period, the actuary, using the total  
46 amount of this unfunded accrued liability, shall compute the initial  
47 amount of contribution which, if the contribution is increased at a  
48 specific rate and paid annually for a specific period of time, will

1 amortize this liability. The State Treasurer shall determine, upon  
2 the advice of the Director of the Division of Pensions and Benefits,  
3 the board of trustees and the actuary, the rate of increase for the  
4 contribution and the time period for full funding of this liability,  
5 which shall not exceed 30 years. This shall be known as the  
6 “accrued liability contribution.” Thereafter, any increase or  
7 decrease in the unfunded accrued liability as a result of actuarial  
8 losses or gains for subsequent valuation years shall serve to increase  
9 or decrease, respectively, the amortization period for the unfunded  
10 accrued liability, unless an increase in the amortization period will  
11 cause it to exceed 30 years. If an increase in the amortization  
12 period as a result of actuarial losses for a valuation year would  
13 exceed 30 years, the accrued liability contribution shall be  
14 computed for the valuation year in the same manner provided for  
15 the computation of the initial accrued liability contribution under  
16 this section. The State may pay all or any portion of its unfunded  
17 accrued liability under the retirement system from any source of  
18 funds legally available for the purpose, including, without  
19 limitation, the proceeds of bonds authorized by law for this purpose.

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

39 “Excess valuation assets” for a valuation period means:

- 40 (1) the valuation assets; less
- 41 (2) the actuarial accrued liability for basic benefits and pension  
42 adjustment benefits, excluding the unfunded accrued liability for  
43 early retirement incentive benefits pursuant to P.L.1991, c.231 and  
44 P.L.1993, c.163 for employers other than the State; less
- 45 (3) the contributory group insurance premium fund created by  
46 N.J.S.18A:66-77; less

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

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

11 If there are excess valuation assets for the valuation period  
12 ending March 31, 1996, the normal contributions for the valuation  
13 periods ending March 31, 1996 and March 31, 1997 which have not  
14 yet been paid to the retirement system shall be reduced to the extent  
15 possible by the excess valuation assets, provided that the General  
16 Fund balances that would have been paid to the retirement system  
17 except for this provision shall first be allocated as State aid to  
18 public schools to the extent that additional sums are required to  
19 comply with the May 14, 1997 decision of the New Jersey Supreme  
20 Court in *Abbott v. Burke*, and provided further that the normal  
21 contribution for the valuation period ending March 31, 1996 shall  
22 not be less than \$54,000,000. If there are excess valuation assets  
23 for a valuation period ending after March 31, 1996, the State  
24 Treasurer may reduce the normal contribution payable for the next  
25 valuation period as follows:

26 (1) for valuation periods ending March 31, 1997 through March  
27 31, 2001, to the extent possible by up to 100% of the excess  
28 valuation assets;

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

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

33 (4) for valuation periods ending **[on or after]** March 31, 2004  
34 through June 30, 2007, to the extent possible by up to 50% of the  
35 excess valuation assets.

36 For calendar years 1998 and 1999, the rate of contribution of  
37 members of the retirement system under N.J.S.18A:66-29 shall be  
38 reduced by 1/2 of 1% from excess valuation assets. For calendar  
39 years 2000 and 2001, the rate of contribution of members of the  
40 retirement system shall be reduced equally with normal  
41 contributions to the extent possible, but not more than 1/2 of 1%,  
42 from excess valuation assets. Thereafter, through calendar year  
43 2007, the rate of contribution of members of the retirement system  
44 under that section for a calendar year shall be reduced equally with  
45 normal contributions to the extent possible, but not by more than  
46 2%, from excess valuation assets if the State Treasurer determines  
47 that excess valuation assets shall be used to reduce normal  
48 contributions by the State for the fiscal year beginning immediately

1 prior to the calendar year, and excess valuation assets above the  
2 amount necessary to fund the reduction for that calendar year in the  
3 member contribution rate plus an equal reduction in the normal  
4 contribution shall be available for the further reduction of normal  
5 contributions, subject to the limitations prescribed by this  
6 subsection.

7 If there are excess valuation assets after reductions in normal  
8 contributions and member contributions as authorized in the  
9 preceding paragraphs for a valuation period beginning with the  
10 valuation period ending June 30, 1999, an amount of excess  
11 valuation assets not to exceed the amount of the member  
12 contributions for the fiscal year in which the normal contributions  
13 are payable shall be credited to the benefit enhancement fund. The  
14 amount of excess valuation assets credited to the benefit  
15 enhancement fund shall not exceed the present value of the  
16 expected additional normal contributions attributable to the  
17 provisions of P.L.2001, c.133 payable on behalf of the active  
18 members over the expected working lives of the active members in  
19 accordance with the tables of actuarial assumptions for the  
20 valuation period. No additional excess valuation assets shall be  
21 credited to the benefit enhancement fund after the maximum  
22 amount is attained. Interest shall be credited to the benefit  
23 enhancement fund as provided under N.J.S.18A:66-25.

24 The normal contribution for the increased benefits for active  
25 members under P.L.2001, c.133 shall be paid from the benefit  
26 enhancement fund. If assets in the benefit enhancement fund are  
27 insufficient to pay the normal contribution for the increased benefits  
28 for a valuation period, the State shall pay the amount of normal  
29 contribution for the increased benefits not covered by assets from  
30 the benefit enhancement fund.

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

32 d. The retirement system shall certify annually the aggregate  
33 amount payable to the contingent reserve fund in the ensuing year,  
34 which amount shall be equal to the sum of the amounts described in  
35 this section, and which shall be paid into the contingent reserve  
36 fund in the manner provided by section 18A:66-33.

37 e. Except as provided in sections 18A:66-26 and 18A:66-53,  
38 the death benefits payable under the provisions of this article upon  
39 the death of an active or retired member shall be paid from the  
40 contingent reserve fund.

41 f. The disbursements for benefits not covered by reserves in  
42 the system on account of veterans shall be met by direct  
43 contribution of the State.

44 (cf: P.L.2001, c.133, s.2)

45

46 25. Section 33 of P.L.1973, c.140 (C.43:6A-33) is amended to  
47 read as follows:

1       33. a. Upon the basis of the tables recommended by the actuary  
2 which the commission adopts and regular interest, the actuary shall  
3 compute annually, beginning as of June 30, 1992, the amount of the  
4 contribution which shall be the normal cost as computed under the  
5 projected unit credit method attributable to service rendered under  
6 the retirement system for the year beginning on July 1 immediately  
7 succeeding the date of the computation. This shall be known as the  
8 “normal contribution.”

9       b. Upon the basis of the tables recommended by the actuary  
10 which the commission adopts and regular interest, the actuary shall  
11 annually determine if there is an amount of the accrued liability of  
12 the retirement system, computed under the projected unit credit  
13 method, which is not already covered by the assets of the retirement  
14 system, valued in accordance with the asset valuation method  
15 established in this section. This shall be known as the “unfunded  
16 accrued liability.” If there was no unfunded accrued liability for the  
17 valuation period immediately preceding the current valuation  
18 period, the actuary, using the total amount of this unfunded accrued  
19 liability, shall compute the initial amount of contribution which, if  
20 the contribution is increased at a specific rate and paid annually for  
21 a specific period of time, will amortize this liability. The State  
22 Treasurer shall determine, upon the advice of the Director of the  
23 Division of Pensions and Benefits, the commission and the actuary,  
24 the rate of increase for the contribution and the time period for full  
25 funding of this liability, which shall not exceed 30 years. This shall  
26 be known as the “accrued liability contribution.” Thereafter, any  
27 increase or decrease in the unfunded accrued liability as a result of  
28 actuarial losses or gains for subsequent valuation years shall serve  
29 to increase or decrease, respectively, the amortization period for the  
30 unfunded accrued liability, unless an increase in the amortization  
31 period will cause it to exceed 30 years. If an increase in the  
32 amortization period as a result of actuarial losses for a valuation  
33 year would exceed 30 years, the accrued liability contribution shall  
34 be computed for the valuation year in the same manner provided for  
35 the computation of the initial accrued liability contribution under  
36 this section. The State may pay all or any portion of its unfunded  
37 accrued liability under the retirement system from any source of  
38 funds legally available for the purpose, including, without  
39 limitation, the proceeds of bonds authorized by law for this purpose.

40       The value of the assets to be used in the computation of the  
41 contributions provided for under this section for valuation periods  
42 shall be the value of the assets for the preceding valuation period  
43 increased by the regular interest rate, plus the net cash flow for the  
44 valuation period (the difference between the benefits and expenses  
45 paid by the system and the contributions to the system) increased by  
46 one half of the regular interest rate, plus 20% of the difference  
47 between this expected value and the full market value of the assets  
48 as of the end of the valuation period. This shall be known as the

1 “valuation assets.” Notwithstanding the first sentence of this  
2 paragraph, the valuation assets for the valuation period ending June  
3 30, 1996 shall be the full market value of the assets as of that date  
4 and shall include the proceeds from the bonds issued pursuant to the  
5 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-  
6 7.45 et seq.), paid to the system by the New Jersey Economic  
7 Development Authority to fund the unfunded accrued liability of  
8 the system.

9 “Excess valuation assets” means the valuation assets for a  
10 valuation period less the actuarial accrued liability for the valuation  
11 period, if the sum is greater than zero. If there are excess valuation  
12 assets for the valuation period ending June 30, 1996, the normal  
13 contributions for the valuation periods ending June 30, 1996 and  
14 June 30, 1997 which have not yet been paid to the retirement  
15 system shall be reduced to the extent possible by the excess  
16 valuation assets, provided that the General Fund balances that  
17 would have been paid to the retirement system except for this  
18 provision shall first be allocated as State aid to public schools to the  
19 extent that additional sums are required to comply with the May 14,  
20 1997 decision of the New Jersey Supreme Court in *Abbott v. Burke*.  
21 If there are excess valuation assets for a valuation period ending  
22 after June 30, 1996, the State Treasurer may reduce the normal  
23 contribution payable for the next valuation period as follows:

24 (1) for valuation periods ending June 30, 1997 through June 30,  
25 2001, to the extent possible by up to 100% of the excess valuation  
26 assets;

27 (2) for the valuation period ending June 30, 2002, to the extent  
28 possible by up to 84% of the excess valuation assets;

29 (3) for the valuation period ending June 30, 2003, to the extent  
30 possible by up to 68% of the excess valuation assets; and

31 (4) for valuation periods ending **[on or after]** June 30, 2004  
32 through June 30, 2007, to the extent possible by up to 50% of the  
33 excess valuation assets.

34 c. The actuary shall certify annually the aggregate amount  
35 payable to the contingent reserve fund in the ensuing year, which  
36 amount shall be equal to the sum of the amounts described in this  
37 section. The State shall pay into the contingent reserve fund during  
38 the ensuing year the amount so determined.

39 The cash death benefits, payable as the result of contribution by  
40 the State under the provisions of this act upon the death of a  
41 member in active service and after retirement, shall be paid from  
42 the contingent reserve fund.

43 d. (Deleted by amendment, P.L.1992, c.125.)  
44 (cf: P.L.1997, c.115, s.3)

45  
46 26. 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 the  
22 contribution is increased at a specific rate and paid annually for a  
23 specific period of time, will amortize this liability. The State  
24 Treasurer shall determine, upon the advice of the Director of the  
25 Division of Pensions and Benefits, the board of trustees and the  
26 actuary, the rate of increase for the contribution and the time period  
27 for full funding of this liability, which shall not exceed 40 years on  
28 initial application of this section as amended by this act, P.L.1994,  
29 c.62. This shall be known as the “accrued liability contribution.”  
30 Any increase or decrease in the unfunded accrued liability as a  
31 result of actuarial losses or gains for the 10 valuation years  
32 following valuation year 1992 shall serve to increase or decrease,  
33 respectively, the unfunded accrued liability contribution.  
34 Thereafter, any increase or decrease in the unfunded accrued  
35 liability as a result of actuarial losses or gains for subsequent  
36 valuation years shall serve to increase or decrease, respectively, the  
37 amortization period for the unfunded accrued liability, unless an  
38 increase in the amortization period will cause it to exceed 30 years.  
39 If an increase in the amortization period as a result of actuarial  
40 losses for a valuation year would exceed 30 years, the accrued  
41 liability contribution shall be computed for the valuation year in the  
42 same manner provided for the computation of the initial accrued  
43 liability contribution under this section.

44       With respect to the State, upon the basis of the tables  
45 recommended by the actuary which the commission adopts and  
46 regular interest, the actuary shall annually determine if there is an  
47 amount of the accrued liability of the retirement system, computed  
48 under the projected unit credit method, which is not already covered

1 by the assets of the retirement system, valued in accordance with  
2 the asset valuation method established in this section. This shall be  
3 known as the “unfunded accrued liability.” If there was no  
4 unfunded accrued liability for the valuation period immediately  
5 preceding the current valuation period, the actuary, using the total  
6 amount of this unfunded accrued liability, shall compute the initial  
7 amount of contribution which, if the contribution is increased at a  
8 specific rate and paid annually for a specific period of time, will  
9 amortize this liability. The State Treasurer shall determine, upon  
10 the advice of the Director of the Division of Pensions and Benefits,  
11 the commission and the actuary, the rate of increase for the  
12 contribution and the time period for full funding of this liability,  
13 which shall not exceed 30 years. This shall be known as the  
14 “accrued liability contribution.” Thereafter, any increase or  
15 decrease in the unfunded accrued liability as a result of actuarial  
16 losses or gains for subsequent valuation years shall serve to increase  
17 or decrease, respectively, the amortization period for the unfunded  
18 accrued liability, unless an increase in the amortization period will  
19 cause it to exceed 30 years. If an increase in the amortization  
20 period as a result of actuarial losses for a valuation year would  
21 exceed 30 years, the accrued liability contribution shall be  
22 computed for the valuation year in the same manner provided for  
23 the computation of the initial accrued liability contribution under  
24 this section. The State may pay all or any portion of its unfunded  
25 accrued liability under the retirement system from any source of  
26 funds legally available for the purpose, including, without  
27 limitation, the proceeds of bonds authorized by law for this purpose.

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

1       “Excess valuation assets” for a valuation period means, with  
2 respect to the valuation assets allocated to the State:

- 3       (1) the valuation assets allocated to the State; less
- 4       (2) the actuarial accrued liability of the State for basic benefits  
5 and pension adjustment benefits under the retirement system; less
- 6       (3) the contributory group insurance premium fund, created by  
7 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section  
8 4 of P.L.1960, c.79; less
- 9       (4) the post retirement medical premium fund, created pursuant  
10 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by  
11 section 8 of P.L.1994, c.62; less
- 12       (5) the present value of the projected total normal cost for  
13 pension adjustment benefits in excess of the projected total phased-  
14 in normal cost for pension adjustment benefits for the State  
15 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the  
16 full phase-in period, determined in the manner prescribed for the  
17 determination and amortization of the unfunded accrued liability of  
18 the system, if the sum of the foregoing items is greater than zero.

19       “Excess valuation assets” for a valuation period means, with  
20 respect to the valuation assets allocated to other employers:

- 21       (1) the valuation assets allocated to the other employers; less
- 22       (2) the actuarial accrued liability of the other employers for  
23 basic benefits and pension adjustment benefits under the retirement  
24 system, excluding the unfunded accrued liability for early  
25 retirement incentive benefits pursuant to P.L.1991, c.229, P.L.1991,  
26 c.230, P.L.1993, c.138, and P.L.1993, c.181, for employers other  
27 than the State; less
- 28       (3) the contributory group insurance premium fund, created by  
29 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section  
30 4 of P.L.1960, c.79; less
- 31       (4) the present value of the projected total normal cost for  
32 pension adjustment benefits in excess of the projected total phased-  
33 in normal cost for pension adjustment benefits for the other  
34 employers authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1)  
35 over the full phase-in period, determined in the manner prescribed  
36 for the determination and amortization of the unfunded accrued  
37 liability of the system, if the sum of the foregoing items is greater  
38 than zero.

39       If there are excess valuation assets allocated to the State or to the  
40 other employers for the valuation period ending March 31, 1996,  
41 the normal contributions payable by the State or by the other  
42 employers for the valuation periods ending March 31, 1996 and  
43 March 31, 1997 which have not yet been paid to the retirement  
44 system shall be reduced to the extent possible by the excess  
45 valuation assets allocated to the State or to the other employers,  
46 respectively, provided that with respect to the excess valuation  
47 assets allocated to the State, the General Fund balances that would  
48 have been paid to the retirement system except for this provision

1 shall first be allocated as State aid to public schools to the extent  
2 that additional sums are required to comply with the May 14, 1997  
3 decision of the New Jersey Supreme Court in Abbott v. Burke. If  
4 there are excess valuation assets allocated to the State or to the  
5 other employers for a valuation period ending after March 31, 1996,  
6 the State Treasurer may reduce the normal contribution payable by  
7 the State or by the other employers for the next valuation period as  
8 follows:

9 (1) for valuation periods ending March 31, 1997 through March  
10 31, 2001, to the extent possible by up to 100% of the excess  
11 valuation assets allocated to the State or to the other employers,  
12 respectively;

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

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

19 (4) for valuation periods ending **[on or after]** March 31, 2004  
20 through June 30, 2007, to the extent possible by up to 50% of the  
21 excess valuation assets allocated to the State or to the other  
22 employers, respectively.

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

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

1 amount of excess valuation assets credited to the benefit  
2 enhancement fund shall not exceed the present value of the  
3 expected additional normal contributions attributable to the  
4 provisions of P.L.2001, c.133 payable on behalf of the active  
5 members over the expected working lives of the active members in  
6 accordance with the tables of actuarial assumptions for the  
7 valuation period. No additional excess valuation assets shall be  
8 credited to the benefit enhancement fund after the maximum  
9 amount is attained. Interest shall be credited to the benefit  
10 enhancement fund as provided under section 33 of P.L.1954, c.84  
11 (C.43:15A-33).

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

19 c. The retirement system shall certify annually the aggregate  
20 amount payable to the contingent reserve fund in the ensuing year,  
21 which amount shall be equal to the sum of the amounts described in  
22 this section.

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

33 The State shall pay into the contingent reserve fund during the  
34 ensuing year the amount so determined. The death benefits,  
35 payable as a result of contribution by the State under the provisions  
36 of this chapter upon the death of an active or retired member, shall  
37 be paid from the contingent reserve fund.

38 d. The disbursements for benefits not covered by reserves in  
39 the system on account of veterans shall be met by direct  
40 contributions of the State and other employers.

41 (cf: P.L.2003, c.108, s.1)

42

43 27. Section 34 of P.L.1965, c.89 (C.53:5A-34) is amended to  
44 read as follows:

45 34. The Contingent Reserve Fund shall be the fund in which  
46 shall be credited contributions made by the State.

47 a. Upon the basis of the tables recommended by the actuary  
48 which the board adopts and regular interest, the actuary shall

1 compute annually, beginning as of June 30, 1992, the amount of the  
2 contribution which shall be the normal cost as computed under the  
3 projected unit credit method attributable to service rendered under  
4 the retirement system for the year beginning on July 1 immediately  
5 succeeding the date of the computation. This shall be known as the  
6 “normal contribution.”

7 b. Upon the basis of the tables recommended by the actuary  
8 which the board adopts and regular interest, the actuary shall  
9 annually determine if there is an amount of the accrued liability of  
10 the retirement system, computed under the projected unit credit  
11 method, which is not already covered by the assets of the retirement  
12 system, valued in accordance with the asset valuation method  
13 established in this section. This shall be known as the “unfunded  
14 accrued liability.” If there was no unfunded accrued liability for the  
15 valuation period immediately preceding the current valuation  
16 period, the actuary, using the total amount of this unfunded accrued  
17 liability, shall compute the initial amount of contribution which, if  
18 the contribution is increased at a specific rate and paid annually for  
19 a specific period of time, will amortize this liability. The State  
20 Treasurer shall determine, upon the advice of the Director of the  
21 Division of Pensions and Benefits, the board of trustees and the  
22 actuary, the rate of increase for the contribution and the time period  
23 for full funding of this liability, which shall not exceed 30 years.  
24 This shall be known as the “accrued liability contribution.”  
25 Thereafter, any increase or decrease in the unfunded accrued  
26 liability as a result of actuarial losses or gains for subsequent  
27 valuation years shall serve to increase or decrease, respectively, the  
28 amortization period for the unfunded accrued liability, unless an  
29 increase in the amortization period will cause it to exceed 30 years.  
30 If an increase in the amortization period as a result of actuarial  
31 losses for a valuation year would exceed 30 years, the accrued  
32 liability contribution shall be computed for the valuation year in the  
33 same manner provided for the computation of the initial accrued  
34 liability contribution under this section. The State may pay all or  
35 any portion of its unfunded accrued liability under the retirement  
36 system from any source of funds legally available for the purpose,  
37 including, without limitation, the proceeds of bonds authorized by  
38 law for this purpose.

39 The value of the assets to be used in the computation of the  
40 contributions provided for under this section for valuation periods  
41 shall be the value of the assets for the preceding valuation period  
42 increased by the regular interest rate, plus the net cash flow for the  
43 valuation period (the difference between the benefits and expenses  
44 paid by the system and the contributions to the system) increased by  
45 one half of the regular interest rate, plus 20% of the difference  
46 between this expected value and the full market value of the assets  
47 as of the end of the valuation period. This shall be known as the  
48 “valuation assets.” Notwithstanding the first sentence of this

1 paragraph, the valuation assets for the valuation period ending June  
2 30, 1996 shall be the full market value of the assets as of that date  
3 and shall include the proceeds from the bonds issued pursuant to the  
4 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-  
5 7.45 et seq.), paid to the system by the New Jersey Economic  
6 Development Authority to fund the unfunded accrued liability of  
7 the system.

8 “Excess valuation assets” means the valuation assets for a  
9 valuation period less the actuarial accrued liability for the valuation  
10 period, if the sum is greater than zero. If there are excess valuation  
11 assets for the valuation period ending June 30, 1996, the normal  
12 contributions for the valuation periods ending June 30, 1996 and  
13 June 30, 1997 which have not yet been paid to the retirement  
14 system shall be reduced to the extent possible by the excess  
15 valuation assets, provided that the General Fund balances that  
16 would have been paid to the retirement system except for this  
17 provision shall first be allocated as State aid to public schools to the  
18 extent that additional sums are required to comply with the May 14,  
19 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.  
20 If there are excess valuation assets for a valuation period ending  
21 after June 30, 1996, the State Treasurer may reduce the normal  
22 contribution payable for the next valuation period as follows:

23 (1) for valuation periods ending June 30, 1997 through June 30,  
24 2001, to the extent possible by up to 100% of the excess valuation  
25 assets;

26 (2) for the valuation period ending June 30, 2002, to the extent  
27 possible by up to 84% of the excess valuation assets;

28 (3) for the valuation period ending June 30, 2003, to the extent  
29 possible by up to 68% of the excess valuation assets; and

30 (4) for valuation periods ending **[on or after]** June 30, 2004  
31 through June 30, 2007, to the extent possible by up to 50% of the  
32 excess valuation assets.

33 c. The actuary shall certify annually the aggregate amount  
34 payable to the Contingent Reserve Fund in the ensuing year, which  
35 amount shall be equal to the sum of the amounts described in this  
36 section. The State shall pay into the Contingent Reserve Fund  
37 during the ensuing year the amount so certified. In the event the  
38 amount certified to be paid by the State includes amounts due for  
39 services rendered by members to specific instrumentalities or  
40 authorities the total amounts so certified shall be paid to the  
41 retirement system by the State; provided, however, the full cost  
42 attributable to such services rendered to such instrumentalities and  
43 authorities shall be computed separately by the actuary and the  
44 State shall be reimbursed for such amounts by such  
45 instrumentalities or authorities.

46 The cash death benefits, payable as the result of contribution by  
47 the State under the provisions of this act upon the death of a

1 member in active service and after retirement shall be paid from the  
2 Contingent Reserve Fund.

3 (cf: P.L.1997, c.115, s.9)

4

5 28. (New section) The Teachers' Pension and Annuity Fund, the  
6 Judicial Retirement System, the Prison Officers' Pension Fund, the  
7 Public Employees' Retirement System, the Consolidated Police and  
8 Firemen's Pension Fund, the Police and Firemen's Retirement  
9 System, and the State Police Retirement System shall use consistent  
10 and generally-accepted actuarial standards, as established by the  
11 Governmental Accounting Standards Board or its successor, for the  
12 purpose of determining fund or system asset values, obligations and  
13 annual employer contributions. Any modification of the  
14 assumptions or actuarial methodology at the direction of the State  
15 that changes asset values, obligations or annual contributions shall  
16 require public disclosure prior to adoption, including a financial  
17 impact analysis.

18

19 29. Section 8 of P.L. 1961, c. 49 (C.52:14-17.32) is amended to  
20 read as follows:

21 8. a. The basic coverage and the major medical coverage of any  
22 employee, and the employee's dependents, if any, shall cease upon  
23 the discontinuance of the term of office or employment or upon  
24 cessation of active full-time employment subject to such regulations  
25 as may be prescribed by the commission for limited continuance of  
26 basic coverage and major medical coverage during disability, part-  
27 time employment, leave of absence or lay off, and for continuance  
28 of basic coverage and major medical coverage after retirement, any  
29 such continuance after retirement to be provided at such rates and  
30 under such conditions as shall be prescribed by the commission,  
31 subject, however, to the requirements hereinafter set forth in this  
32 section. Notwithstanding the provisions of any law to the contrary,  
33 for law enforcement officers employed by the State for whom there  
34 is a majority representative for collective negotiation purposes, and  
35 for nonaligned sworn members of the Division of State Police who  
36 retire after July 1, 2005, the coverage options available to such  
37 employees in retirement shall be limited to those options that were  
38 available to the employee on the employee's last day of  
39 employment. The commission may also establish regulations  
40 prescribing an extension of coverage when an employee or  
41 dependent is totally disabled at termination of coverage.

42 b. Rates payable by retired employees for themselves and their  
43 dependents, by active employees for dependents covered by  
44 medicare benefits, and by the State or other employer for an active  
45 employee alone covered by medicare benefits, shall be determined  
46 on the basis of utilization experience according to classifications  
47 determined by the commission, provided, however, that the total  
48 rate payable by such retired employee for the employee and the

1 employee's dependents, or by such active employee for the  
2 employee's dependents and the State or other employer for such  
3 active employee alone, for coverage hereunder and for Part B of  
4 medicare, shall not exceed by more than 25%, as determined by the  
5 commission, the total amount which would have been required to  
6 have been paid by the employee and by the State or other employer  
7 for the coverage maintained had the employee continued in office or  
8 active employment and the employee and the employee's  
9 dependents were not eligible for medicare benefits. "Medicare" as  
10 used in this act means the coverage provided under Title XVIII of  
11 the Social Security Act as amended in 1965, or its successor plan or  
12 plans.

13 c. (1) From funds appropriated therefor, the State shall pay the  
14 premium or periodic charges for the benefits provided to a retired  
15 State employee and the employee's dependents covered under the  
16 program, but not including survivors, if such employee retired from  
17 one or more State or locally-administered retirement systems on a  
18 benefit or benefits based in the aggregate on 25 years or more of  
19 nonconcurrent service credited in the retirement systems, excluding  
20 service credited under the Defined Contribution Retirement  
21 Program established pursuant to P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_) (pending  
22 before the Legislature as this bill), and excepting the employee who  
23 elected deferred retirement, but including the employee who retired  
24 on a disability pension based on fewer years of service credited in  
25 the retirement systems and shall also reimburse such retired  
26 employee for the premium charges under Part B of the federal  
27 medicare program covering the retired employee and the  
28 employee's spouse. In the case of full-time employees of the  
29 Rutgers University Cooperative Extension Service, service credited  
30 in the federal Civil Service Retirement System (5 U.S.C.s.8331 et  
31 seq.) which was earned as a result of full-time employment at  
32 Rutgers University, may be considered alone or in combination with  
33 service credited in one or more State or locally-administered  
34 retirement systems for the purposes of establishing the minimum  
35 25-year service requirement to qualify for the benefits provided in  
36 this section. Any full-time employee of the Rutgers University  
37 Cooperative Extension Service who meets the eligibility  
38 requirements set forth in this amendatory act shall be eligible for  
39 the benefits provided in this section, provided that at the time of  
40 retirement such employee was covered by the State Health Benefits  
41 Program and elected to continue such coverage into retirement.

42 (2) Notwithstanding the provisions of this section to the  
43 contrary, from funds appropriated therefor, the State shall pay the  
44 premium or periodic charges for the benefits provided to a retired  
45 State employee and the employee's dependents covered under the  
46 program, but not including survivors, if: (a) the employee retires on  
47 or after the effective date of this 1987 amendatory act; (b) the  
48 employee was employed by Rutgers University prior to January 2,

1 1955 and remained in continuous service with Rutgers University  
2 until retirement even though the employee (i) did not join a State-  
3 administered retirement system, or, (ii) became a member of a  
4 State-administered retirement system, but accumulated less than 25  
5 years of credited service; and (c) the employee is covered by the  
6 program at the time of retirement.

7 (3) Notwithstanding the provisions of this section to the  
8 contrary, in the case of an employee of a State college, as described  
9 in chapter 64 of Title 18A of the New Jersey Statutes, or of a  
10 county college, as defined in N.J.S.18A:64A-1, service credited in a  
11 private defined contribution retirement plan which was earned as an  
12 employee of an auxiliary organization, as defined in section 2 of  
13 P.L.1982, c.16 (C.18A:64-27), at a State or county college shall be  
14 considered in combination with service credited in a State-  
15 administered retirement system for the purposes of establishing the  
16 minimum 25-year service requirement to qualify for the benefits  
17 provided in this section, provided that the employee is covered by  
18 the program at the time of retirement.

19 (4) Notwithstanding the provisions of this section to the  
20 contrary, from funds appropriated therefor, the State shall pay the  
21 premium or periodic charges for the benefits provided to a retired  
22 State employee and any dependents covered under the program, but  
23 not including survivors, if the employee: (a) retired prior to the  
24 effective date of this act, P.L.1997, c.335 (C.52:14-17.32), under  
25 the State Police Retirement System, established pursuant to  
26 P.L.1965, c.89 (C.53:5A-1 et seq.), with more than 20 but less than  
27 25 years of service credit in the retirement system; (b) was  
28 subsequently employed by the State in another position or positions  
29 not covered by the State Police Retirement System; (c) has, in the  
30 aggregate, at least 30 years of full-time employment with the State;  
31 and (d) is covered by the program at the time of terminating full-  
32 time employment with the State.

33 (cf: P.L.2005, c.341, s.3)

34

35 30. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to  
36 read as follows:

37 7. a. The Division of Pensions and Benefits shall certify to the  
38 certifying agent of each employer electing participation under the  
39 program the premium rates and periodic charges applicable to the  
40 coverage provided for employees and dependents. The  
41 participating employer shall remit to the division all contributions  
42 to premiums and periodic charges in advance of their due dates,  
43 subject to the rules and regulations of the commission.

44 b. (1) From funds allocated therefor, the employer other than  
45 the State, upon the adoption and submission to the division of an  
46 appropriate resolution prescribed by the commission, may pay the  
47 premium or periodic charges for the benefits provided to a retired  
48 employee and the employee's dependents covered under the

1 program, if the employee retired from a State or locally-  
2 administered retirement system, excepting the employee who  
3 elected deferred retirement, and may also reimburse the retired  
4 employee for the employee's premium charges under Part B of  
5 Medicare covering the retired employee and the employee's spouse  
6 if the employee:

7 (a) retired on a disability pension; or

8 (b) retired after 25 or more years of nonconcurrent service credit  
9 in one or more State or locally-administered retirement systems,  
10 excluding service credited under the Defined Contribution  
11 Retirement Program established pursuant to P. L. , c. (C. )  
12 (pending before the Legislature as this bill), and a period of service  
13 of up to 25 years with the employer at the time of retirement, such  
14 period of service to be determined by the employer and set forth in  
15 an ordinance or resolution as appropriate; or

16 (c) retired and reached the age of 65 years or older with 25  
17 years or more of nonconcurrent service credit in one or more State  
18 or locally-administered retirement systems, excluding service  
19 credited under the Defined Contribution Retirement Program, and a  
20 period of service of up to 25 years with the employer at the time of  
21 retirement, such period of service to be determined by the employer  
22 and set forth in an ordinance or resolution as appropriate; or

23 (d) retired and reached the age of 62 years or older with at least  
24 15 years of service with the employer, excluding service credited  
25 under the Defined Contribution Retirement Program.

26 "Retired employee and the employee's dependents" may, upon  
27 adoption of an appropriate resolution therefor by the participating  
28 employer, also include otherwise eligible employees, and their  
29 dependents, who retired from one or more State or locally-  
30 administered retirement systems prior to the date that the employer  
31 became a participating employer in the New Jersey State Health  
32 Benefits Program or who did not elect to continue coverage in the  
33 program during such time after the employer became a participating  
34 employer that the employer did not pay premium or periodic  
35 charges for benefits to retired employees and their dependents  
36 pursuant to this section. Eligibility and enrollment of such  
37 employees and dependents shall be in accordance with such rules  
38 and regulations as may be adopted by the State Health Benefits  
39 Commission.

40 The employer other than the State may, by resolution, pay the  
41 premium or periodic charges for the benefits provided to the  
42 surviving spouse of a retired employee and the employee's  
43 dependents covered under the program as provided in this section.

44 (2) Notwithstanding the provisions of any other law to the  
45 contrary, the obligations of an employer other than the State, except  
46 an independent State authority, board, commission, corporation,  
47 agency, or organization deemed to be covered by section 6 of  
48 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose

1 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-  
2 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section  
3 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or  
4 periodic charges for health benefits coverage under the provisions  
5 of paragraph (1) may be determined by means of a binding  
6 collective negotiations agreement, including any agreement in force  
7 at the time of the adoption of this act, P.L.1999, c.48. With respect  
8 to employees for whom there is no majority representative for  
9 collective negotiations purposes, the employer may, in its sole  
10 discretion, determine the payment obligations for the employer and  
11 the employees, except that if there are collective negotiations  
12 agreements binding upon the employer for employees who are  
13 within the same community of interest as employees in a collective  
14 negotiations unit but are excluded from participation in the unit by  
15 the "New Jersey Employer-Employee Relations Act," P.L.1941,  
16 c.100 (C.34:13A-1 et seq.), the payment obligations shall be  
17 determined in a manner consistent with the terms of any collective  
18 negotiations agreement applicable to the collective negotiations  
19 unit.

20 c. Notwithstanding the provisions of any other law to the  
21 contrary, the payment obligations of an employee of an employer  
22 other than the State, except an independent State authority, board,  
23 commission, corporation, agency, or organization, for health  
24 benefits coverage under subsection b. shall be the payment  
25 obligations applicable to the employee on the date the employee  
26 retires on a disability pension or the date the employee meets the  
27 service credit and service requirements for the employer payment  
28 for the coverage, as the case may be.

29 (cf: P.L.2001, c.209, s.4)

30

31 31. (New section) The State Health Benefits Commission shall  
32 ensure that every contract purchased by the commission on or after  
33 the effective of P.L. , c. (C. )(pending before the Legislature  
34 as this bill) to provide benefits under the State managed care plans  
35 includes a disease and chronic care management plan for specified  
36 conditions meeting nationally recognized accreditation standards  
37 and including specified outcome measures and objectives for  
38 disease and chronic care management.

39

40 32. N.J.S.18A:66-35 is amended to read as follows:

41 18A:66-35. Any member who has at least 3 years of service to  
42 his credit for which he has contributed as a member may borrow  
43 from the retirement system, an amount equal to not more than 50%  
44 of the amount of his accumulated deductions, but not less than  
45 \$50.00; provided, that the amount so borrowed, together with  
46 interest thereon, can be repaid by additional deductions from  
47 compensation, not in excess of 25% of the member's compensation,  
48 made at the same time compensation is paid to the member. The

1 amount so borrowed, together with interest [at the rate of 4% per  
2 annum] on any unpaid balance thereof, shall be repaid to the  
3 retirement system in equal installments by deduction from the  
4 compensation of the member at the time the compensation is paid or  
5 in such lump sum amount to repay the balance of the loan but such  
6 installment shall be at least equal to the member's rate of  
7 contribution to the retirement system and at least sufficient to repay  
8 the amount borrowed with interest thereon. Not more than two  
9 loans may be granted to any member in any calendar year.  
10 Notwithstanding any other law affecting the salary or compensation  
11 of any person or persons to whom this article applies or shall apply,  
12 the additional deductions required to repay the loan shall be made.

13 The rate of interest for a loan requested by a member prior to the  
14 effective date of P.L. , c. (C. )(pending before the Legislature  
15 as this bill) shall be 4% per annum on any unpaid balance thereof.  
16 For a loan requested after the effective date of that act, the rate of  
17 interest per annum shall be a commercially reasonable rate as  
18 required by the Internal Revenue Code to be determined by the  
19 State Treasurer on that effective date, and on January 1 of each  
20 calendar year thereafter. An administrative fee in an amount set by  
21 the State Treasurer for each calendar year may be charged for any  
22 loan requested after the effective date of P.L. , c. (C. )  
23 (pending before the Legislature as this bill). Loans shall be made to  
24 a member from his accumulated deductions. The interest earned on  
25 such loans shall be treated in the same manner as interest earned  
26 from investments of the retirement system.

27 (cf: P.L.1981, c.212, s.1)

28

29 33. Section 2 of P.L.1981, c.212 (C.18A:66-35.1) is amended to  
30 read as follows:

31 2. In the case of any member who retires without paying the  
32 full amount so borrowed, the Division of Pensions and Benefits  
33 shall deduct from the retirement benefit payments the same monthly  
34 amount which was deducted from the compensation of the member  
35 immediately preceding retirement until the balance of the amount  
36 borrowed together with the interest [at the rate of 4% per annum] is  
37 repaid. In the case of a pensioner who dies before the outstanding  
38 balance of the loan and interest thereon has been recovered, the  
39 remaining balance shall be repaid from the proceeds of any other  
40 benefit payable on the account of the pensioner either in the form of  
41 monthly payments due to his beneficiaries or in the form of lump  
42 sum payments payable for pension or group life insurance.

43 (cf: P.L.1999, c.132, s.1)

44

45 34. Section 1 of P.L.1997, c.25 (C.43:6A-34.3) is amended to  
46 read as follows:

47 1. Notwithstanding any provision to the contrary, any member  
48 who has at least three years of service to the member's credit for

1 which the member has contributed as a member may borrow from  
2 the retirement system, an amount equal to not more than 50% of the  
3 amount of the member's accumulated deductions, but not less than  
4 \$50.00; provided, that the amount so borrowed, together with  
5 interest thereon, can be repaid by additional deductions from  
6 compensation, not in excess of 25% of the member's compensation,  
7 made at the same time compensation is paid to the member. The  
8 amount so borrowed, together with interest [at the rate of 4% per  
9 annum] on any unpaid balance thereof, shall be repaid to the  
10 retirement system in equal installments by deduction from the  
11 compensation of the member at the time the compensation is paid or  
12 in such lump sum amount to repay the balance of the loan but such  
13 installments shall be at least equal to the member's rate of  
14 contribution to the retirement system and at least sufficient to repay  
15 the amount borrowed with interest thereon. Not more than two  
16 loans may be granted to any member in any calendar year.  
17 Notwithstanding any other law affecting the salary or compensation  
18 of any person or persons to whom this act applies or shall apply, the  
19 additional deductions required to repay the loan shall be made.

20 The rate of interest for a loan requested by a member prior to the  
21 effective date of P.L. , c. (C. )(pending before the Legislature  
22 as this bill) shall be 4% per annum on any unpaid balance thereof.  
23 For a loan requested after the effective date of that act, the rate of  
24 interest per annum shall be a commercially reasonable rate as  
25 required by the Internal Revenue Code to be determined by the  
26 State Treasurer on that effective date, and on January 1 of each  
27 calendar year thereafter. An administrative fee in an amount set by  
28 the State Treasurer for each calendar year may be charged for any  
29 loan requested after the effective date of P.L. , c. (C. )  
30 (pending before the Legislature as this bill).

31 Loans shall be made to a member from the member's  
32 accumulated deductions. The interest earned on such loans shall be  
33 treated in the same manner as interest earned from investments of  
34 the retirement system.

35 (cf: P.L.1997, c.25, s.1)

36

37 35. Section 2 of P.L.1997, c.25 (C.43:6A-34.4) is amended to  
38 read as follows:

39 2. In the case of any member who retires without repaying the  
40 full amount so borrowed, the Division of Pensions and Benefits  
41 shall deduct from the retirement benefit payments the same monthly  
42 amount which was deducted from the compensation of the member  
43 immediately preceding retirement until the balance of the amount  
44 borrowed together with the interest [at the rate of 4% per annum] is  
45 repaid. In the case of a pensioner who dies before the outstanding  
46 balance of the loan and interest thereon has been recovered, the  
47 remaining balance shall be repaid from the proceeds of any other  
48 benefits payable on the account of the pensioner either in the form

1 of monthly payments due to the pensioner's beneficiaries or in the  
2 form of lump sum payments payable for pension or group life  
3 insurance.

4 (cf: P.L.1999, c.132, s.4)

5

6 36. Section 34 of P.L.1954, c.84 (C.43:15A-34) is amended to  
7 read as follows:

8 34. Any member who has at least 3 years of service to his credit  
9 for which he has contributed as a member may borrow from the  
10 retirement system, an amount equal to not more than 50% of the  
11 amount of his accumulated deductions, but not less than \$50.00;  
12 provided, that the amount so borrowed, together with interest  
13 thereon, can be repaid by additional deductions from compensation,  
14 not in excess of 25% of the member's compensation, made at the  
15 same time compensation is paid to the member. The amount so  
16 borrowed, together with interest [at the rate of 4% per annum] on  
17 any unpaid balance thereof, shall be repaid to the retirement system  
18 in equal installments by deduction from the compensation of the  
19 member at the time the compensation is paid or in such lump sum  
20 amount to repay the balance of the loan but such installments shall  
21 be at least equal to the member's rate of contribution to the  
22 retirement system and at least sufficient to repay the amount  
23 borrowed with interest thereon. Not more than two loans may be  
24 granted to any member in any calendar year. Notwithstanding any  
25 other law affecting the salary or compensation of any person or  
26 persons to whom this act applies or shall apply, the additional  
27 deductions required to repay the loan shall be made.

28 The rate of interest for a loan requested by a member prior to the  
29 effective date of P.L. , c. (C. )(pending before the Legislature  
30 as this bill) shall be 4% per annum on any unpaid balance thereof.  
31 For a loan requested after the effective date of that act, the rate of  
32 interest per annum shall be a commercially reasonable rate as  
33 required by the Internal Revenue Code to be determined by the  
34 State Treasurer on that effective date, and on January 1 of each  
35 calendar year thereafter. An administrative fee in an amount set by  
36 the State Treasurer for each calendar year may be charged for any  
37 loan requested after the effective date of P.L. , c. (C. )  
38 (pending before the Legislature as this bill).

39 Loans shall be made to a member from his accumulated  
40 deductions. The interest earned on such loans shall be treated in the  
41 same manner as interest earned from investments of the retirement  
42 system.

43 (cf: P.L.1981, c.55, s.1)

44

45 37. Section 2 of P.L.1981, c.55 (C.43:15A-34.1) is amended to  
46 read as follows:

47 2. In the case of any member who retires without repaying the  
48 full amount so borrowed, the Division of Pensions and Benefits

1 shall deduct from the retirement benefit payments the same monthly  
2 amount which was deducted from the compensation of the member  
3 immediately preceding retirement until the balance of the amount  
4 borrowed together with the interest [at the rate of 4% per annum] is  
5 repaid. In the case of a pensioner who dies before the outstanding  
6 balance of the loan and interest thereon has been recovered, the  
7 remaining balance shall be repaid from the proceeds of any other  
8 benefits payable on the account of the pensioner either in the form  
9 of monthly payments due to his beneficiaries or in the form of lump  
10 sum payments payable for pension or group life insurance.

11 (cf: P.L.1999, c.132, s.2)

12

13 38. Section 18 of P.L.1964, c.241 (C.43:16A-16.1) is amended  
14 to read as follows:

15 18. Any member who has at least 3 years of service to his credit  
16 for which he has contributed as a member may borrow from the  
17 retirement system, an amount equal to not more than 50% of the  
18 amount of his aggregate contributions, but not less than \$50.00;  
19 provided that the amount so borrowed, together with interest  
20 thereon, can be repaid by additional deductions from salary, not in  
21 excess of 25% of the member's salary, made at the time the salary  
22 is paid to the member. The amount so borrowed, together with  
23 interest [at the rate of 4% per annum] on any unpaid balance  
24 thereof, shall be repaid to the retirement system in equal  
25 installments by deductions from the salary of the member at the  
26 time the salary is paid or in such lump sum amount to repay the  
27 balance of the loan but such installments shall be at least equal to  
28 the member's rate of contribution to the retirement system and at  
29 least sufficient to repay the amount borrowed with interest thereon.  
30 Not more than two loans may be granted to any member in any  
31 calendar year. Notwithstanding any other law affecting the salary  
32 or compensation of any person or persons to whom this act applies  
33 or shall apply, the additional deductions required to repay the loan  
34 shall be made.

35 The rate of interest for a loan requested by a member prior to the  
36 effective date of P.L. , c. (C. )(pending before the Legislature  
37 as this bill) shall be 4% per annum on any unpaid balance thereof.  
38 For a loan requested after the effective date of that act, the rate of  
39 interest per annum shall be a commercially reasonable rate as  
40 required by the Internal Revenue Code to be determined by the  
41 State Treasurer on that effective date, and on January 1 of each  
42 calendar year thereafter. An administrative fee in an amount set by  
43 the State Treasurer for each calendar year may be charged for any  
44 loan requested after the effective date of P.L. , c. (C. )  
45 (pending before the Legislature as this bill).

46 Loans shall be made to a member from his aggregate  
47 contributions. The interest earned on such loans shall be treated in

1 the same manner as interest earned from investments of the  
2 retirement system.

3 (cf: P.L.1981, c.370, s.1)

4

5 39. Section 2 of P.L.1981, c.370 (C.43:16A-16.2) is amended to  
6 read as follows:

7 2. In the case of any member who retires without repaying the  
8 full amount so borrowed, the Division of Pensions and Benefits  
9 shall deduct from the retirement benefit payments the same monthly  
10 amount which was deducted from the compensation of the member  
11 immediately preceding retirement until the balance of the amount  
12 borrowed together with the interest **【at the rate of 4% per annum】** is  
13 repaid. In the case of a pensioner who dies before the outstanding  
14 balance of the loan and interest thereon has been recovered, the  
15 remaining balance shall be repaid from the proceeds of any other  
16 benefits payable on the account of the pensioner either in the form  
17 of monthly payments due to his beneficiaries or in the form of lump  
18 sum payments payable for pension or group life insurance.

19 (cf: P.L.1999, c.132, s.3)

20

21 40. Section 29 of P.L.1965, c.89 (C.53:5A-29) is amended to  
22 read as follows:

23 29. Any member who has at least three years of service to the  
24 member's credit for which the member has contributed as a member  
25 may borrow from the retirement system, an amount equal to not  
26 more than 50% of the amount of the member's aggregate  
27 contributions, but not less than \$50.00; provided, that the amount so  
28 borrowed, together with interest thereon, can be repaid by  
29 additional deductions from salary, not in excess of 25% of the  
30 member's salary, made at the time the salary is paid to the member.  
31 The amount so borrowed, together with interest **【at the rate of 4%**  
32 **per annum】** on any unpaid balance thereof, shall be repaid to the  
33 retirement system in equal installments by deductions from the  
34 salary of the member at the time the salary is paid or in such lump  
35 sum amount to repay the balance of the loan but such installments  
36 shall be at least equal to the member's rate of contribution to the  
37 retirement system and at least sufficient to repay the amount  
38 borrowed with interest thereon. Not more than two loans may be  
39 granted to any member in any calendar year. Notwithstanding any  
40 other law affecting the salary or compensation of any person or  
41 persons to whom this act applies or shall apply, the additional  
42 deductions required to repay the loan shall be made.

43 The rate of interest for a loan requested by a member prior to the  
44 effective date of P.L. , c. (C. )(pending before the Legislature  
45 as this bill) shall be 4% per annum on any unpaid balance thereof.  
46 For a loan requested after the effective date of that act, the rate of  
47 interest per annum shall be a commercially reasonable rate as  
48 required by the Internal Revenue Code to be determined by the

1 State Treasurer on that effective date, and on January 1 of each  
2 calendar year thereafter. An administrative fee in an amount set by  
3 the State Treasurer for each calendar year may be charged for any  
4 loan requested after the effective date of P.L. , c. (C. )  
5 (pending before the Legislature as this bill).

6 Loans shall be made to a member from the member's aggregate  
7 contributions. The interest earned on such loans shall be treated in  
8 the same manner as interest earned from investments of the  
9 retirement system.

10 In the case of any member who retires without repaying the full  
11 amount so borrowed, the Division of Pensions and Benefits shall  
12 deduct from the retirement allowance payments the same monthly  
13 amount which was deducted from the salary of the member  
14 immediately preceding retirement until the balance of the amount  
15 borrowed together with the interest [at the rate of 4% per annum] is  
16 repaid. In the case of a retirant who dies before the outstanding  
17 balance of the loan and interest thereon has been recovered, the  
18 remaining balance shall be repaid from the proceeds of any other  
19 benefits payable on the account of the retirant either in the form of  
20 monthly payments due to the retirant's beneficiaries or in the form  
21 of lump sum payments payable for pension or group life insurance.  
22 (cf: P.L.1999, c.132, s.5)

23

24 41. (New Section) a. Upon the termination of the Teachers'  
25 Pension and Annuity Fund, the Public Employees' Retirement  
26 System, the Judicial Retirement System, the Police and Firemen's  
27 Retirement System, the State Police Retirement System, the Prison  
28 Officers' Pension Fund, or the Consolidated Police and Firemen's  
29 Fund, or upon complete discontinuance of contributions to any of  
30 the retirement systems, the rights of all members of such retirement  
31 system to benefits accrued to the date of such termination or  
32 discontinuance, to the extent then funded, are non-forfeitable.

33 b. Notwithstanding any law, rule or regulation to the contrary,  
34 the form and timing of all distributions from the Teachers' Pension  
35 and Annuity Fund, the Public Employees' Retirement System, the  
36 Judicial Retirement System, the Police and Firemen's Retirement  
37 System, the State Police Retirement System, the Prison Officers'  
38 Pension Fund, or the Consolidated Police and Firemen's Fund, to a  
39 member, or to the beneficiary of a member if the member dies  
40 before the member's entire interest has been distributed, shall  
41 conform to the required distribution provisions of section 401(a)(9)  
42 of the federal Internal Revenue Code and the regulations issued by  
43 the United States Department of the Treasury under that Code  
44 section, including the incidental death benefit requirements of  
45 section 401(a)(9)(G) of the federal Internal Revenue Code. In  
46 addition, in no event shall payments under any of the retirement  
47 systems commence to be paid to a member later than the member's  
48 required beginning date, without regard to whether the member has

1 filed application therefor. For this purpose, a member's required  
2 beginning date is the April 1 of the calendar year following the later  
3 of (1) the calendar year in which the member attains age 70 ½ or (2)  
4 the calendar year in which the member retires. The actuarial  
5 adjustment described in section 401(a)(9)(C)(iii) of the federal  
6 Internal Revenue Code shall not apply.

7  
8 42. (New section) Notwithstanding any law, rule or regulation  
9 to the contrary, a political subdivision of the State, or an agency,  
10 authority or instrumentality thereof, that has adopted the provisions  
11 of Title 11A of the New Jersey Statutes, shall not pay supplemental  
12 compensation to any officer or employee for accumulated unused  
13 sick leave in an amount in excess of \$15,000, except that an officer  
14 or employee who:

15 (1) on the effective date of P.L. , c. (C. )(pending before  
16 the Legislature as this bill), or upon the expiration of a collective  
17 negotiations agreement or contract of employment applicable to that  
18 officer or employee in effect on that date has accrued supplemental  
19 compensation based upon accumulated unused sick leave shall,  
20 upon retirement, be eligible to receive for any unused leave not  
21 more than the amount so accumulated or not more than \$15,000,  
22 whichever is greater; or

23 (2) becomes an officer or employee after the effective date of  
24 P.L. , c. (C. )(pending before the Legislature as this bill) and  
25 has previously accrued supplemental compensation based upon  
26 accumulated unused sick leave shall, upon retirement, be eligible to  
27 receive for any unused leave not more than the amount so  
28 previously accumulated or not more than \$15,000, whichever is  
29 greater.

30 Supplemental compensation shall be payable only at the time of  
31 retirement from a State-administered or locally-administered  
32 retirement system based on the leave credited on the date of  
33 retirement.

34 As used in this section, "officer or employee" means an elected  
35 official; or a person appointed by the Governor with the advice and  
36 consent of the Senate, or appointed by the Governor to serve at the  
37 pleasure of the Governor only during his or her term of office; or a  
38 person appointed by an elected public official or elected governing  
39 body of a political subdivision of the State, with the specific  
40 consent or approval of the elected governing body of the political  
41 subdivision that is substantially similar in nature to the advice and  
42 consent of the Senate for appointments by the Governor of the State  
43 as that similarity is determined by the elected governing body and  
44 set forth in an adopted ordinance or resolution, pursuant to  
45 guidelines or policy that shall be established by the Local Finance  
46 Board in the Department of Community Affairs, but not including a  
47 person who is employed or appointed in the regular or normal  
48 course of employment or appointment procedures and consented to

1 or approved in a general or routine manner appropriate for and  
2 followed by the political subdivision, or the agency, authority or  
3 instrumentality of a subdivision, or a person who holds a  
4 professional license or certificate to perform and is performing as a  
5 certified health officer, tax assessor, tax collector, municipal  
6 planner, chief financial officer, registered municipal clerk,  
7 construction code official, licensed uniform subcode inspector,  
8 qualified purchasing agent, or certified public works manager.  
9

10 43. (New section) Notwithstanding any law, rule or regulation  
11 to the contrary, a political subdivision of the State, or an agency,  
12 authority or instrumentality thereof, that has not adopted the  
13 provisions of Title 11A of the New Jersey Statutes, shall not pay  
14 supplemental compensation to any officer or employee for  
15 accumulated unused sick leave in an amount in excess of \$15,000,  
16 except that an officer or employee who:

17 (1) on the effective date of P.L. , c. (C. )(pending before  
18 the Legislature as this bill), or upon the expiration of a collective  
19 negotiations agreement or contract of employment applicable to that  
20 officer or employee in effect on that date has accrued supplemental  
21 compensation based upon accumulated unused sick leave shall,  
22 upon retirement, be eligible to receive for any unused leave not  
23 more than the amount so accumulated or not more than \$15,000,  
24 whichever is greater; or

25 (2) becomes an officer or employee after the effective date of  
26 P.L. , c. (C. )(pending before the Legislature as this bill) and  
27 has previously accrued supplemental compensation based upon  
28 accumulated unused sick leave shall, upon retirement, be eligible to  
29 receive for any unused leave not more than the amount so  
30 previously accumulated or not more than \$15,000, whichever is  
31 greater.

32 Supplemental compensation shall be payable only at the time of  
33 retirement from a State-administered or locally-administered  
34 retirement system based on the leave credited on the date of  
35 retirement.

36 As used in this section, “officer or employee” means an elected  
37 official; or a person appointed by the Governor with the advice and  
38 consent of the Senate, or appointed by the Governor to serve at the  
39 pleasure of the Governor only during his or her term of office; or a  
40 person appointed by an elected public official or elected governing  
41 body of a political subdivision of the State, with the specific  
42 consent or approval of the elected governing body of the political  
43 subdivision that is substantially similar in nature to the advice and  
44 consent of the Senate for appointments by the Governor of the State  
45 as that similarity is determined by the elected governing body and  
46 set forth in an adopted ordinance or resolution, pursuant to  
47 guidelines or policy that shall be established by the Local Finance  
48 Board in the Department of Community Affairs, but not including a

1 person who is employed or appointed in the regular or normal  
2 course of employment or appointment procedures and consented to  
3 or approved in a general or routine manner appropriate for and  
4 followed by the political subdivision, or the agency, authority or  
5 instrumentality of a subdivision, or a person who holds a  
6 professional license or certificate to perform and is performing as a  
7 certified health officer, tax assessor, tax collector, municipal  
8 planner, chief financial officer, registered municipal clerk,  
9 construction code official, licensed uniform subcode inspector,  
10 qualified purchasing agent, or certified public works manager.

11

12 44. (New section) Notwithstanding any law, rule or regulation  
13 to the contrary, a board of education, or an agency or  
14 instrumentality thereof, shall not pay supplemental compensation to  
15 any officer or employee for accumulated unused sick leave in an  
16 amount in excess of \$15,000, except that an officer or employee  
17 who:

18 (1) on the effective date of P.L. , c. (C. )(pending before  
19 the Legislature as this bill), or upon the expiration of a collective  
20 negotiations agreement or contract of employment applicable to that  
21 officer or employee in effect on that date has accrued supplemental  
22 compensation based upon accumulated unused sick leave shall,  
23 upon retirement, be eligible to receive for any unused leave not  
24 more than the amount so accumulated or not more than \$15,000,  
25 whichever is greater; or

26 (2) becomes an officer or employee after the effective date of  
27 P.L. , c. (C. )(pending before the Legislature as this bill) and  
28 has previously accrued supplemental compensation based upon  
29 accumulated unused sick leave shall, upon retirement, be eligible to  
30 receive for any unused leave not more than the amount so  
31 previously accumulated or not more than \$15,000, whichever is  
32 greater.

33 Supplemental compensation shall be payable only at the time of  
34 retirement from a State-administered or locally-administered  
35 retirement system based on the leave credited on the date of  
36 retirement.

37 As used in this section, "officer or employee" means an elected  
38 official; or a person appointed by the Governor with the advice and  
39 consent of the Senate, or appointed by the Governor to serve at the  
40 pleasure of the Governor only during his or her term of office; or a  
41 person appointed by an elected public official or elected governing  
42 body of the political subdivision, with the specific consent or  
43 approval of the elected governing body of the political subdivision  
44 that is substantially similar in nature to the advice and consent of  
45 the Senate for appointments by the Governor of the State as that  
46 similarity is determined by the elected governing body and set forth  
47 in an adopted resolution, pursuant to guidelines or policy that shall  
48 be established by the Department of Education, but not including a

1 person who is employed or appointed in the regular or normal  
2 course of employment or appointment procedures and consented to  
3 or approved in a general or routine manner appropriate for and  
4 followed by the political subdivision, or the agency or  
5 instrumentality thereof.

6  
7 45. (New section) Notwithstanding any law or any rule or  
8 regulation to the contrary, an officer or employee of a political  
9 subdivision of the State, or an agency, authority, or instrumentality  
10 of a subdivision, that has not adopted the provisions of Title 11A,  
11 Civil Service, of the New Jersey Statutes, who does not take  
12 vacation leave that accrues on or after the effective date of P.L. ,  
13 c. (C. )(pending before the Legislature as this bill), or on or  
14 after the date on which the person becomes an officer or employee,  
15 in a given year because of business demands shall be granted that  
16 accrued leave only during the next succeeding year.

17 However, vacation leave not taken in a given year because of  
18 duties directly related to a state of emergency declared by the  
19 Governor may accumulate at the discretion of the appointing  
20 authority until, pursuant to a plan established by the officer or  
21 employee's appointing authority, the leave is used or the employee  
22 or officer is compensated for that leave, which shall not be subject  
23 to collective negotiation or collective bargaining.

24 A person who (1) is an officer or employee on the effective date  
25 of P.L. , c. (C. )(pending before the Legislature as this bill),  
26 or (2) becomes an officer or employee after that effective date, and  
27 has previously accrued vacation leave shall be eligible and shall be  
28 permitted to retain and use that accrued vacation leave.

29 As used in this section, "officer or employee" means an elected  
30 official; or a person appointed by the Governor with the advice and  
31 consent of the Senate, or appointed by the Governor to serve at the  
32 pleasure of the Governor only during his or her term of office; or a  
33 appointed by an elected public official or elected governing body of  
34 a political subdivision of the State, with the specific consent or  
35 approval of the elected governing body of the political subdivision  
36 that is substantially similar in nature to the advice and consent of  
37 the Senate for appointments by the Governor of the State as that  
38 similarity is determined by the elected governing body and set forth  
39 in an adopted ordinance or resolution, pursuant to guidelines or  
40 policy that shall be established by the Local Finance Board in the  
41 Department of Community Affairs, but not including a person who  
42 is employed or appointed in the regular or normal course of  
43 employment or appointment procedures and consented to or  
44 approved in a general or routine manner appropriate for and  
45 followed by the political subdivision, or the agency, authority or  
46 instrumentality of a subdivision, or a person who holds a  
47 professional license or certificate to perform and is performing as a  
48 certified health officer, tax assessor, tax collector, municipal

1 planner, chief financial officer, registered municipal clerk,  
2 construction code official, licensed uniform subcode inspector,  
3 qualified purchasing agent, or certified public works manager.  
4

5 46. (New section) Notwithstanding any law, rule or regulation  
6 to the contrary, an officer or employee of a board of education, or  
7 an agency or instrumentality thereof, who does not take vacation  
8 leave that accrues on or after the effective date of P.L. ,  
9 c. (C. ) (pending before the Legislature as this bill), or on or  
10 after the date on which the person becomes an officer or employee,  
11 in a given year because of business demands shall be granted that  
12 accrued leave only during the next succeeding year.

13 However, vacation leave not taken in a given year because of  
14 duties directly related to a state of emergency declared by the  
15 Governor may accumulate at the discretion of the appointing  
16 authority until, pursuant to a plan established by the officer or  
17 employee's appointing authority, the leave is used or the employee  
18 or officer is compensated for that leave, which shall not be subject  
19 to collective negotiation or collective bargaining.

20 A person who (1) is an officer or employee on the effective date  
21 of P.L. , c. (C. )(pending before the Legislature as this bill),  
22 or (2) becomes an officer or employee after that effective date, and  
23 has previously accrued vacation leave shall be eligible and shall be  
24 permitted to retain and use that accrued vacation leave.

25 As used in this section, "officer or employee" means an elected  
26 official; or a person appointed by the Governor with the advice and  
27 consent of the Senate, or appointed by the Governor to serve at the  
28 pleasure of the Governor only during his or her term of office; or a  
29 person appointed by an elected public official or elected governing  
30 body of the political subdivision, with the specific consent or  
31 approval of the elected governing body of the political subdivision  
32 that is substantially similar in nature to the advice and consent of  
33 the Senate for appointments by the Governor of the State as that  
34 similarity is determined by the elected governing body and set forth  
35 in an adopted resolution, pursuant to guidelines or policy that shall  
36 be established by the Department of Education, but not including a  
37 person who is employed or appointed in the regular or normal  
38 course of employment or appointment procedures and consented to  
39 or approved in a general or routine manner appropriate for and  
40 followed by the political subdivision, or the agency or  
41 instrumentality thereof.  
42

43 47. Nothing contained in sections 42 through 46 of P.L. ,  
44 c. (C. ) (pending before the Legislature as this bill) shall be  
45 construed as affecting the provisions of any collective bargaining  
46 agreement or individual contract of employment in effect on that  
47 act's effective date.

1       48. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended  
2 to read as follows:

3       36. Notwithstanding the provisions of any other law to the  
4 contrary, [a municipality, or a municipal authority created by a  
5 municipality pursuant to P.L.1946, c.138 (C.40:14A-1 et seq.) or  
6 P.L.1957, c.183 (C.40:14B-1 et seq.), or a county college] an  
7 employer other than the State which participates in the State Health  
8 Benefits Program, established pursuant to P.L.1961, c.49 (C.52:14-  
9 17.25 et seq.), may allow any employee who is eligible for other  
10 health care coverage to waive coverage under the State Health  
11 Benefits Program to which the employee is entitled by virtue of  
12 employment with the [municipality, the municipal authority or the  
13 county college] employer. The waiver shall be in such form as the  
14 Director of the Division of Pensions and Benefits shall prescribe  
15 and shall be filed with the division. After such waiver has been  
16 filed and for so long as that waiver remains in effect, no premium  
17 shall be required to be paid by the [municipality, the municipal  
18 authority, or the county college as the case may be,] employer for  
19 the employee or the employee's dependents. Not later than the  
20 180th day after the date on which the waiver is filed, the division  
21 shall refund to the [municipality, the municipal authority or the  
22 county college] employer the amount of any premium previously  
23 paid by the [municipality, the municipal authority or the county  
24 college] employer with respect to any period of coverage which  
25 followed the filing date. In consideration of filing such a waiver, [a  
26 municipality, a municipal authority or a county college] an  
27 employer may pay to the employee annually an amount, to be  
28 established in the sole discretion of the [municipality, the municipal  
29 authority or the county college] employer, which shall not exceed  
30 50% of the amount saved by the [municipality, the municipal  
31 authority or the county college] employer because of the  
32 employee's waiver of coverage. An employee who waives  
33 coverage shall be permitted to immediately resume coverage if the  
34 employee ceases to be [covered through the employee's spouse]  
35 eligible for other health care coverage for any reason, including, but  
36 not limited to, the retirement or death of the spouse or divorce. An  
37 employee who resumes coverage shall repay, on a pro rata basis,  
38 any amount received from the [municipality, the municipal  
39 authority or the county college] employer which represents an  
40 advance payment for a period of time during which coverage is  
41 resumed. An employee who wishes to resume coverage shall notify  
42 the [municipality, the municipal authority or the county college]  
43 employer in writing and file a declaration with the division, in such  
44 form as the director of the division shall prescribe, that the waiver is  
45 revoked. The decision of [a municipality, a municipal authority or  
46 a county college] an employer to allow its employees to waive

1 coverage and the amount of consideration to be paid therefor shall  
2 not be subject to the collective bargaining process.

3 (cf: P.L.2003, c.3, s.2)

4

5 <sup>2</sup>[<sup>1</sup>49. R.S.19:3-5 is amended to read as follows:

6 19:3-5. No person shall hold at the same time more than one of  
7 the following offices: elector of President and Vice-President of the  
8 United States, member of the United States Senate, member of the  
9 House of Representatives of the United States, member of the  
10 Senate or of the General Assembly of this State, county clerk,  
11 register, surrogate or sheriff.

12 No person shall hold the office of member of the Senate or the  
13 General Assembly of this State and, at the same time, hold any  
14 other elective public office in this State, except that any person who  
15 holds the office of member of the Senate or the General Assembly  
16 and, at the same time, holds any other elective public office on the  
17 effective date specified in P.L. , c. (C. )(pending before  
18 the Legislature as this bill) may continue to hold the office of  
19 member of the Senate or the General Assembly, and may hold the  
20 other elective public office at the same time if service in the Senate  
21 or the General Assembly and the other elective office are  
22 continuous following the effective date specified in P.L. , c.  
23 (C. ) (pending before the Legislature as this bill).

24 No person shall be elected an elector of President and Vice-  
25 President of the United States unless he shall possess the  
26 qualifications of a legal voter of the State, shall be of the age of 25  
27 years or upwards and shall have been a citizen of the United States  
28 **[7] seven** years next preceding such election.

29 No person shall be elected a member of the House of  
30 Representatives, or an elector of President and Vice-President who  
31 shall hold any office of trust or profit under the United States.<sup>1</sup>

32 (cf: P.L.1971, c.2, s.9)]<sup>2</sup>

33

34 <sup>2</sup>[<sup>1</sup>50. N.J.S.40A:9-4 is amended to read as follows:

35 40A:9-4. (1) It shall be **[lawful]** unlawful for a person to hold  
36 simultaneously an elective county office and an elective municipal  
37 office.

38 (2) It shall be lawful for a member of the Legislature of the State  
39 to hold simultaneously any **[elective or]** appointive office or  
40 position in county or municipal government.

41 (3) Nothing contained in this section shall be deemed to prevent  
42 the incumbent of any office from abstaining from voting in any  
43 matter in which **[he]** the incumbent believes he or she has a  
44 conflict of duty or of interest, nor to prevent a challenge of a right  
45 to vote on that account under the principles of the common law or  
46 any statute.

47 (4) a. **[Nothing herein contained shall be deemed to repeal or**

1 supersede any statute prohibiting the dual holding of offices or  
 2 positions] (Deleted by amendment, P.L. , c. )(pending before  
 3 the Legislature as this bill).

4 b. **【This section shall apply to persons now holding elective**  
 5 **offices or positions with the counties and municipalities or now**  
 6 **servng as members of the Legislature of the State】** (Deleted by  
 7 amendment, P.L. , c. )(pending before the Legislature as this  
 8 bill).

9 c. For the purposes of this section the term “elective office”  
 10 shall mean an office to which an incumbent is elected by the vote of  
 11 the general electorate.

12 (5) Notwithstanding the provision of paragraph (1) of this  
 13 section, a person who, on the effective date specified in P.L. , c.  
 14 (C. ) (pending before the Legislature as this bill), holds  
 15 simultaneously an elective county office and an elective municipal  
 16 office may continue to hold the elective offices simultaneously if  
 17 service in those elective offices is continuous following the  
 18 effective date specified in P.L. , c. (C. )(pending before  
 19 the Legislature as this bill).<sup>1</sup>

20 (cf: N.J.S.40A:9-4)]<sup>2</sup>

21

22 <sup>2</sup>[<sup>1</sup>51. (New section) a. For elective public office other than as  
 23 provided in R.S.19:3-5 or N.J.S.40A:9-4, a person elected to public  
 24 office in this State shall not hold simultaneously any other elective  
 25 public office.

26 b. Notwithstanding the provision of subsection a. of this section,  
 27 a person who holds simultaneously more than one elective public  
 28 office on the effective date specified in P.L. , c. (C. )(pending  
 29 before the Legislature as this bill) may continue to hold the elective  
 30 public offices simultaneously if service in those elective public  
 31 offices is continuous following the effective date specified in  
 32 P.L. , c. (C. ) (pending before the Legislature as this  
 33 bill).<sup>1</sup>]<sup>2</sup>

34

35 <sup>1</sup>[49.] <sup>2</sup>[<sup>1</sup>52.] <sup>2</sup>49.<sup>2</sup> This act shall take effect on the 30th day  
 36 after the date of enactment, except that sections 1 through 19 shall  
 37 take effect on the July 1, 2007 <sup>1</sup>[and] <sup>2</sup>[<sup>1</sup>] and<sup>2</sup> section 20 shall  
 38 take effect January 1, 2008 <sup>2</sup>[<sup>1</sup>and sections 49, 50, and 51 shall take  
 39 effect February 1, 2008<sup>1</sup>]<sup>2</sup>, but the State may take such anticipatory  
 40 administrative action in advance thereof as shall be necessary for  
 41 the implementation of this act.

1

2

3       Implements various recommendations of Joint Legislative  
4 Committee on Public Employee Benefits Reform concerning  
5 benefits and certain terms and conditions of public office and  
6 employment.