

ASSEMBLY, No. 3671

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 13, 2018

Sponsored by:

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Co-Sponsored by:

Assemblywoman Murphy

SYNOPSIS

Transfers management of PFRS to Board of Trustees of PFRS.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/27/2018)

A3671 JOHNSON, DANCER

2

1 AN ACT concerning the management of the Police and Firemen's
2 Retirement System, amending various parts of the statutory law,
3 and repealing section 1 of P.L.1947, c.217.

4

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

7

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

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

14 a. **[the]** The maximum retirement allowance, without option,
15 shall be considered the retirement allowance originally granted to
16 any retirant who, at retirement, elected an Option I allowance
17 pursuant to the provisions of the statutes stipulated in subsection b.
18 of section 1 of this act (C.43:3B-1); and b. the minimum pension
19 granted to any beneficiary stipulated in subsection d. (4) of section
20 1 of this act (C.43:3B-1), shall be considered the pension originally
21 granted to such beneficiary.

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27 shall not be decreased, increased, revoked or repealed except as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

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

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

Matter underlined thus is new matter.

1 (C.43:16A-13).

2 (cf: P.L.2011, c.78, s.25)

3

4 2. Section 5 of P.L.1997, c.113 (C.43:3C-9.5) is amended to
5 read as follows:

6 5. a. For purposes of this section, a "non-forfeitable right to
7 receive benefits" means that the benefits program, for any employee
8 for whom the right has attached, cannot be reduced. The provisions
9 of this section shall not apply to post-retirement medical benefits
10 which are provided pursuant to law.

11 b. Vested members of the Teachers' Pension and Annuity Fund,
12 the Judicial Retirement System, the Prison Officers' Pension Fund,
13 the Public Employees' Retirement System, the Consolidated Police
14 and Firemen's Pension Fund, the Police and Firemen's Retirement
15 System, and the State Police Retirement System, upon the
16 attainment of five years of service credit in the retirement system or
17 fund or on the date of enactment of this bill, whichever is later,
18 shall have a non-forfeitable right to receive benefits as provided
19 under the laws governing the retirement system or fund upon the
20 attainment of five years of service credit in the retirement system or
21 fund or on the effective date of this act, whichever is later. This
22 subsection shall not be applicable to a person who becomes a
23 member of these systems or funds on or after the effective date of
24 P.L.2010, c.1, except that such person shall not include a person
25 who at the time of enrollment in the retirement system or fund on or
26 after that effective date transfers service credit, as permitted, from
27 another State-administered retirement system or fund of which the
28 person was a member immediately prior to the effective date and
29 continuously thereafter, but shall include a former member of the
30 retirement system or fund who has been granted a retirement
31 allowance and is reenrolled in the retirement system or fund on or
32 after that effective date after becoming employed again in a position
33 that makes the person eligible to be a member of the retirement
34 system.

35 c. (1) The State and all other applicable employers shall make
36 their annual normal contribution to each system or fund as
37 determined by the applicable board of trustees in consultation with
38 the system's or fund's actuary. The State and all other applicable
39 employers shall also make their annual unfunded accrued liability
40 contribution to each system or fund as determined by the applicable
41 board in consultation with the system's or fund's actuary, pursuant
42 to standard actuarial practices authorized by law, unless: (1) there
43 is no existing unfunded accrued liability contribution due to the
44 system or fund at the close of the valuation period applicable to the
45 upcoming fiscal year; or (2) there are excess valuation assets in
46 excess of the actuarial accrued liability of the system or fund at the
47 close of the valuation period applicable to the upcoming fiscal year.
48 The annual normal contribution plus the annual unfunded accrued

1 liability contribution shall together be the annual required
2 contribution, provided, however, that for the State, section 38 of
3 P.L.2010, c.1 (C.43:3C-14) shall apply with regard to the State's
4 annual required contribution. The amount of the State's annually
5 required contributions shall be included in all annual appropriations
6 acts as a dedicated line item.

7 (2) Each member of the Teachers' Pension and Annuity Fund,
8 the Judicial Retirement System, the Prison Officers' Pension Fund,
9 the Public Employees' Retirement System, the Consolidated Police
10 and Firemen's Pension Fund, the Police and Firemen's Retirement
11 System, and the State Police Retirement System shall have a
12 contractual right to the annual required contribution amount being
13 made by the member's employer or by any other public entity. The
14 contractual right to the annual required contribution means that the
15 employer or other public entity shall make the annual required
16 contribution on a timely basis to help ensure that the retirement
17 system is securely funded and that the retirement benefits to which
18 the members are entitled by statute and in consideration for their
19 public service and in compensation for their work will be paid upon
20 retirement. The failure of the State or any other public employer to
21 make the annually required contribution shall be deemed to be an
22 impairment of the contractual right of each employee. The Superior
23 Court, Law Division shall have jurisdiction over any action brought
24 by a member of any system or fund or any board of trustees to
25 enforce the contractual right set forth in this subsection. The State
26 and other public employers shall submit to the jurisdiction of the
27 Superior Court, Law Division and shall not assert sovereign
28 immunity in such an action. If a member or board prevails in
29 litigation to enforce the contractual right set forth in this subsection,
30 the court may award that party their reasonable attorney's fees.

31 d. This act shall not be construed to preclude forfeiture,
32 suspension or reduction in benefits for dishonorable service.

33 e. Except as expressly provided herein and only to the extent
34 so expressly provided, nothing in this act shall be deemed to (1)
35 limit the right of the State to alter, modify or amend such retirement
36 systems and funds, or (2) create in any member a right in the corpus
37 or management of a retirement system or pension fund. The rights
38 reserved to the State in this subsection shall not diminish the
39 contractual rights of employees established by subsections a., b.,
40 and c. of this section.

41 f. Nothing in the provisions of P.L. , c. (pending before the
42 Legislature as this bill) shall be interpreted to diminish the non-
43 forfeitable right to benefits provided to any member of the Police
44 and Firemen's Retirement System under State law or affirmed by a
45 ruling or holding of a court in the Judiciary Branch of State
46 government.

47 (cf: P.L.2011, c.78, s.26)

1 3. Section 33 of P.L.2011, c.78 (C.43:3C-17) is amended to
2 read as follows:

3 33. Whenever a committee of the Public Employees' Retirement
4 System, the Teachers' Pension and Annuity Fund, [the Police and
5 Firemen's Retirement System,] or the State Police Retirement
6 System fails to render a decision on a matter before the committee
7 because it has not received a vote of the majority of the committee
8 members after 60 days have passed following the initial
9 consideration of the matter, the committee shall utilize a super
10 conciliator, randomly selected from a list developed by the New
11 Jersey Public Employment Relations Commission. The super
12 conciliator shall assist the committee based upon procedures and
13 subject to qualifications established by the commission pursuant to
14 regulation.

15 The super conciliator shall promptly schedule investigatory
16 proceedings. The purpose of the proceedings shall be to:

17 Investigate and acquire all relevant information regarding the
18 committee's failure to render a decision;

19 Discuss with the members of the committee their differences,
20 and utilize means and mechanisms, including but not limited to
21 requiring 24-hour per day negotiations, until a voluntary settlement
22 is reached, and provide recommendations to resolve the members'
23 differences; and

24 Institute any other non-binding procedures deemed appropriate
25 by the super conciliator.

26 If the actions taken by the super conciliator fail to resolve the
27 dispute, the super conciliator shall issue a final report, which shall
28 be provided to the committee promptly and made available to the
29 public within 10 days thereafter.

30 The super conciliator, while functioning in a mediatory capacity,
31 shall not be required to disclose any files, records, reports,
32 documents, or other papers classified as confidential which are
33 received or prepared by him or to testify with regard to mediation
34 conducted by him under this section. Nothing contained herein
35 shall exempt an individual from disclosing information relating to
36 the commission of a crime.

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

38

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

41 60. a. Notwithstanding any law, rule or regulation to the
42 contrary, the Teachers' Pension and Annuity Fund, established
43 pursuant to N.J.S.18A:66-1 et seq., the Judicial Retirement System,
44 established pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the
45 Prison Officers' Pension Fund, established pursuant to P.L.1941,
46 c.220 (C.43:7-7 et seq.), the Public Employees' Retirement System,
47 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), the
48 Consolidated Police and Firemen's Pension Fund, established

1 pursuant to R.S.43:16-1 et seq., the Police and Firemen's
2 Retirement System, established pursuant to P.L.1944, c.255
3 (C.43:16A-1 et seq.), and the State Police Retirement System,
4 established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.), are
5 established as qualified governmental defined benefit plans
6 pursuant to sections 401(a) and 414(d) of the federal Internal
7 Revenue Code of 1986 (26 U.S.C. ss.401(a) and 414(d)), as
8 amended, or such other provision of the federal Internal Revenue
9 Code, as applicable, regulations of the U.S. Treasury Department,
10 and other guidance of the federal Internal Revenue Service.

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

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

39 (cf: P.L.2011, c.78, s.60)

40

41 5. Section 1 of P.L.2015, c.180 (C.43:3C-25) is amended to
42 read as follows:

43 1. The Division of Pensions and Benefits in the Department of
44 the Treasury shall provide for the prompt notification in writing of
45 any member or retiree of the Teachers' Pension and Annuity Fund,
46 established pursuant to N.J.S.18A:66-1 et seq., the Judicial
47 Retirement System, established pursuant to P.L.1973, c.140
48 (C.43:6A-1 et seq.), the Public Employees' Retirement System,

1 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.), [the
2 Police and Firemen's Retirement System, established pursuant to
3 P.L.1944, c.255 (C.43:16A-1 et seq.),] the State Police Retirement
4 System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.),
5 the Alternate Benefit Program, established pursuant to P.L.1969,
6 c.242 (C.18A:66-167 et seq.), and the Defined Contribution
7 Retirement Program, established pursuant to P.L.2007, c.92
8 (C.43:15C-1 et seq.), when the member or retiree submits a change
9 to the designation of beneficiary for contributory and non-
10 contributory group life insurance available to the member or retiree
11 through the system, that there is on file a judgment, court order,
12 decree, or other legal document for that member or retiree
13 specifically designating the beneficiary of such life insurance. The
14 Board of Trustees of the Police and Firemen's Retirement System
15 shall provide for the prompt notification in writing of any member
16 or retiree of the Police and Firemen's Retirement System,
17 established pursuant to P.L.1944, c.255 (C.43:16A-1 et seq.), when
18 the member or retiree submits a change to the designation of
19 beneficiary for contributory and non-contributory group life
20 insurance available to the member or retiree through the system,
21 that there is on file a judgment, court order, decree, or other legal
22 document for that member or retiree specifically designating the
23 beneficiary of such life insurance. The notification requirement
24 shall apply only when there is a valid judgment, court order, decree,
25 or other legal document that has been filed with the division or, in
26 the case of the Police and Firemen's Retirement System, the board
27 of trustees or its designee pursuant to the division's or board's
28 determination to accept and honor such a judgment, court order,
29 decree, or document and that has been reviewed, approved, or
30 classified as qualified by the division or the board or the board's
31 designee.

32 (cf: P.L.2015, c.180, s.1)

33

34 6. Section 19 of P.L.1992, c.125 (C.43:4B-1) is amended to
35 read as follows:

36 19. There is hereby established the Retirement Systems Actuary
37 Selection Committee which shall consist of the State Treasurer, and
38 the directors of the Divisions of Pensions and Benefits and
39 Investment, and Office of Management and Budget, or their
40 designated representatives, and one member designated by each of
41 the boards of trustees of the Public Employees' Retirement System
42 established pursuant to P.L.1954, c.84 (C.43:15A-1 et seq.) **[.]** and
43 the Teachers' Pension and Annuity Fund established pursuant to
44 N.J.S.18A:66-1 et seq.**[.]**, and the Police and Firemen's Retirement
45 System established pursuant to P.L.1944, c.255 (C.43:16A-1 et
46 seq.)**].** The committee shall select the actuary or actuaries for the
47 State retirement systems in accordance with the provisions of

1 P.L.1954, c.48 (C.52:34-6 et seq.), provided, however, that the
2 boards shall have the power to veto the selection of the actuary for
3 valid reason.

4 (cf: P.L.2011, c.78, s.24)

5

6 7. Section 1 of P.L.1944, c.255 (C.43:16A-1) is amended to
7 read as follows:

8 1. As used in this act:

9 (1) "Retirement system" or "system" shall mean the Police and
10 Firemen's Retirement System of New Jersey as defined in section 2
11 of this act.

12 (2) (a) "Policeman" shall mean a permanent, full-time employee
13 of a law enforcement unit as defined in section 2 of P.L.1961, c.56
14 (C.52:17B-67) or the State, other than an officer or trooper of the
15 Division of State Police whose position is covered by the State
16 Police Retirement System, whose primary duties include the
17 investigation, apprehension or detention of persons suspected or
18 convicted of violating the criminal laws of the State and who:

19 (i) is authorized to carry a firearm while engaged in the actual
20 performance of his official duties;

21 (ii) has police powers;

22 (iii) is required to complete successfully the training
23 requirements prescribed by P.L.1961, c.56 (C.52:17B-66 et seq.) or
24 comparable training requirements as determined by the board of
25 trustees; and

26 (iv) is subject to the physical and mental fitness requirements
27 applicable to the position of municipal police officer established by
28 an agency authorized to establish these requirements on a Statewide
29 basis, or comparable physical and mental fitness requirements as
30 determined by the board of trustees.

31 The term shall also include an administrative or supervisory
32 employee of a law enforcement unit or the State whose duties
33 include general or direct supervision of employees engaged in
34 investigation, apprehension or detention activities or training
35 responsibility for these employees and a requirement for
36 engagement in investigation, apprehension or detention activities if
37 necessary, and who is authorized to carry a firearm while in the
38 actual performance of his official duties and has police powers.

39 (b) "Fireman" shall mean a permanent, full-time employee of a
40 firefighting unit whose primary duties include the control and
41 extinguishment of fires and who is subject to the training and
42 physical and mental fitness requirements applicable to the position
43 of municipal firefighter established by an agency authorized to
44 establish these requirements on a Statewide basis, or comparable
45 training and physical and mental fitness requirements as determined
46 by the board of trustees. The term shall also include an
47 administrative or supervisory employee of a firefighting unit whose
48 duties include general or direct supervision of employees engaged

1 in fire control and extinguishment activities or training
2 responsibility for these employees and a requirement for
3 engagement in fire control and extinguishment activities if
4 necessary. As used in this paragraph, "firefighting unit" shall mean
5 a municipal fire department, a fire district, or an agency of a county
6 or the State which is responsible for control and extinguishment of
7 fires.

8 (3) "Member" shall mean any policeman or fireman included in
9 the membership of the retirement system pursuant to this
10 amendatory and supplementary act, P.L.1989, c.204 (C.43:16A-15.6
11 et al.).

12 (4) "Board of trustees" or "board" shall mean the board provided
13 for in section 13 of this act.

14 (5) "Medical board" shall mean the board of physicians
15 provided for in section 13 of this act.

16 (6) "Employer" shall mean the State of New Jersey, the county,
17 municipality or political subdivision thereof which pays the
18 particular policeman or fireman.

19 (7) "Service" shall mean service as a policeman or fireman paid
20 for by an employer.

21 (8) "Creditable service" shall mean service rendered for which
22 credit is allowed as provided under section 4 of this act.

23 (9) "Regular interest" shall mean interest as determined by the
24 **State Treasurer, after consultation with the Directors of the**
25 **Divisions of Investment and Pensions, the** board of trustees **and**,
26 after consultation with the actuary. It shall bear a reasonable
27 relationship to the percentage rate of earnings on investments based
28 on the market value of assets but shall not exceed the assumed
29 percentage rate of increase applied to salaries plus 3%, provided
30 however that the board of trustees shall not set the average
31 percentage rate of increase applied to salaries below 6%.

32 (10) "Aggregate contributions" shall mean the sum of all the
33 amounts, deducted from the compensation of a member or
34 contributed by him or on his behalf, standing to the credit of his
35 individual account in the annuity savings fund.

36 (11) "Annuity" shall mean payments for life derived from the
37 aggregate contributions of a member.

38 (12) "Pension" shall mean payments for life derived from
39 contributions by the employer.

40 (13) "Retirement allowance" shall mean the pension plus the
41 annuity.

42 (14) "Earnable compensation" shall mean the full rate of the
43 salary that would be payable to an employee if he worked the full
44 normal working time for his position. In cases where salary
45 includes maintenance, the retirement system shall fix the value of
46 that part of the salary not paid in money which shall be considered
47 under this act.

1 (15) "Average final compensation" shall mean final
2 compensation.

3 (16) "Retirement" shall mean the termination of the member's
4 active service with a retirement allowance granted and paid under
5 the provisions of this act.

6 (17) "Annuity reserve" shall mean the present value of all
7 payments to be made on account of any annuity or benefit in lieu of
8 any annuity computed upon the basis of such mortality tables
9 recommended by the actuary as shall be adopted by the board of
10 trustees, and regular interest.

11 (18) "Pension reserve" shall mean the present value of all
12 payments to be made on account of any pension or benefit in lieu of
13 any pension computed upon the basis of such mortality tables
14 recommended by the actuary as shall be adopted by the board of
15 trustees, and regular interest.

16 (19) "Actuarial equivalent" shall mean a benefit of equal value
17 when computed upon the basis of such mortality tables
18 recommended by the actuary as shall be adopted by the board of
19 trustees, and regular interest.

20 (20) "Beneficiary" shall mean any person receiving a retirement
21 allowance or other benefit as provided by this act.

22 (21) "Child" shall mean a deceased member's or retirant's
23 unmarried child (a) under the age of 18, or (b) 18 years of age or
24 older and enrolled in a secondary school, or (c) under the age of 24
25 and enrolled in a degree program in an institution of higher
26 education for at least 12 credit hours in each semester, provided that
27 the member died in active service as a result of an accident met in
28 the actual performance of duty at some definite time and place, and
29 the death was not the result of the member's willful misconduct, or
30 (d) of any age who, at the time of the member's or retirant's death, is
31 disabled because of an intellectual disability or physical incapacity,
32 is unable to do any substantial, gainful work because of the
33 impairment and his impairment has lasted or can be expected to last
34 for a continuous period of not less than 12 months, as affirmed by
35 the medical board.

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

42 (23) (a) "Widower," for employees of the State, means the man
43 to whom a member or retirant was married, or a domestic partner as
44 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
45 her death and who has not since remarried or established a domestic
46 partnership. In the event of the payment of accidental death
47 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),

1 the restriction concerning remarriage or establishment of a domestic
2 partnership shall be waived.

3 (b) Subject to the provisions of paragraph (c) of this subsection,
4 "widower," for employees of public employers other than the State,
5 means the man to whom a member or retirant was married on the
6 date of her death and who has not remarried.

7 (c) A public employer other than the State may adopt a
8 resolution providing that the term "widower" as defined in
9 paragraph (b) of this subsection shall include domestic partners as
10 provided in paragraph (a) of this subsection.

11 (24) (a) "Widow," for employees of the State, means the woman
12 to whom a member or retirant was married, or a domestic partner as
13 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), on the date of
14 his death and who has not since remarried or established a domestic
15 partnership. In the event of the payment of accidental death
16 benefits, pursuant to section 10 of P.L.1944, c.255 (C.43:16A-10),
17 the restriction concerning remarriage or establishment of a domestic
18 partnership shall be waived.

19 (b) Subject to the provisions of paragraph (c) of this subsection,
20 "widow," for employees of public employers other than the State,
21 means the woman to whom a member or retirant was married on the
22 date of his death and who has not remarried.

23 (c) A public employer other than the State may adopt a
24 resolution providing that the term "widow" as defined in paragraph
25 (b) of this subsection shall include domestic partners as provided in
26 paragraph (a) of this subsection.

27 (25) "Fiscal year" shall mean any year commencing with July 1,
28 and ending with June 30, next following.

29 (26) (a) "Compensation" shall mean the base salary, for services
30 as a member as defined in this act, which is in accordance with
31 established salary policies of the member's employer for all
32 employees in the same position but shall not include individual
33 salary adjustments which are granted primarily in anticipation of
34 the member's retirement or additional remuneration for performing
35 temporary duties beyond the regular workday.

36 (b) In the case of a person who becomes a member of the
37 retirement system on or after the effective date of P.L.2010, c.1,
38 "compensation" means the amount of base salary equivalent to the
39 annual maximum wage contribution base for Social Security,
40 pursuant to the Federal Insurance Contributions Act, for services as
41 a member as defined in this act, which is in accordance with
42 established salary policies of the member's employer for all
43 employees in the same position but shall not include individual
44 salary adjustments which are granted primarily in anticipation of
45 the member's retirement or additional remuneration for performing
46 temporary duties beyond the regular workday.

47 (27) "Department" shall mean any police or fire department of a
48 municipality or a fire department of a fire district located in a

1 township or a county police or park police department or the
2 appropriate department of the State or instrumentality thereof.

3 (28) (a) "Final compensation" means the compensation received
4 by the member in the last 12 months of creditable service preceding
5 his retirement or death.

6 (b) In the case of a person who becomes a member of the
7 retirement system on or after the effective date of P.L.2010, c.1,
8 "final compensation" means the average annual compensation for
9 service for which contributions are made during any three fiscal
10 years of membership providing the largest possible benefit to the
11 member or the member's beneficiary.

12 (29) (Deleted by amendment, P.L.1992, c.78).

13 (30) (Deleted by amendment, P.L.1992, c.78).

14 (31) (a) "Spouse," for employees of the State, means the husband
15 or wife, or domestic partner as defined in section 3 of P.L.2003,
16 c.246 (C.26:8A-3), of a member.

17 (b) Subject to the provisions of paragraph (c) of this subsection,
18 "spouse," for employees of public employers other than the State,
19 means the husband or wife of a member.

20 (c) A public employer other than the State may adopt a
21 resolution providing that the term "spouse" as defined in paragraph
22 (b) of this subsection shall include domestic partners as provided in
23 paragraph (a) of this subsection.

24 (cf: P.L.2010, c.50, s.74)

25

26 8. Section 2 of P.L.1944, c.255 (C.43:16A-2) is amended to
27 read as follows:

28 2. A retirement system is hereby established in the **【**Division of
29 Pensions of the**】** Department of the Treasury for the purpose of
30 providing retirement allowances and other benefits for policemen
31 and firemen under the provisions of this act. It shall have the
32 powers and privileges of a corporation and shall be known as "The
33 Police and Firemen's Retirement System of New Jersey" and by
34 such name all of its business shall be transacted, all of its funds
35 invested, and all of its cash and securities and property held in trust
36 for the purpose for which received.

37 (cf: P.L.1967, c.250, s.2)

38

39 9. Section 1 of P.L.1976, c.134 (C.43:16A-3.5) is amended to
40 read as follows:

41 1. Any member of the Police and Firemen's Retirement System
42 of New Jersey who has been or shall be elected to the position of
43 sheriff or who has accepted or shall accept appointment to the office
44 or position of undersheriff may, by written notification to the
45 **【**Director of the Division of Pensions**】** board of trustees and the
46 county treasurer, elect to continue to be a member of the retirement
47 system while serving as sheriff or undersheriff and shall be deemed
48 to have waived any and all benefits to which he would otherwise be

1 entitled by eligibility for membership in the Public Employees'
2 Retirement System. The county treasurer shall make deductions
3 from the salary of the sheriff or undersheriff and contributions on
4 his behalf to the Police and Firemen's Retirement System as is
5 required by law for members of that system.

6 (cf: P.L.1976, c.134, s.1)

7

8 10. Section 3 of P.L.1983, c.439 (C.43:16A-3.7) is amended to
9 read as follows:

10 3. Any officer eligible to become a member pursuant to the
11 amendatory provisions of this act who is enrolled in the Public
12 Employees' Retirement System (P.L.1954, c.84, C. 43:15A-1 et
13 seq.) or any county pension fund established under Title 43 of the
14 Revised Statutes shall be permitted to transfer membership from the
15 aforesaid system or fund to the Police and Firemen's Retirement
16 System of New Jersey in accordance with the provisions of
17 P.L.1973, c.156 (C.43:16A-62 et seq.) and upon a lump sum
18 payment into the Police and Firemen's Retirement System annuity
19 savings fund of the amount of the difference between the
20 contribution which was paid as a member of the Public Employees'
21 Retirement System or county pension fund and the contribution
22 that would have been required if he had been a member of the
23 Police and Firemen's Retirement System since the date of last
24 enrolling in the Public Employees' Retirement System or a county
25 pension fund. In addition, the employee shall be liable for any
26 payment to the retirement system that the employer would have
27 been required to make on behalf of the member for the purchase of
28 such credit; this payment may be made in regular monthly
29 installments or in a lump sum, as the employee may elect, and
30 pursuant to rules and regulations as may be promulgated by the
31 **【Division of Pensions】** board of trustees.

32 Whenever in P.L.1973, c.156 a period of time is set which is to
33 be calculated from the effective date of said act, such time shall be
34 calculated from the effective date of this amendatory and
35 supplementary act for the purposes hereof.

36 (cf: P.L.1983, c.439, s.3)

37

38 11. Section 6 of P.L.2000, c.127 (C.43:16A-11.7a) is amended
39 to read as follows:

40 6. The Adjutant General of the Department of Military and
41 Veterans' Affairs shall be responsible for determining whether any
42 person seeking to be considered a "veteran" under section 1 of
43 P.L.1983, c.391 (C.43:16A-11.7), for the purpose of purchasing
44 military service credit, meets the criteria set forth therein and
45 adjudicating an appeal from any person disputing this
46 determination. The determination of the Adjutant General shall be
47 binding upon the **【Division of Pensions and Benefits】** board of

1 trustees.

2 (cf: P.L.2000, c.127, s.6)

3

4 12. Section 1 of P.L.1985, c.450 (C.43:16A-11.9) is amended to
5 read as follows:

6 1. Any member of the Police and Firemen's Retirement System
7 of New Jersey who has at least 20 years of creditable service in the
8 retirement system and who leaves a position covered by the
9 retirement system, with the approval of the employer, to take a full-
10 time position with a. a federal agency, b. an agency of another state
11 or local government thereof, c. a national, regional, statewide,
12 areawide or metropolitan organization representing member state or
13 local governments, d. an association of state or local public
14 officials, or e. a nonprofit organization which has as one of its
15 principal functions the offering of professional advisory, research,
16 educational or development services, or related services, to
17 governments or universities concerned with public management,
18 may, upon filing an application with the board of trustees of the
19 retirement system, purchase credit in the retirement system for all
20 or a portion of the time of service with the public agency or private
21 organization, but not exceeding three years, as provided in this act.

22 The member may purchase credit for the service by paying into
23 the annuity savings fund the amount determined by applying the
24 factor, supplied by the actuary, applicable to his age at the time of
25 the purchase, to his creditable salary in the last 12 months of
26 creditable service in the position covered by the retirement system
27 immediately preceding the service with the public agency or private
28 organization. The purchase may be made in regular monthly
29 installments or in a lump sum as the member may elect and
30 pursuant to rules and regulations as may be promulgated by the
31 **【Division of Pensions】** board of trustees. The member shall bear
32 the entire cost for the additional retirement benefit attributable to
33 the purchased credit. If, upon retirement, the member's payment for
34 purchase of the credit is insufficient to provide for the additional
35 retirement benefit attributable to the service, the difference may be
36 assessed to the member, or a pro rata credit may be granted based
37 on service purchased prior to the date of retirement, at the election
38 of the member.

39 If the member retires prior to completing the purchase, he will
40 receive pro rata credit for service purchased prior to the date of
41 retirement, unless he makes an additional lump sum payment at that
42 time as will be necessary to provide full credit.

43 The purchase may be made within four years of the date of the
44 member's last contribution to the retirement system in the covered
45 position immediately preceding the service with the public agency
46 or private organization.

47 (cf: P.L.1985, c.450, s.1)

1 13. Section 1 of P.L.1999, c.338 (C.43:16A-11.13) is amended
2 to read as follows:

3 1. Notwithstanding the provisions of section 4 of P.L.1944,
4 c.255 (C.43:16A-4), any member who is separated involuntarily
5 from the police service covered by the retirement system, and not
6 by removal for cause or charges of misconduct or delinquency, and
7 who subsequently becomes a police service employee covered by
8 the retirement system may, upon filing an application with the
9 board of trustees of the retirement system, purchase credit in the
10 retirement system for all or a portion of the time of the hiatus in
11 creditable service, but not exceeding three years, as provided in this
12 section.

13 The member may purchase credit for the service by paying into
14 the annuity savings fund the amount determined by applying the
15 factor, supplied by the actuary, applicable to his age at the time of
16 the purchase, to his creditable salary in the last 12 months of
17 creditable service in the position covered by the retirement system
18 immediately preceding the involuntary separation from service. The
19 purchase may be made in regular monthly installments or in a lump
20 sum as the member may elect and pursuant to rules and regulations
21 as may be promulgated by the **【Division of Pensions and Benefits】**
22 board of trustees. The member shall bear the entire cost for the
23 additional retirement benefit attributable to the purchased credit. If,
24 upon retirement, the member's payment for purchase of the credit is
25 insufficient to provide for the additional retirement benefit
26 attributable to the service, the difference may be assessed to the
27 member, or a pro rata credit may be granted based on service
28 purchased prior to the date of retirement, at the election of the
29 member.

30 If the member retires prior to completing the purchase, he will
31 receive pro rata credit for service purchased prior to the date of
32 retirement, unless he makes an additional lump sum payment at that
33 time as will be necessary to provide full credit.

34 (cf: P.L.1999, c.338, s.1)

35

36 14. Section 1 of P.L.2001, c.228 (C.43:16A-11.14) is amended
37 to read as follows:

38 1. Notwithstanding the provisions of section 4 of P.L.1944,
39 c.255 (C.43:16A-4), any member who is separated involuntarily
40 from firefighting service covered by the retirement system, and not
41 by removal for cause or charges of misconduct or delinquency, and
42 who subsequently becomes a fireman in a position covered by the
43 retirement system may, upon filing an application with the board of
44 trustees of the retirement system, purchase credit in the retirement
45 system for all or a portion of the time of the hiatus in creditable
46 service, but not exceeding three years, as provided in this section.

47 The member may purchase credit for the service by paying into
48 the annuity savings fund the amount determined by applying the

1 factor, supplied by the actuary, applicable to the member's age at
2 the time of the purchase, to the member's creditable salary in the
3 last 12 months of creditable service in the position covered by the
4 retirement system immediately preceding the involuntary separation
5 from service. The purchase may be made in regular monthly
6 installments or in a lump sum as the member may elect and
7 pursuant to rules and regulations as may be promulgated by the
8 **【Division of Pensions and Benefits】** board of trustees. The member
9 shall bear the entire cost for the additional retirement benefit
10 attributable to the purchased credit. If, upon retirement, the
11 member's payment for purchase of the credit is insufficient to
12 provide for the additional retirement benefit attributable to the
13 service, the difference may be assessed to the member, or a pro rata
14 credit may be granted based on service purchased prior to the date
15 of retirement, at the election of the member.

16 If the member retires prior to completing the purchase, the
17 member shall receive pro rata credit for service purchased prior to
18 the date of retirement, unless the member makes an additional lump
19 sum payment at that time as shall be necessary to provide full
20 credit.

21 (cf: P.L.2001, c.228, s.1)

22

23 15. Section 13 of P.L.1944, c.255 (C.43:16A-13) is amended to
24 read as follows:

25 13. a. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-
26 95 et seq.), the general responsibility for the proper operation of the
27 retirement system is hereby vested in a board of trustees **【**, and, as
28 specified, the committees established pursuant to subsection b. of
29 this section**】**. The board may, in its discretion and at such time and
30 in such manner as the board determines, enhance any benefit set
31 forth in P.L.1944, c.255 (C.43:16A-1 et seq.) as the board
32 determines to be reasonable and appropriate or modify any such
33 benefit as an alternative to an increase in the member contribution
34 rate, which increase the board determines to be reasonable,
35 necessary, and appropriate, or reinstate, when appropriate, such
36 reduced benefit to the statutory level without an additional
37 contribution by the member. The board shall act exclusively on
38 behalf of the contributing employers, active members of the
39 retirement system, and retired members as the fiduciary of the
40 system. The primary obligation of the board shall be to direct
41 policies and investments to achieve and maintain the full funding
42 and continuation of the retirement system for the exclusive benefit
43 of its members.

44 (2) The board shall consist of **【11】** 12 trustees as follows:

45 (a) **【**Five members to be appointed by the Governor, with the
46 advice and consent of the Senate, who shall serve for a term of
47 office of four years and until their successors are appointed and

1 who shall be private citizens of the State of New Jersey who are
2 neither an officer thereof nor an active or retired member of any
3 police or fire department thereof. Of the four members initially
4 appointed by the Governor pursuant to P.L.1992, c.125 (C.43:4B-1
5 et al.), one shall be appointed for a term of one year, one for a term
6 of two years, one for a term of three years, and one for a term of
7 four years. The member appointed by the Governor pursuant to the
8 provisions of this amendatory act, P.L.1995, c.238, shall serve for a
9 term of four years and until a successor is appointed. **】** (Deleted by
10 amendment, P.L. , c.) (pending before the Legislature as this
11 bill)

12 (b) **【**The State Treasurer or the deputy State Treasurer, when
13 designated for that purpose by the State Treasurer. **】** (Deleted by
14 amendment, P.L. , c.) (pending before the Legislature as this
15 bill)

16 (c) Three active policemen and three active firemen as follows:

17 (i) Two policemen and two firemen who shall be active
18 members of the system and who shall be appointed as follows:

19 one policeman shall be appointed by the President of the New
20 Jersey State Policemen's Benevolent Association;

21 one policeman shall be appointed by the President of the New
22 Jersey State Fraternal Order of Police;

23 one fireman shall be appointed by the President of the New
24 Jersey State Firemen's Mutual Benevolent Association; and

25 one fireman shall be appointed by the President of the
26 Professional Firefighters Association of New Jersey.

27 (ii) One policeman and one fireman who shall serve staggered
28 terms and shall be active members of the system and who shall be
29 elected by the active members of the system **【**for a term of four
30 years**】** according to such rules and regulations as the board of
31 trustees shall adopt to govern such election. The elected policeman
32 shall serve for an initial term of two years and the elected fireman
33 shall serve for an initial term of four years. Following their first
34 term, all trustees elected pursuant to this subparagraph shall serve
35 four-year terms. An election to select trustees, who are active
36 members of the system, shall be held no later than the first day of
37 the fifth month next following the date of enactment of
38 P.L. , c. (pending before the Legislature as this bill).

39 (d) One retiree from the system who shall be elected by retirees
40 from the system for a term of four years according to such rules and
41 regulations as the board of trustees shall adopt to govern the
42 election. An election to select a trustee, who is a retiree from the
43 system, shall be held no later than the first day of the fifth month
44 next following the date of enactment of P.L. , c. (pending before
45 the Legislature as this bill).

46 (e) Four trustees, to be appointed by the Governor, who shall
47 serve staggered terms and who either hold, or have held, an elective

1 public office as a mayor, member of a municipal council, or
2 member of a board of chosen freeholders or is employed, or has
3 been employed, by a municipal or county government as an
4 administrator, manager, or chief financial officer, to represent the
5 interests of local government employers. The Governor shall
6 appoint trustees pursuant to this subparagraph from among a list of
7 names submitted by the New Jersey League of Municipalities and
8 the New Jersey Association of Counties. Two trustees appointed by
9 the Governor pursuant to this subparagraph shall serve for an initial
10 term of two years and two trustees shall serve for an initial term of
11 four years. Following their first term, all trustees appointed
12 pursuant to this subparagraph shall serve four-year terms. The
13 Governor shall appoint trustees representing the interest of local
14 government employers pursuant to this subparagraph no later than
15 the first day of the seventh month next following the date of
16 enactment of P.L. , c. (pending before the Legislature as this
17 bill).

18 (f) One trustee, to be appointed by the Governor, who holds or
19 has held a management or supervisory position in the Executive
20 Branch of State government at the level of division director or
21 above to represent the interests of State government. The trustee
22 appointed by the Governor pursuant to this subparagraph shall serve
23 for an initial term of two years. Following the trustee's first term,
24 the trustee appointed pursuant to this subparagraph shall serve four-
25 year terms. The Governor shall appoint a trustee representing the
26 interest of State government pursuant to this subparagraph no later
27 than the first day of the seventh month next following the date of
28 enactment of P.L. , c. (pending before the Legislature as this
29 bill).

30 (3) Each trustee shall, after his appointment or election, take an
31 oath of office that, so far as it devolves upon him he will diligently
32 and honestly fulfill his duties as a board member, and that he will
33 not knowingly violate or willingly permit to be violated any of the
34 provisions of the law applicable to the retirement system. Such oath
35 shall be subscribed by the member making it, and certified by the
36 officer before whom it is taken, and immediately filed in the office
37 of the Secretary of State. The board may remove a trustee, upon a
38 majority vote of the trustees, for violating the trustee's oath of
39 office. Any trustee who is absent, without an official excuse
40 approved by a majority vote of the trustees, for more than three of
41 the board's meetings in any calendar year shall be removed from
42 the board and the trustee's position shall be filled in the same
43 manner as the position was previously filled. The board shall adopt
44 standards to define unexcused absences.

45 A member shall be permitted to participate in meetings of the
46 board by teleconference.

47 (4) (a) If a vacancy occurs in the office of a trustee, the vacancy
48 shall be filled in the same manner as the office was previously

1 filled. A vacancy shall not last more than 60 days, unless the board
2 is awaiting the certification of an election conducted pursuant to
3 paragraph (2) of this subsection. If a vacancy lasts for more than 60
4 days, then the board shall appoint, upon a majority vote of the
5 trustees then serving, a person qualified pursuant to subparagraph
6 (e) or (f) of paragraph (2) of this subsection to fill the vacancy until
7 a new trustee is appointed or elected in the manner set forth in
8 paragraph (2) of this subsection.

9 (b) A trustee serving pursuant to subparagraph (c) of paragraph
10 (2) of this subsection who retires from active service as policeman
11 or fireman may remain a trustee until an election is held to replace
12 the trustee. An election to replace a trustee serving pursuant to part
13 (ii) of subparagraph (c) of paragraph (2) of this subsection who
14 retires from active service shall be held no later than 30 days
15 following the effective date of the trustee's retirement and the
16 trustee shall relinquish the position on the board upon certification
17 of the results of the election.

18 (c) Trustees appointed pursuant to part (i) of subparagraph (c) of
19 paragraph (2) of this subsection shall serve at the pleasure of the
20 official who appointed the trustee, but may be removed pursuant to
21 paragraph (3) of this subsection.

22 (5) The trustees shall serve without compensation, but they shall
23 be reimbursed for all necessary expenses that they may incur
24 through service on the board.

25 (6) Each trustee shall be entitled to one vote in the board. **【Six】**
26 **Seven** trustees **【must】 shall** be present at any meeting of said board
27 for the transaction of its business.

28 (7) Subject to the limitations of this act, the board of trustees
29 shall annually establish rules and regulations for the administration
30 of the funds created by this act and for the transaction of the board's
31 **【and committees'】** business. **【Such rules and regulations shall be**
32 **consistent with those adopted by the other pension funds within the**
33 **Division of Pensions and Benefits in order to permit the most**
34 **economical and uniform administration of all such retirement**
35 **systems. The committees shall adopt such regulations as provided**
36 **in subsection b. of this section.】**

37 (8) The board of trustees shall elect from its membership a
38 **【chairman】** chair and vice chair. The chair, or vice chair in the
39 chair's absence, shall serve as the primary contact with board staff,
40 coordinate and approve meeting agendas, and shall have the power
41 to authorize any special staff action necessary to execute any of the
42 board's duties. The chair and vice chair shall not have the authority
43 to discipline or discharge an employee of the board unless
44 authorized to take such action by a majority of the trustees at a
45 public meeting. The **【Director of the Division of Pensions and**
46 **Benefits】** board shall appoint a **【qualified employee of the division**
47 to be**】** secretary of the board. The administration of the program

1 shall be performed by **the** personnel **of the** Division of Pensions
2 and Benefits **selected by the board in accordance with this section.**
3 The board, reconstituted pursuant to P.L., c., (pending before
4 the Legislature as this bill), shall hold an initial meeting on the first
5 business day of the seventh month following the date of enactment
6 of P.L., c., (pending before the Legislature as this bill). At the
7 initial meeting of the board on the first business day of the seventh
8 month next following the date of enactment of P.L., c. (pending
9 before the Legislature as this bill), the board shall contract with the
10 Division of Pensions and Benefits for the division to perform the
11 administrative tasks that the division performed prior to the
12 enactment of P.L., c. (pending before the Legislature as this
13 bill) and such other tasks as the board may require. The division
14 shall receive compensation from the board for the performance of
15 the administrative tasks that the division performed prior to the
16 enactment of P.L., c. (pending before the Legislature as this
17 bill) in an amount equal to the cost the division incurred for the
18 performance of those administrative tasks prior to the enactment of
19 that act. At the expiration of the term of the contract negotiated by
20 the board with the division pursuant to this paragraph, the board
21 may contract with the division or with a private entity, pursuant to
22 the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), to perform
23 administrative tasks that the board determines to be necessary or
24 convenient for its operation.

25 (9) The board of trustees shall keep a record of all of its
26 proceedings which shall be open to public inspection. The
27 retirement system shall publish annually a report showing the fiscal
28 transactions of the retirement system for the preceding year, the
29 amount of the accumulated cash and securities of the system, and
30 the last balance sheet showing the financial condition of the system
31 by means of an actuarial valuation of the assets and liabilities of the
32 retirement system.

33 (10) The board of trustees may, in its discretion, select and
34 employ, or contract with, legal counsel with demonstrated expertise
35 in the law governing retirement systems for public or private sector
36 employees to advise and represent the board. If the board does not
37 select and employ, or contract with, legal counsel, the Attorney
38 General of the State of New Jersey shall be the legal adviser of the
39 retirement system, except **that** if the Attorney General determines
40 that a conflict of interest would affect the ability of the Attorney
41 General to represent the board or the committees on a matter
42 affecting the retirement system **], the board may select and employ**
43 legal counsel to advise and represent the board or the committees on
44 that matter**].**

45 (11) The **State Treasurer** board of trustees shall designate a
46 medical board **after consultation with the Director of the Division**
47 **of Pensions and Benefits, subject to veto by the board of trustees for**

1 valid reason]. It shall be composed of a minimum of three
2 physicians who are not eligible to participate in the retirement
3 system. The medical board shall pass upon all medical examinations
4 required under the provisions of this act, shall investigate all
5 essential statements and certificates by or on behalf of a member in
6 connection with an application for disability retirement, and shall
7 report in writing to the retirement system its conclusions and
8 recommendations upon all matters referred to it.

9 (12) The actuary of the system shall be selected by the
10 **[Retirement Systems Actuary Selection Committee established by**
11 **P.L.1992, c.125. He]** board of trustees. The actuary shall be the
12 technical adviser of the board of trustees [and the committees] on
13 matters regarding the operation of the funds created by the
14 provisions of this act, and shall perform such other duties as are
15 required in connection therewith. The actuary may be an employee
16 of the board or an independent contractor retained by the board.
17 The actuary shall have demonstrated experience in providing
18 actuarial services to defined benefit retirement systems for public
19 employees.

20 (13) The board of trustees, in consultation with the actuary, shall
21 establish actuarial funding policies for the system. At least once in
22 each three-year period the actuary shall make an actuarial
23 investigation into the mortality, service and compensation
24 experience of the members and beneficiaries of the retirement
25 system and, with the advice of the actuary, the board of trustees
26 shall adopt for the retirement system such mortality, service and
27 other tables as shall be deemed necessary and shall certify the rates
28 of contribution payable under the provisions of this act. The board
29 of trustees shall retain an independent actuary, as selected by the
30 State Treasurer, with demonstrated experience in providing
31 actuarial services to retirement systems for public or private sector
32 employees to review prior investigations into the mortality, service,
33 and compensation experience of the members and beneficiaries of
34 the retirement system and to review the three prior actuarial
35 valuations to certify that the actuary of the retirement system
36 conducted the investigations and valuations in accordance with
37 generally accepted actuarial standards.

38 (14) (Deleted by amendment, P.L.1970, c.57.)

39 (15) On the basis of such tables recommended by the actuary as
40 the board of trustees shall adopt and regular interest, the actuary
41 shall make an annual valuation of the assets and liability of the
42 funds of the system created by this act.

43 (16) (Deleted by amendment, P.L.1987, c.330.)

44 (17) Each policeman or fireman member of the board of trustees
45 or the committees shall be entitled to time off from his duty, with
46 pay, during the periods of his attendance upon regular or special
47 meetings of the board of trustees or the committees, and such time

1 off shall include reasonable travel time required in connection
2 therewith.

3 (18) The board of trustees shall have a minimum of one meeting
4 each calendar month.

5 (19) The board of trustees shall have authority to invest and
6 reinvest the moneys in, and to acquire for or on behalf of the funds
7 of, the board. The board shall formulate and establish, and may
8 from time to time amend, modify, or repeal, such policies,
9 objectives or guidelines as it may deem necessary and proper to
10 govern the decisions, actions, methods, practices, or procedures for
11 investment, reinvestment, purchase, sale, or exchange transactions
12 of the board.

13 (20) (a) The board of trustees shall select and employ an
14 executive director, who shall be responsible for the strategic
15 direction of the board from an investment and operational
16 perspective. The executive director shall provide strategic
17 direction, planning, and leadership to the board; organize, develop,
18 and supervise a management team to provide optimal investment
19 results; maintain oversight of investment and administrative
20 operations conducted by the board; develop an annual budget and a
21 salary and compensation guide for any managerial positions that are
22 not subject to Title 11A, Civil Service, of the New Jersey Statutes,
23 arrange board agendas with the approval of the board's chair;
24 appoint administrative staff; conduct the executive and
25 administrative functions of the Investment Committee; execute
26 contracts on behalf of the board; and perform any other
27 responsibilities designated to the executive director by the board.

28 The person employed by the board to hold the position of
29 executive director shall have, at a minimum upon commencement
30 of employment, a bachelor's degree from an accredited institution
31 of higher education, and at least five years of management
32 experience in accounting, finance, public administration,
33 government pension and retirement planning, investment banking,
34 financial consulting, money management, or a similar field. The
35 person shall meet all other requirements for employment as shall be
36 set forth in a standard adopted by the board. No member, retiree, or
37 other beneficiary of the system shall be eligible to hold the position
38 of executive director.

39 (b) The board of trustees shall have the authority to retain other
40 administrative and professional staff as required to implement the
41 duties and responsibilities required to ensure the smooth transition
42 of responsibilities and authority from the division to the board
43 pursuant to P.L. , c. (pending before the Legislature as this bill).
44 The board shall not employ a trustee and may employ a former
45 trustee only if the former trustee has not held the position of trustee
46 for more than two years.

47 (c) The board of trustees shall be authorized to access operating
48 funds from the system necessary for the management of the fund

1 and to employ staff immediately upon their election and
2 appointment, provided that the qualified status of the retirement
3 system under federal law is maintained.

4 (21) (a) The board of trustees shall select and employ a chief
5 investment officer, who shall oversee the management of funds and
6 investments with the State or private companies, coordinate the
7 transfer of assets from the State Treasurer, State Investment
8 Council, and Division of Investment to the board, and decide the
9 manner in which funds shall be invested. The chief investment
10 officer shall establish and maintain a policy to monitor and evaluate
11 the effectiveness of securities transactions executed on behalf of the
12 board. The chief investment officer shall report to the executive
13 director.

14 The person employed by the board to hold the position of chief
15 investment officer shall have, at a minimum upon commencement
16 of employment, a bachelor's degree from an accredited institution
17 of higher education, and at least five years of management
18 experience in accounting, finance, public administration,
19 government pension and retirement planning, investment banking,
20 financial consulting, money management, or a similar field. The
21 person shall meet all other requirements for employment as shall be
22 set forth in a standard adopted by the board. No member, retiree, or
23 other beneficiary of the system shall be eligible to hold the position
24 of chief investment officer.

25 (b) The board of trustees may make and execute agreements
26 pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.),
27 which may be necessary or convenient for the management of the
28 investments of the retirement system.

29 (22) The board of trustees shall select and employ an
30 ombudsman, who shall provide individual death and disability
31 consultation and information to plan members and their dependents;
32 answer questions from, and provide information to, members
33 related to the process of applying for retirement and retirement
34 benefits; coordinate with other State and local agencies on behalf of
35 members; maintain federal, State, and local death and disability
36 benefit resources; recommend policy changes to the board; conduct
37 educational presentations for employers on death and disability
38 benefit options for members; and publish information about the
39 organization of the board for members, employers, and the public.

40 (23) All members of the board of trustees and of the Investment
41 Committee shall participate in annual investment training as
42 directed by the board's executive director. In addition to the ethics
43 training required by paragraph (2) of subsection c. of this section,
44 the board shall adopt a policy requiring annually not less than 16
45 hours of continuing education in matters relating to the
46 administration of defined benefit retirement systems for public
47 employees and the fiduciary duty the board and its employees have
48 to the beneficiaries of the retirement system.

1 b. [There are established two committees, to be composed of
2 10 members each as follows, one for the State employees part of the
3 retirement system and one for the part of the retirement system with
4 employees of employers other than the State.

5 Each committee shall have five members who shall be appointed
6 by the Governor as representatives of public employers whose
7 employees are enrolled in the retirement system, two members who
8 shall be appointed by the head of the union representing the greatest
9 number of police officer members of the retirement system having
10 union membership, one member who shall be appointed by the head
11 of the union representing the second greatest number of police
12 officer members of the retirement system having union
13 membership, one member who shall be appointed by the head of the
14 union representing the greatest number of firefighter members of
15 the retirement system having union membership, and one member
16 who shall be appointed by the head of the union representing the
17 second greatest number of firefighter members of the retirement
18 system having union membership. The members of the committees
19 shall not be appointed until that part of the system attains the target
20 funded ratio.

21 The members of each committee shall serve for a term of three
22 years and until a successor is appointed and qualified. For each
23 committee, of the initial appointments by the Governor, two
24 members shall serve for two years and until a successor is appointed
25 and qualified, and two shall serve for one year and until a successor
26 is appointed and qualified. For each committee, of the initial
27 appointments by the head of the union representing the greatest
28 number of police officer members of the retirement system, the
29 members shall serve for two years and until a successor is appointed
30 and qualified. For each committee, of the initial appointment by the
31 head of the union representing the greatest number of firefighter
32 members of the retirement system, the member shall serve for one
33 year and until a successor is appointed and qualified.

34 For each committee, the members of the committee shall select a
35 chairperson from among the members, who shall serve for a term of
36 one year, with no member serving more than one term until all the
37 members of the committee have served a term in a manner
38 alternating among the employer representatives and employee
39 representatives, unless the committee determines otherwise with
40 regard to this process.

41 The provisions of paragraphs (3) through (6), inclusive, and (17)
42 of subsection a. of this section, and subsection (4) of section 14 of
43 P.L.1944, c.255 (C.43:16A-14), shall apply to the committee and its
44 members, as appropriate. The committee shall keep a record of all
45 of its proceedings which shall be open to public inspection.

46 Upon the convening of any meeting of a committee, the members
47 shall consider a motion to assume the authority provided in this

1 subsection and shall proceed only if a majority of the members of
2 the committee vote in the affirmative on that motion.

3 Each committee may contract with such actuaries or consultants,
4 or both, in accordance with the provisions of P.L.1954, c.48
5 (C.52:34-6 et seq.), as the committee may deem necessary to
6 perform its duties, when that part of the system has attained the
7 target funded ratio.

8 When a part of the system, has attained the target funded ratio as
9 defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the committee
10 for that part **】** The board of trustees shall have the discretionary
11 authority **【**for that part**】** to :

12 (1) modify the: member contribution rate; cap on creditable
13 compensation; formula for calculation of final compensation; age at
14 which a member may be eligible for and the benefits for service or
15 special retirement; and standards for approval, medical review
16 policies, and benefits provided for disability retirement; and

17 (2) activate the application of the "Pension Adjustment Act,"
18 P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees **【**for the period that
19 the part is at or above the target funded ratio**】** and modify the basis
20 for the calculation of the adjustment and set the duration and extent
21 of the activation. The board of trustees, after consultation with the
22 actuary, may apply an adjustment to the monthly retirement
23 allowance or pension originally granted to any member.

24 **【**A committee shall give priority consideration to subparagraph
25 (2) of this paragraph. A committee**】** The board of trustees shall
26 have the discretionary authority to modify the conditions and
27 standards for the purchase of service credit for death benefits. The
28 board of trustees shall not have the authority to change the years of
29 creditable service required for vesting.

30 At least eight votes of the authorized membership of the board
31 shall be required to approve any enhancement or reduction of a
32 member benefit, including the activation of the application of the
33 "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.), for
34 retirees, or to approve any increase or decrease in the employer
35 contribution that is more than what is recommended by the actuary
36 for the system for the purpose of the annual funding requirements of
37 the system.

38 **【**Each committee**】** The board of trustees may consider a matter
39 described **【**above**】** in this subsection and render a decision
40 notwithstanding that the provisions of the statutory law may set
41 forth a specific requirement on that matter.

42 **【**Each committee**】** The board of trustees may consider a matter
43 described **【**above**】** in this subsection and render a decision
44 notwithstanding that the provisions of the statutory law do not set
45 forth a specific requirement on the considered aspect of that matter
46 or address that matter at all.

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

11 **【**If any matter before a committee receives at least six votes in
12 the affirmative, the board of trustees shall approve and implement
13 the committee's decision.
14

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

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

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

1 (2) The board shall adopt an ethics policy either identical to the
2 provisions of the "New Jersey Conflicts of Interest Law," P.L.1971,
3 c.182 (C.52:13D-12 et seq.) or more restrictive, but not less
4 restrictive. All trustees, officers, and employees of the board shall
5 participate in annual ethics training on the board's policy, the New
6 Jersey Conflicts of Interest Law, and any other applicable law, rule,
7 or standard of conduct relating to the area of ethics as directed by
8 the board's executive director.

9 d. The board of trustees shall have the authority to establish a
10 process for the review, approval, and appeal of applications for
11 retirement.

12 e. The board of trustees shall establish three committees as
13 follows:

14 (1) (a) An Audit Committee of no less than three members to
15 assist in the oversight of the financial reporting and audit processes
16 of the board of trustees. At least two of the members shall be
17 members of the board of trustees. At least one of the Audit
18 Committee members shall have accounting, governmental auditing,
19 or related financial expertise. If the board of trustees does not have
20 sufficient members qualified or available to serve on the Audit
21 Committee, or wishes to broaden the expertise on the Audit
22 Committee, the board of trustees may request that the State
23 Treasurer recommend one or more qualified individuals to sit on the
24 committee.

25 (b) The Audit Committee shall assist the board of trustees in
26 retaining an independent auditor to conduct an audit of the
27 retirement system's financial statements by making a
28 recommendation to the board of trustees after engaging in an
29 auditor selection process. The auditor selection process shall be
30 based upon public, competitive bidding principles and shall take
31 place no less than once every five years.

32 (c) In carrying out its duties, the Audit Committee shall
33 proactively assist the board of trustees in overseeing the integrity
34 and quality of the retirement system's finances and investments.
35 The Audit Committee shall:

36 (i) review and evaluate audit fees;

37 (ii) when the committee believes that the auditor's performance is
38 not adequate in quality or independence, recommend such steps as
39 may be necessary to elicit appropriate performance, including
40 replacement of the auditor;

41 (iii) at least once every three years, obtain and review a report of
42 the independent auditor describing for the preceding year: the
43 independent auditor's internal quality control procedures; any
44 material issues raised by the most recent internal quality control
45 peer review, or by reviews conducted by governmental or
46 professional authorities; and steps taken by the auditor to address
47 such issues;

1 (iv) regularly review with the independent auditor any audit
2 problems, any risks of material statements due to fraud, and
3 difficulties involving restrictions or attempts to restrict the auditor's
4 activities and restrictions on access to information;

5 (v) review the audited financial statements and interim
6 statements and discuss them with the board of trustees. These
7 discussions shall include a review of particularly sensitive
8 accounting estimates, reserves and accruals, judgmental areas, audit
9 adjustments, whether recorded or not, and any other matters the
10 Audit Committee or independent auditor shall deem appropriate;

11 (vi) review internal control functions such as the planned scope
12 of internal audit reviews, adequacy of staffing, actions to be taken
13 as a result of internal audit findings, the effectiveness of electronic
14 data processing procedures, and controls and related security
15 programs;

16 (vii) recommend policies with respect to risk assessment and risk
17 management; and

18 (viii) establish a permanent position of internal auditor, who shall
19 be supervised by the executive director, but who may be discharged
20 only by an affirmative vote of the majority of the board.

21 (2) An Actuary Committee of no less than three members to
22 assist in the selection and oversight of the actuary appointed by the
23 board of trustees. The Actuary Committee shall review the
24 performance of the actuary appointed by the board of trustees. If
25 the performance of the actuary is not adequate in quality, the
26 committee shall recommend such steps as may be necessary to elicit
27 appropriate performance, including replacement of the actuary.

28 (3) An Investment Committee of no less than three members to
29 assist in the oversight of the investments selected by the board of
30 trustees and the management of the investments of the retirement
31 system. The Investment Committee shall consist of two members
32 of the board of trustees, and one member who shall be the chief
33 investment officer of the board, and shall oversee investments and
34 make recommendations on investments to the board of trustees.

35 f. At the end of six years following the enactment date of
36 P.L. , c. (pending before the Legislature as this bill), the board
37 of trustees shall conduct a review of the performance and funding
38 levels of the retirement system, as compared to available market
39 data including but, not limited to, the performance of the State
40 Investment Council and Division of Investment with regard to the
41 investment of other State-administered retirement systems or funds
42 and the Bloomberg Barclays Indices, and may, based on a majority
43 vote of the authorized membership of the board, petition the
44 Legislature to consider legislation that reverts control of the system
45 to the Department of the Treasury, or such other agency as the State
46 deems appropriate.

47 (cf: P.L.2011, c.78, s.4)

1 16. Section 14 of P.L.1944, c.255 (C.43:16A-14) is amended to
2 read as follows:

3 14. (1) The board of trustees shall be and are hereby constituted
4 trustees of the various funds and accounts established by this act【;】
5 provided, however, that all【】. All functions, powers and duties
6 relating to the investment or reinvestment of moneys of, and
7 purchase, sale or exchange of any investments or securities, of or
8 for any fund or account established under this act shall be exercised
9 and performed by the 【director of the Division of Investment in
10 accordance with the provisions of chapter 270, of the laws of 1950】
11 board. The 【secretary】 actuary of the board of trustees shall
12 determine from time to time the cash requirements of the various
13 funds and accounts established by this act and the amount available
14 for investment, all of which shall be certified to the 【Director of the
15 Division of Investment.

16 An elected member of the board of trustees to be designated by a
17 majority vote thereof shall serve on the State Investment Council as
18 a representative of said board of trustees, for a term of three years
19 and until a successor is designated and qualified【 chair and
20 executive director of the board of trustees.

21 (2) The 【Treasurer of the State of New Jersey】 executive
22 director of the board shall be the custodian of the 【several funds】
23 fund created by this act, shall select all depositories and custodians
24 and shall negotiate and execute custody agreements in connection
25 with the assets or investments of any of said 【funds】 fund. All
26 payments from said 【funds】 fund shall be made by him only upon
27 vouchers signed by the chairman and countersigned by the secretary
28 of the board of trustees. No voucher shall be drawn, except upon
29 the authority of the board duly entered in the records of its
30 proceedings.

31 (3) (Deleted by amendment.)

32 (4) Except as otherwise herein provided, no trustee and no
33 employee of the board of trustees shall have any direct interest in
34 the gains or profits of any investments of the retirement system; nor
35 shall any trustee or employee of the board directly or indirectly, for
36 himself or as an agent in any manner use the moneys of the
37 retirement system, except to make such current and necessary
38 payments as are authorized by the board of trustees; nor shall any
39 trustee or employee of the board of trustees become an endorser or
40 surety, or in any manner an obligor for moneys loaned to or
41 borrowed from the retirement system.

42 (5) For purposes of this section, during the term of the lottery
43 contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-
44 22.8), the expenses of the Lottery Enterprise shall not be considered
45 to be expenses of the retirement system.

46 (cf: P.L.2017, c.98, s.26)

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

3 15. (1) The contributions required for the support of the
4 retirement system shall be made by members and their employers.

5 (2) (a) The uniform percentage contribution rate for members
6 shall be 8.5% of compensation. Members of the retirement system
7 shall contribute 10% of compensation to the system on and after the
8 effective date of P.L.2011, c.78.

9 (b) The board of trustees is authorized to make an adjustment to
10 the uniform contribution rate of the members set forth in this
11 subsection as the board deems reasonable, necessary, and
12 appropriate after consultation with, and the recommendation of, the
13 actuary. Any adjustment to a contribution rate shall be made at
14 such time and in such manner as the board shall determine upon
15 actuarial certification that such change will not result in increased
16 employer contributions.

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

18 (4) Upon the basis of the tables recommended by the actuary
19 which the board adopts and regular interest, the actuary shall
20 compute annually, beginning as of June 30, 1991, the amount of
21 contribution which shall be the normal cost as computed under the
22 projected unit credit method attributable to service rendered under
23 the retirement system for the year beginning on July 1 immediately
24 succeeding the date of the computation. This shall be known as the
25 "normal contribution."

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

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

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

34 (8) The deductions provided for herein shall be made
35 notwithstanding that the minimum salary provided for by law for
36 any member shall be reduced thereby. Every member shall be
37 deemed to consent and agree to the deductions made and provided
38 for herein, and payment of salary or compensation less said
39 deduction shall be a full and complete discharge and acquittance of
40 all claims and demands whatsoever for the service rendered by such
41 person during the period covered by such payment, except as to the
42 benefits provided under this act. The chief fiscal officer of each
43 employer shall certify to the retirement system in such manner as
44 the **【retirement system】** board of trustees may prescribe, the
45 amounts deducted; and when deducted shall be paid into said
46 annuity savings fund, and shall be credited to the individual account
47 of the member from whose salary said deduction was made.

1 (9) With respect to employers other than the State, upon the
2 basis of the tables recommended by the actuary which the board
3 adopts and regular interest, the actuary shall compute the amount of
4 the accrued liability as of June 30, 1991 under the projected unit
5 credit method, which is not already covered by the assets of the
6 retirement system, valued in accordance with the asset valuation
7 method established in this section. Using the total amount of this
8 unfunded accrued liability, the actuary shall compute the initial
9 amount of contribution which, if the contribution is paid annually in
10 level dollars for a specific period of time, will amortize this
11 liability. The [State Treasurer shall determine, upon the advice of
12 the Director of the Division of Pensions and Benefits, the] board of
13 trustees [and] shall determine, upon the advice of the actuary, the
14 time period for full funding of this liability, which shall not exceed
15 40 years on initial application of this section as amended by this act,
16 P.L.1994, c.62. This shall be known as the "accrued liability
17 contribution." Any increase or decrease in the unfunded accrued
18 liability as a result of actuarial losses or gains for the 10 valuation
19 years following valuation year 1991 shall serve to increase or
20 decrease, respectively, the unfunded accrued liability contribution.
21 Thereafter, any increase or decrease in the unfunded accrued
22 liability as a result of actuarial losses or gains for subsequent
23 valuation years shall serve to increase or decrease, respectively, the
24 amortization period for the unfunded accrued liability, unless an
25 increase in the amortization period will cause it to exceed 30 years.
26 If an increase in the amortization period as a result of actuarial
27 losses for a valuation year would exceed 30 years, the accrued
28 liability contribution shall be computed for the valuation year in the
29 same manner provided for the computation of the initial accrued
30 liability contribution under this section. Beginning with the July 1,
31 2018 actuarial valuation, the accrued liability contribution shall be
32 computed so that if the contribution is paid annually in level
33 dollars, it will amortize this unfunded accrued liability over a closed
34 30-year period. Beginning with the July 1, 2028 actuarial
35 valuation, when the remaining amortization period reaches 20 years,
36 any increase or decrease in the unfunded accrued liability as a result
37 of actuarial losses or gains for subsequent valuation years shall
38 serve to increase or decrease, respectively, the amortization period
39 for the unfunded accrued liability, unless an increase in the
40 amortization period will cause it to exceed 20 years. If an increase
41 in the amortization period as a result of actuarial losses for a
42 valuation year would exceed 20 years, the accrued liability
43 contribution shall be computed for the valuation year in the same
44 manner provided for the computation of the initial accrued liability
45 contribution under this section.

46 With respect to the State, upon the basis of the tables
47 recommended by the actuary which the board adopts and regular
48 interest, the actuary shall annually determine if there is an amount

1 of the accrued liability, computed under the projected unit credit
2 method, which is not already covered by the assets of the retirement
3 system, valued in accordance with the asset valuation method
4 established in this section. This shall be known as the "unfunded
5 accrued liability." If there was no unfunded accrued liability for the
6 valuation period immediately preceding the current valuation
7 period, the actuary, using the total amount of this unfunded accrued
8 liability, shall compute the initial amount of contribution which, if
9 the contribution is paid annually in level dollars for a specific
10 period of time, will amortize this liability. The [State Treasurer
11 shall determine, upon the advice of the Director of the Division of
12 Pensions and Benefits, the] board of trustees [and] shall determine,
13 upon the advice of the actuary, the time period for full funding of
14 this liability, which shall not exceed 30 years. This shall be known
15 as the "accrued liability contribution." Thereafter, any increase or
16 decrease in the unfunded accrued liability as a result of actuarial
17 losses or gains for subsequent valuation years shall serve to increase
18 or decrease, respectively, the amortization period for the unfunded
19 accrued liability, unless an increase in the amortization period will
20 cause it to exceed 30 years. If an increase in the amortization period
21 as a result of actuarial losses for a valuation year would exceed 30
22 years, the accrued liability contribution shall be computed for the
23 valuation year in the same manner provided for the computation of
24 the initial accrued liability contribution under this section.
25 Beginning with the July 1, 2018 actuarial valuation, the accrued
26 liability contribution shall be computed so that if the contribution is
27 paid annually in level dollars, it will amortize this unfunded accrued
28 liability over a closed 30-year period. Beginning with the July 1,
29 2028 actuarial valuation, when the remaining amortization period
30 reaches 20 years, any increase or decrease in the unfunded accrued
31 liability as a result of actuarial losses or gains for subsequent
32 valuation years shall serve to increase or decrease, respectively, the
33 amortization period for the unfunded accrued liability, unless an
34 increase in the amortization period will cause it to exceed 20 years.
35 If an increase in the amortization period as a result of actuarial
36 losses for a valuation year would exceed 20 years, the accrued
37 liability contribution shall be computed for the valuation year in the
38 same manner provided for the computation of the initial accrued
39 liability contribution under this section.

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

44 The value of the assets, excluding the special asset value set
45 forth in section 38 of P.L.2010, c.1 (C.43:3C-14), to be used in the
46 computation of the contributions provided for under this section for
47 valuation periods shall be the value of the assets for the preceding
48 valuation period increased by the regular interest rate, plus the net

1 cash flow for the valuation period (the difference between the
2 benefits and expenses paid by the system and the contributions to
3 the system) increased by one half of the regular interest rate, plus
4 20% of the difference between this expected value and the full
5 market value of the assets as of the end of the valuation period.
6 This shall be known as the "valuation assets." Notwithstanding the
7 first sentence of this paragraph, the valuation assets for the
8 valuation period ending June 30, 1995 shall be the full market value
9 of the assets as of that date and, with respect to the valuation assets
10 allocated to the State, shall include the proceeds from the bonds
11 issued pursuant to the "Pension Bond Financing Act of 1997,"
12 P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid to the system by the
13 New Jersey Economic Development Authority to fund the unfunded
14 accrued liability of the system. Notwithstanding the first sentence of
15 this paragraph, the percentage of the difference between the
16 expected value and the full market value of the assets to be added to
17 the expected value of the assets for the valuation period ending June
18 30, 1998 for the State shall be 100% and for other employers shall
19 be 57% plus such additional percentage as is equivalent to
20 \$150,000,000. Notwithstanding the first sentence of this paragraph,
21 the amount of the difference between the expected value and the
22 full market value of the assets to be added to the expected value of
23 the assets for the valuation period ending June 30, 1999 shall
24 include an additional amount of the market value of the assets
25 sufficient to fund (1) the unfunded accrued liability for the
26 supplementary "special retirement" allowances provided under
27 subsection b. of section 16 of P.L.1964, c.241 (C.43:16A-11.1) and
28 (2) the unfunded accrued liability for the full credit toward benefits
29 under the retirement system for service credited in the Public
30 Employees' Retirement System and transferred pursuant to section 1
31 of P.L.1993, c.247 (C.43:16A-3.8) and the reimbursement of the
32 cost of any credit purchase pursuant to section 3 of P.L.1993, c.247
33 (C.43:16A-3.10) provided under section 1 of P.L.2001, c.201
34 (C.43:16A-3.14).

35 "Excess valuation assets" means, with respect to the valuation
36 assets allocated to the State, the valuation assets allocated to the
37 State for a valuation period less the actuarial accrued liability of the
38 State for the valuation period, and beginning with the valuation
39 period ending June 30, 1998, less the present value of the expected
40 additional normal cost contributions attributable to the amendatory
41 provisions of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1
42 et al.) payable on behalf of the active members employed by the
43 State as of the valuation period over the expected working lives of
44 the active members in accordance with the tables of actuarial
45 assumptions applicable to the valuation period, and less the present
46 value of the expected additional normal cost contributions
47 attributable to the provisions of P.L.2003, c.108 as amending
48 section 16 of P.L.1964, c.241 (C.43:16A-11.1) payable on behalf of

1 the active members employed by the State as of the valuation period
2 over the expected working lives of the active members in
3 accordance with the tables of actuarial assumptions applicable to
4 the valuation period, if the sum is greater than zero. "Excess
5 valuation assets" means, with respect to the valuation assets
6 allocated to other employers, the valuation assets allocated to the
7 other employers for a valuation period less the actuarial accrued
8 liability of the other employers for the valuation period, excluding
9 the unfunded accrued liability for early retirement incentive benefits
10 pursuant to P.L.1993, c.99 for the other employers, and beginning
11 with the valuation period ending June 30, 1998, less the present
12 value of the expected additional normal cost contributions
13 attributable to the amendatory provisions of P.L.1999, c.428
14 **[(C.43:16A-15.8 et al.)]** (C.43:16A-1 et al.) payable on behalf of
15 the active members employed by other employers as of the
16 valuation period over the expected working lives of the active
17 members in accordance with the tables of actuarial assumptions
18 applicable to the valuation period, and less the present value of the
19 expected additional normal cost contributions attributable to the
20 provisions of P.L.2003, c.108 as amending section 16 of P.L.1964,
21 c.241 (C.43:16A-11.1) payable on behalf of the active members
22 employed by other employers as of the valuation period over the
23 expected working lives of the active members in accordance with
24 the tables of actuarial assumptions applicable to the valuation
25 period, if the sum is greater than zero.

26 If there are excess valuation assets allocated to the State or to the
27 other employers for the valuation period ending June 30, 1995, the
28 normal contributions payable by the State or by the other employers
29 for the valuation periods ending June 30, 1995, and June 30, 1996
30 which have not yet been paid to the retirement system shall be
31 reduced to the extent possible by the excess valuation assets
32 allocated to the State or to the other employers, respectively,
33 provided that with respect to the excess valuation assets allocated to
34 the State, the General Fund balances that would have been paid to
35 the retirement system except for this provision shall first be
36 allocated as State aid to public schools to the extent that additional
37 sums are required to comply with the May 14, 1997 decision of the
38 New Jersey Supreme Court in *Abbott v. Burke*.

39 If there are excess valuation assets allocated to the other
40 employers for the valuation period ending June 30, 1998, the
41 accrued liability contributions payable by the other employers for
42 the valuation period ending June 30, 1997 shall be reduced to the
43 extent possible by the excess valuation assets allocated to the other
44 employers.

45 If there are excess valuation assets allocated to the State or to the
46 other employers for a valuation period ending after June 30, 1998,
47 the State Treasurer may reduce the normal contribution payable by

1 the State or by other employers for the next valuation period as
2 follows:

3 (1) for valuation periods ending June 30, 1996 through June 30,
4 2000, to the extent possible by up to 100% of the excess valuation
5 assets allocated to the State or to the other employers, respectively;

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

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

12 (4) for valuation periods ending June 30, 2003 through June 30,
13 2007, to the extent possible by up to 50% of the excess valuation
14 assets allocated to the State or to the other employers, respectively.

15 Notwithstanding the discretion provided to the State Treasurer in
16 the previous paragraph to reduce the amount of the normal
17 contribution payable by employers other than the State, the State
18 Treasurer shall reduce the amount of the normal contribution
19 payable by employers other than the State by \$150,000,000 in the
20 aggregate for the valuation period ending June 30, 1998, and then
21 the State Treasurer may reduce further pursuant to the provisions of
22 the previous paragraph the normal contribution payable by such
23 employers for that valuation period.

24 The normal and accrued liability contributions shall be certified
25 annually by the retirement system and shall be included in the
26 budget of the employer and levied and collected in the same manner
27 as any other taxes are levied and collected for the payment of the
28 salaries of members.

29 Notwithstanding the preceding sentence, the normal and accrued
30 liability contributions to be included in the budget of and paid by
31 the employer other than the State shall be as follows: for the
32 payment due in the State fiscal year ending on June 30, 2004, 20%
33 of the amount certified by the retirement system; for the payment
34 due in the State fiscal year ending on June 30, 2005, a percentage of
35 the amount certified by the retirement system as the State Treasurer
36 shall determine but not more than 40%; for the payment due in the
37 State fiscal year ending on June 30, 2006, a percentage of the
38 amount certified by the retirement system as the State Treasurer
39 shall determine but not more than 60%; and for the payment due in
40 the State fiscal year ending on June 30, 2007, a percentage of the
41 amount certified by the retirement system as the State Treasurer
42 shall determine but not more than 80%.

43 The State Treasurer shall reduce the normal and accrued liability
44 contributions payable by employers other than the State to 50
45 percent of the amount certified annually by the retirement system
46 for payments due in the State fiscal year ending June 30, 2009. An
47 employer that elects to pay the reduced normal and accrued liability
48 contribution shall adopt a resolution, separate and apart from other

1 budget resolutions, stating that the employer needs to pay the
2 reduced contribution and providing an explanation of that need
3 which shall include (1) a description of its inability to meet the levy
4 cap without jeopardizing public safety, health, and welfare or
5 without jeopardizing the fiscal stability of the employer, or (2) a
6 description of another condition that offsets the long term fiscal
7 impact of the payment of the reduced contribution. An employer
8 also shall document those actions it has taken to reduce its
9 operating costs, or provide a description of relevant anticipated
10 circumstances that could have an impact on revenues or
11 expenditures. This resolution shall be submitted to and approved by
12 the Local Finance Board after making a finding that these fiscal
13 conditions are valid and affirming the findings contained in the
14 employer resolution.

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

19 The actuaries for the retirement system shall determine the
20 unfunded liability of the retirement system, by employer, for the
21 reduced normal and accrued liability contributions provided under
22 P.L.2009, c.19. This unfunded liability shall be paid by the
23 employer in level annual payments over a period of 15 years
24 beginning with the payments due in the State fiscal year ending
25 June 30, 2012 and shall be adjusted by the rate of return on the
26 actuarial value of assets.

27 The retirement system shall annually certify to each employer
28 the contributions due to the contingent reserve fund for the liability
29 under P.L.2009, c.19. The contributions certified by the retirement
30 system shall be paid by the employer to the retirement system on or
31 before the date prescribed by law for payment of employer
32 contributions for basic retirement benefits. If payment of the full
33 amount of the contribution certified is not made within 30 days
34 after the last date for payment of employer contributions for basic
35 retirement benefits, interest at the rate of 10% per year shall be
36 assessed against the unpaid balance on the first day after the
37 thirtieth day.

38 (10) The treasurer or corresponding officer of the employer shall
39 pay to the **【State Treasurer】** board of trustees no later than April 1
40 of the State's fiscal year in which payment is due the amount so
41 certified as payable by the employer, and shall pay monthly to the
42 **【State Treasurer】** board of trustees the amount of the deductions
43 from the salary of the members in the employ of the employer, and
44 the **【State Treasurer】** board of trustees shall credit such amount to
45 the appropriate fund or funds, of the retirement system. On April 1
46 next following the effective date of P.L. , c. (pending before the
47 Legislature as this bill), and in each year thereafter, the contribution
48 required to be made by the employer shall be made to the board of

1 trustees on the following schedule: at least 25 percent by March 1,
2 at least 50 percent by June 1, at least 75 percent by September 1,
3 and at least 100 percent by December 1. The amount of the
4 contribution shall be net of the amount of any increase in the
5 interest on the tax and revenue anticipation notes attributable solely
6 to the need to borrow an increased amount in order to make the
7 quarterly payments.

8 If payment of the **【full】** required amount of the employer's
9 obligation is not made within 30 days of the due **【date】** dates
10 established by this act, interest at the rate of 10% per annum shall
11 commence to run against the unpaid balance thereof on the first day
12 after such 30th day. Upon certification by the board of trustees to
13 the Director of the Division of Local Government Services in the
14 Department of Community Affairs of an employer contribution
15 payment being 30 days past due, the director shall withhold any
16 State aid payments that are disbursed by the Division of Local
17 Government Services from the employer in an amount equal to the
18 amount of the employer contribution due to the board. If the
19 employer is eligible for transitional aid, the Division of Local
20 Government Services shall consult with the board to develop a
21 payment plan to ensure that the required payment and interest owed
22 is paid in a timely manner. The director shall release the State aid
23 payments held pursuant to this subsection to the employer upon
24 certification by the board of trustees of its receipt of the delinquent
25 employer contribution. Nothing in P.L. , c. (pending before the
26 Legislature as this bill) shall relieve State or local government
27 employers of any present or future obligations of their normal cost
28 or unfunded liabilities required to be paid into the retirement
29 system.

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

35 (11) The expenses of administration of the retirement system
36 shall be paid by the State of New Jersey. Each employer shall
37 reimburse the State for a proportionate share of the amount paid by
38 the State for administrative expense. This proportion shall be
39 computed as the number of members under the jurisdiction of such
40 employer bears to the total number of members in the system. The
41 pro rata share of the cost of administrative expense shall be
42 included with the certification by the retirement system of the
43 employer's contribution to the system.

44 (12) Notwithstanding anything to the contrary, the retirement
45 system shall not be liable for the payment of any pension or other
46 benefits on account of the employees or beneficiaries of any
47 employer participating in the retirement system, for which reserves

1 have not been previously created from funds, contributed by such
2 employer or its employees for such benefits.

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

4 (14) Commencing with valuation year 1991, with payment to be
5 made in Fiscal Year 1994, the Legislature shall annually
6 appropriate and the State Treasurer shall pay into the pension
7 accumulation fund of the retirement system an amount equal to
8 1.1% of the compensation of the members of the system for the
9 valuation year to fund the benefits provided by section 16 of
10 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

11 (15) If the valuation assets are insufficient to fund the normal
12 and accrued liability costs attributable to the amendatory provisions
13 of P.L.1999, c.428 [(C.43:16A-15.8 et al.)] (C.43:16A-1 et al.) as
14 provided hereinabove, the normal and unfunded accrued liability
15 contributions required to fund these costs for the State and other
16 employers shall be paid by the State.

17 (16) The savings realized as a result of the amendments to this
18 section by P.L.2001, c.44 in the payment of normal contributions
19 computed by the actuary for the valuation periods ending June 30,
20 1998 for employers other than the State shall be used solely and
21 exclusively by a county or municipality for the purpose of reducing
22 the amount that is required to be raised by the local property tax
23 levy by the county for county purposes or by the municipality for
24 municipal purposes, as appropriate. The Director of the Division of
25 Local Government Services in the Department of Community
26 Affairs shall certify for each year that each county or municipality
27 has complied with the requirements set forth herein. If the director
28 finds that a county or municipality has not used the savings solely
29 and exclusively for the purpose of reducing the amount that is
30 required to be raised by the local property tax levy by the county for
31 county purposes or by the municipality for municipal purposes, as
32 appropriate, the director shall direct the county or municipal
33 governing body, as appropriate, to make corrections to its budget.

34 (cf: P.L.2017, c.98, s.27)

35

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

38 18. Any member who has at least 3 years of service to his credit
39 for which he has contributed as a member may borrow from the
40 retirement system, an amount equal to not more than 50% of the
41 amount of his aggregate contributions, but not less than \$50.00;
42 provided that the amount so borrowed, together with interest
43 thereon, can be repaid by additional deductions from salary, not in
44 excess of 25% of the member's salary, made at the time the salary is
45 paid to the member. The amount so borrowed, together with
46 interest on any unpaid balance thereof, shall be repaid to the
47 retirement system in equal installments by deductions from the
48 salary of the member at the time the salary is paid or in such lump

1 sum amount to repay the balance of the loan but such installments
2 shall be at least equal to the member's rate of contribution to the
3 retirement system and at least sufficient to repay the amount
4 borrowed with interest thereon. Not more than two loans may be
5 granted to any member in any calendar year. Notwithstanding any
6 other law affecting the salary or compensation of any person or
7 persons to whom this act applies or shall apply, the additional
8 deductions required to repay the loan shall be made.

9 The rate of interest for a loan requested by a member prior to the
10 effective date of P.L.2007, c.92 (C.43:15C-1 et al.) shall be 4% per
11 annum on any unpaid balance thereof. For a loan requested after
12 the effective date of that act, the rate of interest per annum shall be
13 a commercially reasonable rate as required by the Internal Revenue
14 Code to be determined by the State Treasurer on that effective date,
15 and by the board of trustees on January 1 of each calendar year
16 thereafter. An administrative fee in an amount set by the **State**
17 **Treasurer** board of trustees for each calendar year may be charged
18 for any loan requested after the effective date of P.L.2007, c.92
19 (C.43:15C-1 et al.).

20 Loans shall be made to a member from his aggregate
21 contributions. The interest earned on such loans shall be treated in
22 the same manner as interest earned from investments of the
23 retirement system.

24 (cf: P.L.2007, c.92, s.38)

25

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

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

41 (cf: P.L.2007, c.92, s.39)

42

43 20. Section 3 of P.L.1992, c.78 (C.43:16A-16.10) is amended to
44 read as follows:

45 3. The **Director of the Division of Investment** board of
46 trustees shall at all times have authority to invest and reinvest the
47 monies in, and to acquire for or on behalf of, the Police and

1 Firemen's Retirement System of New Jersey mortgage loans on
2 residential property.

3 (cf: P.L.1992, c.78, s.3)

4

5 21. Section 4 of P.L.1992, c.78 (C.43:16A-16.11) is amended to
6 read as follows:

7 4. a. In addition to any loan for which he may be eligible
8 pursuant to the provisions of section 18 of P.L.1964, c.241
9 (C.43:16A-16.1) and notwithstanding the provisions of that or any
10 other law to the contrary, any member of the Police and Firemen's
11 Retirement System who, at the time of application, is employed by
12 the State or a county, municipality or other political subdivision of
13 the State and who has at least one year of creditable service is, for
14 the purpose of securing for his own occupation as his principal
15 residence a residential property located within this State, eligible to
16 receive a mortgage loan pursuant to the provisions of this act. The
17 mortgage loan shall be used only for the purpose of enabling a
18 borrower to acquire or construct a residential property or refinance
19 an existing residential property loan.

20 No member shall be eligible hereunder for more than one
21 outstanding mortgage loan at any time, and no member shall be
22 eligible to receive a second mortgage loan on a residential property
23 already mortgaged by him. Preference shall be given in making
24 loans to members who are applying to acquire or construct their
25 first principal place of residence.

26 b. Any mortgage loan made pursuant to the provisions of this
27 act, together with any interest and expenses to the retirement system
28 associated with the making of that loan, shall be repaid in equal
29 installments.

30 c. The amount of interest charged with respect to a mortgage
31 loan made pursuant to the provisions of this act shall be fixed for
32 the entire term of the loan. The New Jersey Housing and Mortgage
33 Finance Agency, established under section 4 of P.L.1983, c.530
34 (C.55:14K-4), shall initially establish the rate within 120 days of
35 the effective date of this act and semiannually reset the rate
36 thereafter. The rate shall be determined by the New Jersey Housing
37 and Mortgage Finance Agency by adding 1% to the index. For the
38 purposes of this subsection, the index shall be the weekly average
39 yield at the time the rate is reset on ten-year United States Treasury
40 securities adjusted to a constant maturity as made available by the
41 Federal Reserve Board. If the issuance of ten-year United States
42 Treasury securities is discontinued, the subsequent index shall be
43 determined by the **【State Treasurer】** board of trustees with the
44 advice of the New Jersey Housing and Mortgage Finance Agency.
45 The term of any mortgage loan so made shall not exceed 30 years.

46 d. No mortgage loan made pursuant to the provisions of this act
47 shall be sold, transferred or assigned to any person, nor shall the
48 payments with respect to any mortgage loan so made be assumed by

1 any person other than the member to whom that loan was made,
2 except that in the event of the death of a member, the mortgage may
3 be assignable to a surviving spouse if the spouse is the sole heir to
4 the property.

5 e. The instrument evidencing a mortgage loan under the
6 provisions of this act may be in such form, and may contain such
7 provisions, not inconsistent with law, as the director may choose to
8 insert for the protection of the retirement system's lien and the
9 preservation of its interest in the real property mortgaged to it.
10 (cf: P.L.2001, c.293, s.1)

11

12 22. Section 5 of P.L.1992, c.78 (C.43:16A-16.12) is amended to
13 read as follows:

14 5. The **【State Treasurer】** board of trustees shall delegate the
15 administration of this mortgage loan program to the New Jersey
16 Housing and Mortgage Finance Agency established under section 4
17 of P.L.1983, c.530 (C.55:14K-4). The agency shall: a. originate
18 loans; b. appraise the value of any real property eligible to be
19 mortgaged under this act; c. guarantee and insure title to the real
20 property; and d. perform any other service necessary to accomplish
21 the purposes of this act in a manner consistent with the protection of
22 the rights of beneficiaries of the retirement system. The cost of the
23 performance of these services in connection with the making of a
24 mortgage loan shall be charged to the borrower and included in the
25 amount of that mortgage loan.

26 (cf: P.L.1992, c.78, s.5)

27

28 23. Section 6 of P.L.1992, c.78 (C.43:16A-16.13) is amended to
29 read as follows:

30 6. The **【State Treasurer】** board of trustees, with the advice of
31 **【the State Investment Council, the Board of Trustees of the Police**
32 **and Firemen's Retirement System, and】** the New Jersey Housing
33 and Mortgage Finance Agency, shall set mortgage loan standards
34 and guidelines for loans made pursuant to this act, including
35 mortgage loan maturity terms, participation fees, mortgage loan
36 insurance requirements, lender compensation rates, servicing fees,
37 loan-to-value ratios, minimum and maximum mortgage loan
38 amounts and eligibility standards consistent with section 4 of this
39 act.

40 (cf: P.L.1992, c.78, s.6)

41

42 24. Section 9 of P.L.1992, c.78 (C.43:16A-16.16) is amended to
43 read as follows:

44 9. The **【State Treasurer】** board of trustees shall, with the
45 advice of **【the State Investment Council, the Director of the**
46 **Division of Pensions and】** the Executive Director of the New Jersey
47 Housing and Mortgage Finance Agency and in accordance with the

1 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
2 seq.), promulgate any rules and regulations necessary to accomplish
3 the purposes of this act.
4 (cf: P.L.1992, c.78, s.9)

5
6 25. Section 19 of P.L.1964, c.241 (C.43:16A-17.1) is amended
7 to read as follows:

8 19. If possible, whenever any beneficiary shall, in writing,
9 request the **【Division of Pensions】** board of trustees to make
10 deductions from his retirement allowance or pension for the purpose
11 of paying premiums for the pensioners' group health insurance plan
12 or the State Health Benefits program, the **【division】** board may
13 make such deductions and transmit the sums so deducted to the
14 companies carrying the policies. Any such written authorization
15 may be withdrawn by any beneficiary upon filing notice of such
16 withdrawal with the division.
17 (cf: P.L.1971, c.175, s.14)

18
19 26. Section 2 of P.L.1973, c.92 (C.43:16A-48.2) is amended to
20 read as follows:

21 2. a. An eligible officer who is a member of a pension fund
22 established by a county or a county park commission or of the
23 Public Employees' Retirement System shall be permitted to transfer
24 his membership in said fund to the Police and Firemen's Retirement
25 System of New Jersey by waiving all rights and benefits which
26 would otherwise be provided by the county or county park
27 commission pension fund or by the Public Employees' Retirement
28 System. Any such officer will likewise be permitted to continue his
29 membership in the county or county park commission pension fund
30 or in the Public Employees' Retirement System by waiving all
31 rights and benefits which would otherwise be provided by the
32 Police and Firemen's Retirement System. Such waivers shall be
33 accomplished by filing forms satisfactory to the **【New Jersey State**
34 **Division of Pensions】** board of trustees, which is responsible for the
35 administration of the Police and Firemen's Retirement System,
36 within 90 days of the effective date of this act. In the absence of the
37 filing of a timely waiver by any eligible officer his pension status
38 shall remain unchanged and his membership shall not be transferred
39 to the Police and Firemen's Retirement System.

40 b. Each new officer who begins employment following the
41 effective date of this act and who is otherwise eligible, shall be
42 required to enroll in the Police and Firemen's Retirement System of
43 New Jersey as a condition of employment, provided he is otherwise
44 eligible for membership by meeting the appointment, age, and
45 health prescriptions required of all members. As of the effective
46 date of this act, the eligibility of membership for such new officers
47 in the county or county park commission pension fund or in the
48 Public Employees' Retirement System shall be terminated and the

1 membership requirements of such other funds will be deemed
2 satisfied by the enrollment of such employees in the Police and
3 Firemen's Retirement System.

4 c. All officers who, prior to the effective date of this act, were
5 not required to become and who are not members of county or
6 county park commission pension funds or the Public Employees'
7 Retirement System, and who anticipate the receipt of a pension
8 from the county under the provisions of chapter 4 of Title 43 of the
9 Revised Statutes or the "General Noncontributory Pension Act"
10 P.L.1955, c. 263 (C. 43:8B-1 et seq.), shall continue their eligibility
11 for such pension to be paid by the county and shall not be permitted
12 to enroll in the Police and Firemen's Retirement System of New
13 Jersey.

14 (cf: P.L.1973, c.92, s.2)

15

16 27. Section 7 of P.L.1973, c.92 (C.43:16A-48.7) is amended to
17 read as follows:

18 7. The chief fiscal officer of each employer shall transmit to
19 the retirement system such information as the system shall require
20 in order for the **【New Jersey State Division of Pensions】** board of
21 trustees to comply with the provisions of this act.

22 (cf: P.L.1973, c.92, s.7)

23

24 28. Section 20 of P.L.1964, c.241 (C.43:16A-53) is amended to
25 read as follows:

26 20. The **【State Treasurer】** board of trustees is hereby authorized
27 and permitted to purchase from one or more life insurance
28 companies, as determined by him, a group life insurance coverage
29 to provide for the death benefits specified in sections 5 **【,】** and 6,
30 **【7(3)】** subsection (3) of section 7, section 9, and 【10(5) of chapter
31 255 of the laws of 1944】 subsection (5) of section 10 of P.L.1944,
32 c.255 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and
33 C.43:16A-10) and sections 16 and 17 of 【chapter 241 of the laws of
34 1964】 P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2). Such
35 group life insurance coverage may be provided under one or more
36 policies issued to the **【State Treasurer】** board of trustees
37 specifically for this purpose or, in the discretion of the **【State**
38 **Treasurer】** board of trustees, under one or more policies issued to
39 the **【State Treasurer】** board of trustees which provide group life
40 insurance coverage for members of one or more other retirement
41 systems of the State of New Jersey. Whenever such policy or
42 policies of group insurance shall be in effect, the benefits payable
43 thereunder shall be in lieu of the above mentioned death benefits
44 provided by said sections. Any dividend or retrospective rate credit
45 allowed by an insurance company shall be credited in an equitable

1 manner to the special insurance funds from which premiums are
2 paid.

3 (cf: P.L.1967, c.250, s.18)

4

5 29. Section 22 of P.L.1964, c.241 (C.43:16A-55) is amended to
6 read as follows:

7 22. The **【State Treasurer】** board of trustees may, in **【his】** its
8 discretion, determine to purchase group insurance coverage for the
9 death benefit provisions as provided in sections 5 **【,】** and 6, 【7(3)】
10 subsection (3) of section 7, section 9, and **【10(5) of chapter 255 of**
11 **the laws of 1944】** subsection (5) of section 10 of P.L.1944, c.255
12 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and C.43:16A-10)
13 and sections 16 and 17 of **【chapter 241 of the laws of 1964】**
14 P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2), or may
15 determine not to purchase any group insurance coverage for the
16 death benefit provisions heretofore mentioned.

17 (cf: P.L.1967, c.250, s.19)

18

19 30. Section 23 of P.L.1964, c.241 (C.43:16A-56) is amended to
20 read as follows:

21 23. In the event the **【State Treasurer】** board of trustees shall
22 determine to purchase group insurance coverage for the death
23 benefits, premiums for the same shall be paid from a special fund,
24 hereby created, called the "Group Insurance Premium Fund." The
25 **【State Treasurer】** board of trustees shall estimate annually the
26 amount which will be required for premiums for such benefits for
27 the ensuing fiscal year and shall certify such amounts to the
28 participating employers as due and owing from them. The
29 participating employers shall pay over to the **【State Treasurer】**
30 board of trustees the amount for premiums so certified and the
31 **【State Treasurer】** board of trustees shall deposit these amounts in
32 the Group Insurance Premium Fund. During the period such group
33 insurance policy or policies are in effect with respect to members of
34 the Police and Firemen's Retirement System of New Jersey the
35 **【State Treasurer】** board of trustees shall in no way commingle
36 moneys in this fund with any pension fund established by **【chapter**
37 **255 of the laws of 1944】** P.L.1944, c.255 (C.43:16A-1 et seq.).

38 (cf: P.L.1967, c.250, s.20)

39

40 31. Section 24 of P.L.1964, c.241 (C.43:16A-57) is amended to
41 read as follows:

42 24. All reserves and moneys held by the insurance carrier under
43 group life insurance contracts providing for employee contributions
44 pursuant to the provisions of **【chapter 241 of the laws of 1964】**
45 P.L.1964, c.241 (C.43:16A-11.1 et al.), and any amendments and
46 supplements thereto, shall be transferred and merged with those

1 purchased by the **【State Treasurer】** board of trustees.
2 (cf: P.L.1967, c.250, s.21)

3
4 32. Section 2 of P.L.1985, c.221 (C.43:16A-62.3) is amended to
5 read as follows:

6 2. a. Either the transfer to or the initial enrollment in the
7 Police and Firemen's Retirement System of chief investigators,
8 assistant chief investigators, senior investigators and investigators
9 in a county welfare agency is contingent upon the approval of the
10 county. A county may make such a transfer or allow such an
11 enrollment upon the adoption of an ordinance or resolution, as
12 appropriate.

13 b. If an ordinance or resolution is adopted pursuant to
14 subsection a. of this section, an eligible officer who is a member of
15 the Public Employees' Retirement System (P.L.1954, c.84,
16 C.43:15A-1 et seq.) or of a county pension fund created under
17 P.L.1943, c.160 (C.43:10-18.1 et seq.), or P.L.1948, c.310
18 (C.43:10-18.50), or article 1 of chapter 10 of Title 43 of the Revised
19 Statutes (R.S.43:10-1 et seq.), hereinafter referred to as "county
20 pension fund," shall be permitted to transfer his membership in the
21 retirement system or county pension fund to the Police and
22 Firemen's Retirement System of New Jersey by: (1) waiving all
23 rights and benefits which would otherwise be provided by the
24 Public Employees' Retirement System or county pension fund; and
25 (2) making a lump sum payment into the Police and Firemen's
26 Retirement System annuity savings fund of the amount of the
27 difference between the contribution which was paid as a member of
28 the Public Employees' Retirement System or a county pension fund
29 and the contribution that would have been required if he had been a
30 member of the Police and Firemen's Retirement System since the
31 date of last enrolling in the Public Employees' Retirement System
32 or a county pension fund. In addition, the employee shall be liable
33 for the amount of the difference between (1) the total contribution
34 paid by the employer of the employee to the Public Employees'
35 Retirement System of New Jersey or county pension fund with
36 respect to any service credit transferred therefrom to the Police and
37 Firemen's Retirement System under this subsection, and (2) the
38 contribution which the employer would have been required to pay
39 to the Police and Firemen's Retirement System with respect to that
40 service credit if the employee had been enrolled in the Police and
41 Firemen's Retirement System during the entire period with respect
42 to which he accumulated that credit; this payment may be made in
43 regular monthly installments, or in a lump sum, as the employee
44 may elect, and pursuant to rules and regulations as may be
45 promulgated by the **【Division of Pensions】** board of trustees. Any
46 such officer will likewise be permitted to continue his membership
47 in the Public Employees' Retirement System or county pension fund
48 by waiving all rights and benefits which would otherwise be

1 provided by the Police and Firemen's Retirement System. Such
2 waivers shall be accomplished by filing forms satisfactory to the
3 **【New Jersey Division of Pensions】** board of trustees, which is
4 responsible for the administration of the Police and Firemen's
5 Retirement System, within 90 days following the effective date of
6 an ordinance or resolution adopted by a county under subsection a.
7 of this section. In the absence of a filing of a timely waiver by any
8 eligible officer, his pension status shall remain unchanged and his
9 membership shall not be transferred to the Police and Firemen's
10 Retirement System.

11 c. The transfer of membership from the Public Employees'
12 Retirement System or county pension fund to the Police and
13 Firemen's Retirement System shall be done in accordance with the
14 provisions of P.L.1973, c.156 (C.43:16A-62 et seq.). Whenever in
15 P.L.1973, c. 156 a period of time is set which is to be calculated
16 from the effective date of that act, such time shall be calculated
17 from the effective date of an ordinance or resolution adopted by a
18 county under subsection a. of this section for the purposes hereof.

19 d. If an ordinance or resolution is adopted pursuant to
20 subsection a. of this section, each new officer who begins
21 employment following the effective date of the ordinance or
22 resolution shall be required to enroll in the Police and Firemen's
23 Retirement System as a condition of employment, provided he is
24 otherwise eligible for membership by meeting appointment, age,
25 and health requirements prescribed for all members. As of the
26 effective date of the ordinance or resolution, eligibility for
27 membership of new officers in the Public Employees' Retirement
28 System shall be deemed terminated and the membership
29 requirements of such other retirement system shall be deemed
30 satisfied by the enrollment of such officers in the Police and
31 Firemen's Retirement System.

32 (cf: P.L.1985, c.221, s.2)

33

34 33. Section 4 of P.L.1973, c.156 (C.43:16A-63) is amended to
35 read as follows:

36 4. a. An eligible officer who is a member of the Public
37 Employees' Retirement System or of a county pension fund created
38 under P.L.1943, c.160 (C.43:10-18.1 et seq.), or P.L.1948, c.310
39 (C.43:10-18.50 et seq.) or article 2 of chapter 10 of Title 43 of the
40 Revised Statutes (R.S.43:10-19 et seq.), hereinafter referred to as a
41 "county pension fund" shall be permitted to transfer his
42 membership in said fund to the Police and Firemen's Retirement
43 System of New Jersey by waiving all rights and benefits which
44 would otherwise be provided by the Public Employees' Retirement
45 System or a county pension fund. Any such officer will likewise
46 be permitted to continue his membership in the Public Employees'
47 Retirement System or a county pension fund by waiving all rights
48 and benefits which would otherwise be provided by the Police and

1 Firemen's Retirement System. Such waivers shall be accomplished
2 by filing forms satisfactory to the **【New Jersey Division of**
3 **Pensions】** board of trustees, which is responsible for the
4 administration of the Police and Firemen's Retirement System,
5 within 90 days of the effective date of this 1975 amendatory and
6 supplementary act. In the absence of the filing of a timely waiver
7 by any eligible officer his pension status shall remain unchanged
8 and his membership shall not be transferred to the Police and
9 Firemen's Retirement System.

10 b. Each new officer who begins employment following the
11 effective date of this 1975 amendatory and supplementary act, shall
12 be required to enroll in the Police and Firemen's Retirement System
13 of New Jersey as a condition of employment, provided he is
14 otherwise eligible for membership by meeting the appointment, age,
15 and health prescriptions required of all members. As of the
16 effective date of this 1975 amendatory and supplementary act, the
17 eligibility of membership for such new officers in the Public
18 Employees' Retirement System or a county pension fund named in
19 paragraph a. above shall be terminated and the membership
20 requirements of such other fund will be deemed satisfied by the
21 enrollment of such employees in the Police and Firemen's
22 Retirement System.

23 (cf: P.L.1975, c.303, s.1)

24

25 34. Section 9 of P.L.1973, c.156 (C.43:16A-68) is amended to
26 read as follows:

27 9. The chief fiscal officer of the employer shall transmit to the
28 retirement system such information as the system shall require in
29 order for the **【New Jersey Division of Pensions】** board of trustees
30 to comply with the provisions of this act.

31 (cf: P.L.1973, c.156, s.9)

32

33 35. Section 7 of P.L.1950, c.270 (C.52:18A-85) is amended to
34 read as follows:

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

37 The Board of Trustees of the Public Employees' Retirement
38 System; the Board of Trustees of the State Police Retirement
39 System; the Prison Officers' Pension Commission; the Board of
40 Trustees of the Teachers' Pension and Annuity Fund; **【the Board of**
41 **Trustees of the Police and Firemen's Retirement System of New**
42 **Jersey;】** and the Consolidated Police and Firemen's Pension Fund
43 Commission; of, or relating to, investment or reinvestment of
44 moneys of, and purchase, sale or exchange of any investments or
45 securities of or for any funds or accounts under the control and
46 management of such agencies, are hereby transferred to and shall

1 be exercised and performed for such agencies by the Director of
2 the Division of Investment established hereunder.

3 (cf: P.L.1970, c.57, s.17)

4

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

7 1. The Director of the Division of Investment, in addition to
8 other investments, presently or from time to time hereafter
9 authorized by law, shall have authority to invest and reinvest the
10 moneys in, and to acquire for or on behalf of the funds of the
11 following enumerated agencies:

12 The Consolidated Police and Firemen's Pension Fund;

13 **【The Police and Firemen's Retirement System of New Jersey;】**

14 The Prison Officers' Pension Fund;

15 The Public Employees' Retirement System of New Jersey;

16 The State Police Retirement System;

17 The Teachers' Pension and Annuity Fund;

18 The Judicial Retirement System of New Jersey;

19 The Trustees for the Support of Public Schools;

20 and all other funds in the custody of the State Treasurer, unless
21 otherwise provided by law;

22 such investments which shall be authorized or approved for
23 investment by regulation of the State Investment Council.

24 (cf: P.L.2013, c.253, s.39)

25

26 37. Section 11 of P.L.1950, c.270 (C.52:18A-89) is amended to
27 read as follows:

28 11. a. Limitations, conditions and restrictions contained in any
29 law concerning the kind or nature of investment of any of the
30 moneys of any of the funds or accounts referred to herein shall
31 continue in full force and effect; provided, however, that subject to
32 any acceptance required, or limitation or restriction contained
33 herein: the Director of the Division of Investment shall at all times
34 have authority to invest and reinvest any such moneys in
35 investments as defined in subsection c. of this section and, for or on
36 behalf of any such fund or account, to sell or exchange any such
37 investments; provided, however, that the Board of Trustees of the
38 Police and Firemen's Retirement System of New Jersey shall have
39 sole authority to invest and reinvest moneys for or on behalf of the
40 Police and Firemen's Retirement System of New Jersey.

41 b. In investing and reinvesting any and all money and property
42 committed to the director's investment discretion from any source
43 whatsoever, and in acquiring, retaining, selling, exchanging and
44 managing investments, the Director of the Division of Investment,
45 and in the case of the Police and Firemen's Retirement System of
46 New Jersey, the Board of Trustees of the Police and Firemen's
47 Retirement System of New Jersey, shall exercise the care, skill,
48 prudence and diligence under the circumstances then prevailing that

1 a prudent person acting in a like capacity and familiar with such
2 matters would use in the conduct of an enterprise of a like character
3 and with like aims. In making each investment, the director may,
4 depending on the nature and objectives of the portfolio, consider the
5 whole portfolio, provided that, in making each investment, the
6 director shall act with the reasonable expectation that the return on
7 each investment shall be commensurate with the risk associated
8 with each investment. The director or board of trustees shall be
9 under a duty to manage and invest the portfolio solely in the
10 interests of the beneficiaries of the portfolio and for the exclusive
11 purpose of providing financial benefits to the beneficiaries of the
12 portfolio.

13 c. For the purposes of this section, "investments" means and
14 includes property of every nature, real, personal and mixed, tangible
15 and intangible, and specifically includes, solely by way of
16 description and not by way of limitation, bonds, debentures and
17 other corporate obligations, direct and indirect investments in
18 equity real estate , mortgages and other direct or indirect interests
19 in real estate or investments secured by real estate, capital stocks,
20 common stocks, preferred stocks, diversified pools of venture
21 capital which otherwise could be made consistent with the standard
22 of care required by subsection b. of this section, common trust
23 funds as defined in and regulated by sections 36 through 46 of
24 P.L.1948, c.67 (C.17:9A-36 through 17:9A-46), repurchase
25 agreements, securities loan transactions secured by cash, securities
26 issued by the United States government or its agencies, or
27 irrevocable bank letters of credit, whether directly or through a
28 bank or similar financial institution acting as agent or trustee,
29 mutual funds, and any other security issued by an investment
30 company or investment trust, whether managed or not by third
31 parties, registered under the "Investment Company Act of 1940,"
32 (15 U.S.C. s.80a-1 et seq.) No investment that is otherwise
33 permissible under this subsection shall be considered to be unlawful
34 solely because the investment is made indirectly or through a
35 partnership, trust, or other legal entity.

36 (cf: P.L.1997, c.26, s.26)

37

38 38. All of the present functions, powers, duties, equipment, and
39 records relating to the Police and Firemen's Retirement System of
40 New Jersey in the Division of Pensions and Benefits in the
41 Department of the Treasury and the Division of Investment are
42 hereby transferred to the Board of Trustees of the Police and
43 Firemen's Retirement System of New Jersey.

44

45 39. The terms of service of those appointed and elected
46 members serving on the Board of Trustees of the Police and
47 Firemen's Retirement System on the date of enactment of P.L. ,
48 c. (pending before the Legislature as this bill), shall be terminated

1 as of the first day of the seventh month next following that date of
2 enactment, so that the composition of the board as provided for in
3 this act shall be attained. A trustee whose service on the board has
4 been terminated pursuant to this section may be appointed or
5 elected to serve as a trustee after that effective date if qualified.

6
7 40. Section 1 of P.L.1947, c.217 (C.43:16A-13.1) is repealed.

8 41. This act shall take effect on the 366th day next following
9 enactment, except the provisions concerning the election,
10 appointment, and composition of the new Board of Trustees of the
11 Police and Firemen's Retirement System, set forth in section 15 of
12 this act, shall take effect as specified in that section and the new
13 Board of Trustees of the Police and Firemen's Retirement System
14 shall take office on the first business day of the seventh month next
15 following the date of enactment of this act. The Board of Trustees
16 of the Police and Firemen's Retirement System, the Division of
17 Pensions and Benefits, and the Division of Investment may take
18 such anticipatory administrative action in advance as shall be
19 necessary for the implementation of the act.

20
21
22 STATEMENT

23
24 This bill transfers management of the Police and Firemen's
25 Retirement System (PFRS) from the Division of Pensions and
26 Benefits in the Department of the Treasury to the Board of Trustees
27 of the PFRS.

28 The bill changes the membership of the Board of Trustees of the
29 PFRS from 11 to 12 members. Seven trustees must be present at any
30 meeting of the board for the transaction of its business. A member
31 of the Board of Trustees of the PFRS may be removed if the
32 member has more than three unexcused absences from the board's
33 meetings in any calendar year. A member may also participate in
34 meetings of the board by teleconference. Under the bill, the board
35 will consist of three active policemen and three active firemen. The
36 active members of the system will elect one active policeman and
37 one active fireman. The remaining active policemen and firemen
38 will be appointed by the heads of four unions representing
39 policemen and firemen in the State. In addition, the board will
40 contain one retiree elected by retirees in the PFRS.

41 To represent the interests of local government employers, the
42 Governor will appoint four trustees, who either hold or have held an
43 elective local public office or are employed, or have been
44 employed, by a local government as an administrator, manager, or
45 chief financial officer. The Governor will also appoint one trustee,
46 who holds, or has held, a position in the Executive Branch of State
47 government at the level of division director or above, to represent
48 the interests of State government.

1 The bill vests with the board of trustees all the functions, powers,
2 and duties relating to the investment and reinvestment of money in
3 any fund or account under the control of the board. The Division of
4 Investment in the Department of the Treasury currently performs
5 these functions. Under the bill, the board of trustees may make and
6 execute agreements with public and private enterprises for the
7 management of the investments of the retirement system. The bill
8 requires the board to hire an executive director, actuary, chief
9 investment officer, and ombudsman.

10 This bill requires the executive director and chief investment
11 officer employed by the board to have, at minimum, a bachelor's
12 degree from an accredited institution of higher education, and at
13 least five years management experience in accounting, finance,
14 public administration, government pension and retirement planning,
15 investment banking, financial consulting, money management, or a
16 similar field, and to meet all other requirements for employment set
17 forth in a standard adopted by the board. A member, retiree, or
18 other beneficiary of the retirement system may not hold the position
19 of executive director or chief investment officer.

20 Under the bill, the board of trustees has the authority to establish
21 a process for the review, approval, and appeal of applications for
22 retirement. The bill provides the board of trustees with authority to
23 modify the system's member contribution rate; cap on creditable
24 compensation; formula for calculation of final compensation; and
25 standards for special retirement and disability retirement. The bill
26 allows the board to reinstate cost of living adjustments for retirees.
27 Under the bill, the board may alter any benefit set forth in statute
28 for the PFRS. There are to be at least eight votes of the authorized
29 membership of the board to approve any enhancement or reduction
30 of a member benefit, including the activation of the now-suspended
31 cost of living adjustment for retirees, or to approve any increase or
32 decrease in the employer contribution that is more than what is
33 recommended by the actuary for the system for the purpose of the
34 annual funding requirements of the system. With regard to
35 changing the employee contribution rate, the bill requires an
36 actuarial certification that such change will not result in increased
37 employer contributions

38 The bill requires the board to complete at least 16 hours of
39 continuing education annually, in addition to any other training
40 required by the bill; and requires the board to adopt an ethics policy
41 that is comparable to the "New Jersey Conflicts of Interest Law."

42 The bill provides that the board may retain experienced legal
43 counsel with demonstrated expertise in the law governing
44 retirement systems for public or private sector employees.
45 Additionally, under the bill, the board may retain an actuary that
46 must have demonstrated experience in providing actuarial services
47 to retirement systems for public or private sector employees. The
48 actuary may be an employee of the board or an independent

1 contractor retained by the board. The bill also requires the board of
2 trustees to retain an independent actuary, as selected by the State
3 Treasurer, with demonstrated experience in providing actuarial
4 services to retirement systems for public or private sector
5 employees to review prior investigations into the mortality, service,
6 and compensation experience of the members and beneficiaries of
7 the retirement system and to review the three prior actuarial
8 valuations to certify that the actuary of the retirement system
9 conducted the investigations and valuations in accordance with
10 generally accepted actuarial standards.

11 A permanent position of internal auditor would be established
12 under the bill, and the internal auditor would be supervised by the
13 executive director.

14 The bill prohibits the chair and vice-chair from disciplining or
15 discharging an employee of the board unless authorized by a
16 majority of trustees. Moreover, the bill prohibits the board from
17 employing a trustee, and may employ a former trustee only if the
18 former trustee has not held the position of trustee for more than two
19 years.

20 Moreover, the bill requires local employers to pay their required
21 contributions to the PFRS on a quarterly basis. If a local employer
22 does not make a required contribution within 30 days of the due
23 date, the Division of Local Government Services will withhold any
24 State aid payment due to that employer in an amount equal to the
25 amount of the delinquent contribution. If the employer is eligible
26 for transitional aid, the Division of Local Government Services is to
27 consult with the board to develop a payment plan to ensure that the
28 required payment and interest owed is paid in a timely manner. The
29 director will release the withheld State aid payment to the employer
30 upon certification by the board of the receipt of the delinquent
31 contribution.

32 This bill requires the board of trustees, at the end of six years
33 following the enactment date of this bill, to conduct a review of the
34 performance and funding levels of the retirement system, as
35 compared to available market data, including, but not limited to, the
36 performance of the State Investment Council and Division of
37 Investment with regard to the investment of other State-
38 administered retirement systems or funds and the Bloomberg
39 Barclays Indices, and may, based on a majority vote of the
40 authorized membership of the board, petition the Legislature to
41 consider legislation that reverts control of the system to the
42 Department of the Treasury, or other agency as the State deems
43 appropriate.

44 The bill does not diminish the non-forfeitable right PFRS
45 members have to receive the benefits provided under State law or
46 affirmed by the State's courts. Nothing in the bill relieves the State
47 or local government employers of any past, present, or future
48 obligations to the PFRS or its members.