

[First Reprint]  
**SENATE, No. 5**

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**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

**District 3 (Cumberland, Gloucester and Salem)**

**Senator THOMAS H. KEAN, JR.**

**District 21 (Morris, Somerset and Union)**

**Co-Sponsored by:**

**Senators A.R.Bucco and Oroho**

**SYNOPSIS**

Transfers management of PFRS to Board of Trustees of PFRS.

**CURRENT VERSION OF TEXT**

As reported by the Senate State Government, Wagering, Tourism & Historic Preservation Committee on February 1, 2018, with amendments.



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27 shall not be decreased, increased, revoked or repealed except as  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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SSG committee amendments adopted February 1, 2018.

1 in accordance with subsection b. of section 13 of P.L.1944, c.255  
2 (C.43:16A-13).

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

4

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

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

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

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

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

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

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

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

42 f. <sup>1</sup> [Noting] Nothing<sup>1</sup> in the provisions of P.L. \_\_\_\_\_,  
43 c. (pending before the Legislature as this bill) shall be interpreted  
44 to diminish the non-forfeitable right to benefits provided to any  
45 member of the Police and Firemen's Retirement System under State  
46 law or affirmed by a ruling or holding of a court in the Judiciary  
47 Branch of State government.

48 (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

1 binding upon the **【Division of Pensions and Benefits】** board of  
2 trustees.

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

4

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

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

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

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

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

48 (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. <sup>1</sup>The chair and vice chair shall not have the  
43 authority 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.<sup>1</sup> 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 <sup>1</sup>with demonstrated  
35 expertise in the law governing retirement systems for public or  
36 private sector employees<sup>1</sup> to advise and represent the board. If the  
37 board does not select and employ, or contract with, legal counsel,  
38 the Attorney General of the State of New Jersey shall be the legal  
39 adviser of the retirement system, except **that** if the Attorney  
40 General determines that a conflict of interest would affect the  
41 ability of the Attorney General to represent the board or the  
42 committees on a matter affecting the retirement system **], the board**  
43 may select and employ legal counsel to advise and represent the  
44 board or the committees on 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. <sup>1</sup>The actuary may be an  
16 employee of the board or an independent contractor retained by the  
17 board. The actuary shall have demonstrated experience in  
18 providing actuarial services to defined benefit retirement systems  
19 for public employees.<sup>1</sup>

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 <sup>1</sup>with demonstrated  
30 experience in providing actuarial services to retirement systems for  
31 public or private sector employees<sup>1</sup> to review prior investigations  
32 into the mortality, service, and compensation experience of the  
33 members and beneficiaries of the retirement system and to review  
34 the three prior actuarial valuations to certify that the actuary of the  
35 retirement system conducted the investigations and valuations in  
36 accordance with generally accepted actuarial standards.

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

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

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

43 (17) Each policeman or fireman member of the board of trustees  
44 or the committees shall be entitled to time off from his duty, with  
45 pay, during the periods of his attendance upon regular or special  
46 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 <sup>1</sup>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.<sup>1</sup>

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. <sup>1</sup>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.<sup>1</sup>

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, other than for the activation of the application of  
33 the "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.),  
34 for 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      If any matter regarding benefits before a committee receives five  
15      votes in the affirmative and five votes in the negative or the  
16      committee otherwise reaches an impasse on a decision, the  
17      provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be  
18      followed.】

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

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

1       (2) <sup>1</sup>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.<sup>1</sup> All trustees, officers, and employees of the board shall  
5 participate in annual ethics training on the <sup>1</sup>board's policy, the<sup>1</sup>  
6 New Jersey Conflicts of Interest Law <sup>1</sup>,<sup>1</sup> and any other applicable  
7 law, rule, or standard of conduct relating to the area of ethics as  
8 directed by 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 <sup>1</sup>, governmental  
19 auditing,<sup>1</sup> or related financial expertise. If the board of trustees  
20 does not have sufficient members qualified or available to serve on  
21 the Audit Committee, or wishes to broaden the expertise on the  
22 Audit 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  
38 is not adequate in quality or independence, recommend such steps  
39 as 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; **1[and]1**

16 (vii) recommend policies with respect to risk assessment and risk  
17 management <sup>1</sup>; and

18 (viii) establish a permanent position of internal auditor, who  
19 shall be supervised by the executive director, but who may be  
20 discharged only by an affirmative vote of the majority of the  
21 board<sup>1</sup>.

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

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

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

48 (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;  
35 nor shall any trustee or employee of the board directly or  
36 indirectly, for himself or as an agent in any manner use the moneys  
37 of the 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 (cf: P.L.2011, c.78, s.31)

43

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

46       15. (1) The contributions required for the support of the  
47 retirement system shall be made by members and their employers.

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

5       (b) The board of trustees is authorized to make an adjustment to  
6 the uniform contribution rate of the members set forth in this  
7 subsection as the board deems reasonable, necessary, and  
8 appropriate after consultation with, and the recommendation of, the  
9 actuary. Any adjustment to a contribution rate shall be made at  
10 such time and in such manner as the board shall determine.

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

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

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

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

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

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

42       (9) With respect to employers other than the State, upon the  
43 basis of the tables recommended by the actuary which the board  
44 adopts and regular interest, the actuary shall compute the amount of  
45 the accrued liability as of June 30, 1991 under the projected unit  
46 credit method, which is not already covered by the assets of the  
47 retirement system, valued in accordance with the asset valuation  
48 method established in this section. Using the total amount of this

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

39 With respect to the State, upon the basis of the tables  
40 recommended by the actuary which the board adopts and regular  
41 interest, the actuary shall annually determine if there is an amount  
42 of the accrued liability, computed under the projected unit credit  
43 method, which is not already covered by the assets of the retirement  
44 system, valued in accordance with the asset valuation method  
45 established in this section. This shall be known as the "unfunded  
46 accrued liability." If there was no unfunded accrued liability for the  
47 valuation period immediately preceding the current valuation  
48 period, the actuary, using the total amount of this unfunded accrued

1 liability, shall compute the initial amount of contribution which, if  
2 the contribution is paid annually in level dollars for a specific  
3 period of time, will amortize this liability. The [State Treasurer  
4 shall determine, upon the advice of the Director of the Division of  
5 Pensions and Benefits, the] board of trustees [and] shall determine,  
6 upon the advice of the actuary, the time period for full funding of  
7 this liability, which shall not exceed 30 years. This shall be known  
8 as the "accrued liability contribution." Thereafter, any increase or  
9 decrease in the unfunded accrued liability as a result of actuarial  
10 losses or gains for subsequent valuation years shall serve to increase  
11 or decrease, respectively, the amortization period for the unfunded  
12 accrued liability, unless an increase in the amortization period will  
13 cause it to exceed 30 years. If an increase in the amortization period  
14 as a result of actuarial losses for a valuation year would exceed 30  
15 years, the accrued liability contribution shall be computed for the  
16 valuation year in the same manner provided for the computation of  
17 the initial accrued liability contribution under this section.  
18 Beginning with the July 1, 2018 actuarial valuation, the accrued  
19 liability contribution shall be computed so that if the contribution is  
20 paid annually in level dollars, it will amortize this unfunded accrued  
21 liability over a closed 30-year period. Beginning with the July 1,  
22 2028 actuarial valuation, when the remaining amortization period  
23 reaches 20 years, any increase or decrease in the unfunded accrued  
24 liability as a result of actuarial losses or gains for subsequent  
25 valuation years shall serve to increase or decrease, respectively, the  
26 amortization period for the unfunded accrued liability, unless an  
27 increase in the amortization period will cause it to exceed 20 years.  
28 If an increase in the amortization period as a result of actuarial  
29 losses for a valuation year would exceed 20 years, the accrued  
30 liability contribution shall be computed for the valuation year in the  
31 same manner provided for the computation of the initial accrued  
32 liability contribution under this section.

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

37 The value of the assets to be used in the computation of the  
38 contributions provided for under this section for valuation periods  
39 shall be the value of the assets for the preceding valuation period  
40 increased by the regular interest rate, plus the net cash flow for the  
41 valuation period (the difference between the benefits and expenses  
42 paid by the system and the contributions to the system) increased by  
43 one half of the regular interest rate, plus 20% of the difference  
44 between this expected value and the full market value of the assets  
45 as of the end of the valuation period. This shall be known as the  
46 "valuation assets." Notwithstanding the first sentence of this  
47 paragraph, the valuation assets for the valuation period ending June  
48 30, 1995 shall be the full market value of the assets as of that date



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

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

1 pursuant to P.L.1993, c.99 for the other employers, and beginning  
2 with the valuation period ending June 30, 1998, less the present  
3 value of the expected additional normal cost contributions  
4 attributable to the amendatory provisions of P.L.1999, c.428  
5 **[(C.43:16A-15.8 et al.)]** (C.43:16A-1 et al.) payable on behalf of  
6 the active members employed by other employers as of the  
7 valuation period over the expected working lives of the active  
8 members in accordance with the tables of actuarial assumptions  
9 applicable to the valuation period, and less the present value of the  
10 expected additional normal cost contributions attributable to the  
11 provisions of P.L.2003, c.108 as amending section 16 of P.L.1964,  
12 c.241 (C.43:16A-11.1) payable on behalf of the active members  
13 employed by other employers as of the valuation period over the  
14 expected working lives of the active members in accordance with  
15 the tables of actuarial assumptions applicable to the valuation  
16 period, if the sum is greater than zero.

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

30 If there are excess valuation assets allocated to the other  
31 employers for the valuation period ending June 30, 1998, the  
32 accrued liability contributions payable by the other employers for  
33 the valuation period ending June 30, 1997 shall be reduced to the  
34 extent possible by the excess valuation assets allocated to the other  
35 employers.

36 If there are excess valuation assets allocated to the State or to the  
37 other employers for a valuation period ending after June 30, 1998,  
38 the State Treasurer may reduce the normal contribution payable by  
39 the State or by other employers for the next valuation period as  
40 follows:

41 (1) for valuation periods ending June 30, 1996 through June 30,  
42 2000, to the extent possible by up to 100% of the excess valuation  
43 assets allocated to the State or to the other employers, respectively;

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

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

4 (4) for valuation periods ending June 30, 2003 through June 30,  
5 2007, to the extent possible by up to 50% of the excess valuation  
6 assets allocated to the State or to the other employers, respectively.

7 Notwithstanding the discretion provided to the State Treasurer in  
8 the previous paragraph to reduce the amount of the normal  
9 contribution payable by employers other than the State, the State  
10 Treasurer shall reduce the amount of the normal contribution  
11 payable by employers other than the State by \$150,000,000 in the  
12 aggregate for the valuation period ending June 30, 1998, and then  
13 the State Treasurer may reduce further pursuant to the provisions of  
14 the previous paragraph the normal contribution payable by such  
15 employers for that valuation period.

16 The normal and accrued liability contributions shall be certified  
17 annually by the retirement system and shall be included in the  
18 budget of the employer and levied and collected in the same manner  
19 as any other taxes are levied and collected for the payment of the  
20 salaries of members.

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

35 The State Treasurer shall reduce the normal and accrued liability  
36 contributions payable by employers other than the State to 50  
37 percent of the amount certified annually by the retirement system  
38 for payments due in the State fiscal year ending June 30, 2009. An  
39 employer that elects to pay the reduced normal and accrued liability  
40 contribution shall adopt a resolution, separate and apart from other  
41 budget resolutions, stating that the employer needs to pay the  
42 reduced contribution and providing an explanation of that need  
43 which shall include (1) a description of its inability to meet the levy  
44 cap without jeopardizing public safety, health, and welfare or  
45 without jeopardizing the fiscal stability of the employer, or (2) a  
46 description of another condition that offsets the long term fiscal  
47 impact of the payment of the reduced contribution. An employer  
48 also shall document those actions it has taken to reduce its

1 operating costs, or provide a description of relevant anticipated  
2 circumstances that could have an impact on revenues or  
3 expenditures. This resolution shall be submitted to and approved by  
4 the Local Finance Board after making a finding that these fiscal  
5 conditions are valid and affirming the findings contained in the  
6 employer resolution.

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

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

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

30 (10) The treasurer or corresponding officer of the employer shall  
31 pay to the **[State Treasurer]** board of trustees no later than April 1  
32 of the State's fiscal year in which payment is due the amount so  
33 certified as payable by the employer, and shall pay monthly to the  
34 **[State Treasurer]** board of trustees the amount of the deductions  
35 from the salary of the members in the employ of the employer, and  
36 the **[State Treasurer]** board of trustees shall credit such amount to  
37 the appropriate fund or funds, of the retirement system. On April 1  
38 next following the effective date of P.L. , c. (pending before the  
39 Legislature as this bill), and in each year thereafter, the contribution  
40 required to be made by the employer shall be made to the board of  
41 trustees on the following schedule: at least 25 percent by March 1,  
42 at least 50 percent by June 1, at least 75 percent by September 1,  
43 and at least 100 percent by December 1. The amount of the  
44 contribution shall be net of the amount of any increase in the  
45 interest on the tax and revenue anticipation notes attributable solely  
46 to the need to borrow an increased amount in order to make the  
47 quarterly payments.

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

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

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

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

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

44        (14) Commencing with valuation year 1991, with payment to be  
45 made in Fiscal Year 1994, the Legislature shall annually  
46 appropriate and the State Treasurer shall pay into the pension  
47 accumulation fund of the retirement system an amount equal to  
48 1.1% of the compensation of the members of the system for the

1 valuation year to fund the benefits provided by section 16 of  
2 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

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

9 (16) The savings realized as a result of the amendments to this  
10 section by P.L.2001, c.44 in the payment of normal contributions  
11 computed by the actuary for the valuation periods ending June 30,  
12 1998 for employers other than the State shall be used solely and  
13 exclusively by a county or municipality for the purpose of reducing  
14 the amount that is required to be raised by the local property tax  
15 levy by the county for county purposes or by the municipality for  
16 municipal purposes, as appropriate. The Director of the Division of  
17 Local Government Services in the Department of Community  
18 Affairs shall certify for each year that each county or municipality  
19 has complied with the requirements set forth herein. If the director  
20 finds that a county or municipality has not used the savings solely  
21 and exclusively for the purpose of reducing the amount that is  
22 required to be raised by the local property tax levy by the county for  
23 county purposes or by the municipality for municipal purposes, as  
24 appropriate, the director shall direct the county or municipal  
25 governing body, as appropriate, to make corrections to its budget.  
26 (cf: P.L.2011, c.78, s.15)

27

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

30 18. Any member who has at least 3 years of service to his credit  
31 for which he has contributed as a member may borrow from the  
32 retirement system, an amount equal to not more than 50% of the  
33 amount of his aggregate contributions, but not less than \$50.00;  
34 provided that the amount so borrowed, together with interest  
35 thereon, can be repaid by additional deductions from salary, not in  
36 excess of 25% of the member's salary, made at the time the salary is  
37 paid to the member. The amount so borrowed, together with  
38 interest on any unpaid balance thereof, shall be repaid to the  
39 retirement system in equal installments by deductions from the  
40 salary of the member at the time the salary is paid or in such lump  
41 sum amount to repay the balance of the loan but such installments  
42 shall be at least equal to the member's rate of contribution to the  
43 retirement system and at least sufficient to repay the amount  
44 borrowed with interest thereon. Not more than two loans may be  
45 granted to any member in any calendar year. Notwithstanding any  
46 other law affecting the salary or compensation of any person or  
47 persons to whom this act applies or shall apply, the additional  
48 deductions required to repay the loan shall be made.

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

12       Loans shall be made to a member from his aggregate  
13 contributions. The interest earned on such loans shall be treated in  
14 the same manner as interest earned from investments of the  
15 retirement system.

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

17

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

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

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

34

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

37       3. The **[Director of the Division of Investment]** board of  
38 trustees shall at all times have authority to invest and reinvest the  
39 monies in, and to acquire for or on behalf of, the Police and  
40 Firemen's Retirement System of New Jersey mortgage loans on  
41 residential property.

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

43

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

46       4. a. In addition to any loan for which he may be eligible  
47 pursuant to the provisions of section 18 of P.L.1964, c.241  
48 (C.43:16A-16.1) and notwithstanding the provisions of that or any

1 other law to the contrary, any member of the Police and Firemen's  
2 Retirement System who, at the time of application, is employed by  
3 the State or a county, municipality or other political subdivision of  
4 the State and who has at least one year of creditable service is, for  
5 the purpose of securing for his own occupation as his principal  
6 residence a residential property located within this State, eligible to  
7 receive a mortgage loan pursuant to the provisions of this act. The  
8 mortgage loan shall be used only for the purpose of enabling a  
9 borrower to acquire or construct a residential property or refinance  
10 an existing residential property loan.

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

17 b. Any mortgage loan made pursuant to the provisions of this  
18 act, together with any interest and expenses to the retirement system  
19 associated with the making of that loan, shall be repaid in equal  
20 installments.

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

37 d. No mortgage loan made pursuant to the provisions of this act  
38 shall be sold, transferred or assigned to any person, nor shall the  
39 payments with respect to any mortgage loan so made be assumed by  
40 any person other than the member to whom that loan was made,  
41 except that in the event of the death of a member, the mortgage may  
42 be assignable to a surviving spouse if the spouse is the sole heir to  
43 the property.

44 e. The instrument evidencing a mortgage loan under the  
45 provisions of this act may be in such form, and may contain such  
46 provisions, not inconsistent with law, as the director may choose to  
47 insert for the protection of the retirement system's lien and the



1 preservation of its interest in the real property mortgaged to it.  
2 (cf: P.L.2001, c.293, s.1)

3

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

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

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

19

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

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

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

33

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

36 9. The **【State Treasurer】** board of trustees shall, with the  
37 advice of **【the State Investment Council, the Director of the**  
38 **Division of Pensions and】** the Executive Director of the New Jersey  
39 Housing and Mortgage Finance Agency and in accordance with the  
40 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
41 seq.), promulgate any rules and regulations necessary to accomplish  
42 the purposes of this act.

43 (cf: P.L.1992, c.78, s.9)

44

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

1 19. If possible, whenever any beneficiary shall, in writing,  
2 request the **【Division of Pensions】** board of trustees to make  
3 deductions from his retirement allowance or pension for the purpose  
4 of paying premiums for the pensioners' group health insurance plan  
5 or the State Health Benefits program, the **【division】** board may  
6 make such deductions and transmit the sums so deducted to the  
7 companies carrying the policies. Any such written authorization  
8 may be withdrawn by any beneficiary upon filing notice of such  
9 withdrawal with the division.

10 (cf: P.L.1971, c.175, s.14)

11  
12 26. Section 2 of P.L.1973, c.92 (C.43:16A-48.2) is amended to  
13 read as follows:

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

33 b. Each new officer who begins employment following the  
34 effective date of this act and who is otherwise eligible, shall be  
35 required to enroll in the Police and Firemen's Retirement System of  
36 New Jersey as a condition of employment, provided he is otherwise  
37 eligible for membership by meeting the appointment, age, and  
38 health prescriptions required of all members. As of the effective  
39 date of this act, the eligibility of membership for such new officers  
40 in the county or county park commission pension fund or in the  
41 Public Employees' Retirement System shall be terminated and the  
42 membership requirements of such other funds will be deemed  
43 satisfied by the enrollment of such employees in the Police and  
44 Firemen's Retirement System.

45 c. All officers who, prior to the effective date of this act, were  
46 not required to become and who are not members of county or  
47 county park commission pension funds or the Public Employees'  
48 Retirement System, and who anticipate the receipt of a pension

1 from the county under the provisions of chapter 4 of Title 43 of the  
2 Revised Statutes or the "General Noncontributory Pension Act"  
3 P.L.1955, c. 263 (C. 43:8B-1 et seq.), shall continue their eligibility  
4 for such pension to be paid by the county and shall not be permitted  
5 to enroll in the Police and Firemen's Retirement System of New  
6 Jersey.

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

8

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

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

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

16

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

19 20. The **【State Treasurer】** board of trustees is hereby authorized  
20 and permitted to purchase from one or more life insurance  
21 companies, as determined by him, a group life insurance coverage  
22 to provide for the death benefits specified in sections 5 **【,】** and 6,  
23 **【7(3)】** subsection (3) of section 7, section 9, and **【10(5) of chapter**  
24 **255 of the laws of 1944】** subsection (5) of section 10 of P.L.1944,  
25 c.255 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and  
26 C.43:16A-10) and sections 16 and 17 of 【chapter 241 of the laws of  
27 **1964】** P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2). Such  
28 group life insurance coverage may be provided under one or more  
29 policies issued to the **【State Treasurer】** board of trustees  
30 specifically for this purpose or, in the discretion of the **【State**  
31 **Treasurer】** board of trustees, under one or more policies issued to  
32 the **【State Treasurer】** board of trustees which provide group life  
33 insurance coverage for members of one or more other retirement  
34 systems of the State of New Jersey. Whenever such policy or  
35 policies of group insurance shall be in effect, the benefits payable  
36 thereunder shall be in lieu of the above mentioned death benefits  
37 provided by said sections. Any dividend or retrospective rate credit  
38 allowed by an insurance company shall be credited in an equitable  
39 manner to the special insurance funds from which premiums are  
40 paid.

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

42

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

45 22. The **【State Treasurer】** board of trustees may, in **【his】** its  
46 discretion, determine to purchase group insurance coverage for the  
47 death benefit provisions as provided in sections 5 **【,】** and 6, **【7(3)】**

1 subsection (3) of section 7, section 9, and [10(5) of chapter 255 of  
2 the laws of 1944] subsection (5) of section 10 of P.L.1944, c.255  
3 (C.43:16A-5 through C.43:16A-7, C.43:16A-9, and C.43:16A-10)  
4 and sections 16 and 17 of **[chapter 241 of the laws of 1964]**  
5 P.L.1964, c.241 (C.43:16A-11.1 and C.43:16A-11.2), or may  
6 determine not to purchase any group insurance coverage for the  
7 death benefit provisions heretofore mentioned.  
8 (cf: P.L.1967, c.250, s.19)

9  
10 30. Section 23 of P.L.1964, c.241 (C.43:16A-56) is amended to  
11 read as follows:

12 23. In the event the **[State Treasurer]** board of trustees shall  
13 determine to purchase group insurance coverage for the death  
14 benefits, premiums for the same shall be paid from a special fund,  
15 hereby created, called the "Group Insurance Premium Fund." The  
16 **[State Treasurer]** board of trustees shall estimate annually the  
17 amount which will be required for premiums for such benefits for  
18 the ensuing fiscal year and shall certify such amounts to the  
19 participating employers as due and owing from them. The  
20 participating employers shall pay over to the **[State Treasurer]**  
21 board of trustees the amount for premiums so certified and the  
22 **[State Treasurer]** board of trustees shall deposit these amounts in  
23 the Group Insurance Premium Fund. During the period such group  
24 insurance policy or policies are in effect with respect to members of  
25 the Police and Firemen's Retirement System of New Jersey the  
26 **[State Treasurer]** board of trustees shall in no way commingle  
27 moneys in this fund with any pension fund established by **[chapter**  
28 **255 of the laws of 1944]** P.L.1944, c.255 (C.43:16A-1 et seq.).  
29 (cf: P.L.1967, c.250, s.20)

30  
31 31. Section 24 of P.L.1964, c.241 (C.43:16A-57) is amended to  
32 read as follows:

33 24. All reserves and moneys held by the insurance carrier under  
34 group life insurance contracts providing for employee contributions  
35 pursuant to the provisions of **[chapter 241 of the laws of 1964]**  
36 P.L.1964, c.241 (C.43:16A-11.1 et al.), and any amendments and  
37 supplements thereto, shall be transferred and merged with those  
38 purchased by the **[State Treasurer]** board of trustees.  
39 (cf: P.L.1967, c.250, s.21)

40  
41 32. Section 2 of P.L.1985, c.221 (C.43:16A-62.3) is amended to  
42 read as follows:

43 2. a. Either the transfer to or the initial enrollment in the Police  
44 and Firemen's Retirement System of chief investigators, assistant  
45 chief investigators, senior investigators and investigators in a  
46 county welfare agency is contingent upon the approval of the  
47 county. A county may make such a transfer or allow such an

1 enrollment upon the adoption of an ordinance or resolution, as  
2 appropriate.

3 b. If an ordinance or resolution is adopted pursuant to subsection  
4 a. of this section, an eligible officer who is a member of the Public  
5 Employees' Retirement System (P.L.1954, c.84, C.43:15A-1 et seq.)  
6 or of a county pension fund created under P.L.1943, c.160  
7 (C.43:10-18.1 et seq.), or P.L.1948, c.310 (C.43:10-18.50), or  
8 article 1 of chapter 10 of Title 43 of the Revised Statutes (R.S.  
9 43:10-1 et seq.), hereinafter referred to as "county pension fund,"  
10 shall be permitted to transfer his membership in the retirement  
11 system or county pension fund to the Police and Firemen's  
12 Retirement System of New Jersey by: (1) waiving all rights and  
13 benefits which would otherwise be provided by the Public  
14 Employees' Retirement System or county pension fund; and (2)  
15 making a lump sum payment into the Police and Firemen's  
16 Retirement System annuity savings fund of the amount of the  
17 difference between the contribution which was paid as a member of  
18 the Public Employees' Retirement System or a county pension fund  
19 and the contribution that would have been required if he had been a  
20 member of the Police and Firemen's Retirement System since the  
21 date of last enrolling in the Public Employees' Retirement System  
22 or a county pension fund. In addition, the employee shall be liable  
23 for the amount of the difference between (1) the total contribution  
24 paid by the employer of the employee to the Public Employees'  
25 Retirement System of New Jersey or county pension fund with  
26 respect to any service credit transferred therefrom to the Police and  
27 Firemen's Retirement System under this subsection, and (2) the  
28 contribution which the employer would have been required to pay  
29 to the Police and Firemen's Retirement System with respect to that  
30 service credit if the employee had been enrolled in the Police and  
31 Firemen's Retirement System during the entire period with respect  
32 to which he accumulated that credit; this payment may be made in  
33 regular monthly installments, or in a lump sum, as the employee  
34 may elect, and pursuant to rules and regulations as may be  
35 promulgated by the **【Division of Pensions】** board of trustees. Any  
36 such officer will likewise be permitted to continue his membership  
37 in the Public Employees' Retirement System or county pension fund  
38 by waiving all rights and benefits which would otherwise be  
39 provided by the Police and Firemen's Retirement System. Such  
40 waivers shall be accomplished by filing forms satisfactory to the  
41 **【New Jersey Division of Pensions】** board of trustees, which is  
42 responsible for the administration of the Police and Firemen's  
43 Retirement System, within 90 days following the effective date of  
44 an ordinance or resolution adopted by a county under subsection a.  
45 of this section. In the absence of a filing of a timely waiver by any  
46 eligible officer, his pension status shall remain unchanged and his  
47 membership shall not be transferred to the Police and Firemen's  
48 Retirement System.

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

9 d. If an ordinance or resolution is adopted pursuant to subsection  
10 a. of this section, each new officer who begins employment  
11 following the effective date of the ordinance or resolution shall be  
12 required to enroll in the Police and Firemen's Retirement System as  
13 a condition of employment, provided he is otherwise eligible for  
14 membership by meeting appointment, age, and health requirements  
15 prescribed for all members. As of the effective date of the  
16 ordinance or resolution, eligibility for membership of new officers  
17 in the Public Employees' Retirement System shall be deemed  
18 terminated and the membership requirements of such other  
19 retirement system shall be deemed satisfied by the enrollment of  
20 such officers in the Police and Firemen's Retirement System.

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

22  
23 33. Section 4 of P.L.1973, c.156 (C.43:16A-63) is amended to  
24 read as follows:

25 4. a. An eligible officer who is a member of the Public  
26 Employees' Retirement System or of a county pension fund created  
27 under P.L.1943, c. 160 (C.43:10-18.1 et seq.), or P.L.1948, c. 310  
28 (C.43:10-18.50 et seq.) or article 2 of chapter 10 of Title 43 of the  
29 Revised Statutes (R.S.43:10-19 et seq.), hereinafter referred to as a  
30 "county pension fund" shall be permitted to transfer his  
31 membership in said fund to the Police and Firemen's Retirement  
32 System of New Jersey by waiving all rights and benefits which  
33 would otherwise be provided by the Public Employees' Retirement  
34 System or a county pension fund. Any such officer will likewise  
35 be permitted to continue his membership in the Public Employees'  
36 Retirement System or a county pension fund by waiving all rights  
37 and benefits which would otherwise be provided by the Police and  
38 Firemen's Retirement System. Such waivers shall be accomplished  
39 by filing forms satisfactory to the **【New Jersey Division of**  
40 **Pensions】** board of trustees, which is responsible for the  
41 administration of the Police and Firemen's Retirement System,  
42 within 90 days of the effective date of this 1975 amendatory and  
43 supplementary act. In the absence of the filing of a timely waiver  
44 by any eligible officer his pension status shall remain unchanged  
45 and his membership shall not be transferred to the Police and  
46 Firemen's Retirement System.

47 b. Each new officer who begins employment following the  
48 effective date of this 1975 amendatory and supplementary act, shall

1 be required to enroll in the Police and Firemen's Retirement System  
2 of New Jersey as a condition of employment, provided he is  
3 otherwise eligible for membership by meeting the appointment, age,  
4 and health prescriptions required of all members. As of the  
5 effective date of this 1975 amendatory and supplementary act, the  
6 eligibility of membership for such new officers in the Public  
7 Employees' Retirement System or a county pension fund named in  
8 paragraph a. above shall be terminated and the membership  
9 requirements of such other fund will be deemed satisfied by the  
10 enrollment of such employees in the Police and Firemen's  
11 Retirement System.

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

13

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

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

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

21

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

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

26 The Board of Trustees of the Public Employees' Retirement  
27 System; the Board of Trustees of the State Police Retirement  
28 System; the Prison Officers' Pension Commission; the Board of  
29 Trustees of the Teachers' Pension and Annuity Fund; **【the Board of**  
30 **Trustees of the Police and Firemen's Retirement System of New**  
31 **Jersey;】** and the Consolidated Police and Firemen's Pension Fund  
32 Commission; of, or relating to, investment or reinvestment of  
33 moneys of, and purchase, sale or exchange of any investments or  
34 securities of or for any funds or accounts under the control and  
35 management of such agencies, are hereby transferred to and shall  
36 be exercised and performed for such agencies by the Director of  
37 the Division of Investment established hereunder.

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

39

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

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

47 The Consolidated Police and Firemen's Pension Fund;

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

1 The Prison Officers' Pension Fund;  
2 The Public Employees' Retirement System of New Jersey;  
3 The State Police Retirement System;  
4 The Teachers' Pension and Annuity Fund;  
5 The Judicial Retirement System of New Jersey;  
6 The Trustees for the Support of Public Schools;  
7 and all other funds in the custody of the State Treasurer, unless  
8 otherwise provided by law;  
9 such investments which shall be authorized or approved for  
10 investment by regulation of the State Investment Council.  
11 (cf: P.L.2013, c.253, s.39)  
12

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

15 11. a. Limitations, conditions and restrictions contained in any  
16 law concerning the kind or nature of investment of any of the  
17 moneys of any of the funds or accounts referred to herein shall  
18 continue in full force and effect; provided, however, that subject to  
19 any acceptance required, or limitation or restriction contained  
20 herein: the Director of the Division of Investment shall at all times  
21 have authority to invest and reinvest any such moneys in  
22 investments as defined in subsection c. of this section and, for or on  
23 behalf of any such fund or account, to sell or exchange any such  
24 investments; provided, however, that the Board of Trustees of the  
25 Police and Firemen's Retirement System of New Jersey shall have  
26 sole authority to invest and reinvest moneys for or on behalf of the  
27 Police and Firemen's Retirement System of New Jersey.

28 b. In investing and reinvesting any and all money and property  
29 committed to the director's investment discretion from any source  
30 whatsoever, and in acquiring, retaining, selling, exchanging and  
31 managing investments, the Director of the Division of Investment,  
32 and in the case of the Police and Firemen's Retirement System of  
33 New Jersey, the Board of Trustees of the Police and Firemen's  
34 Retirement System of New Jersey, shall exercise the care, skill,  
35 prudence and diligence under the circumstances then prevailing that  
36 a prudent person acting in a like capacity and familiar with such  
37 matters would use in the conduct of an enterprise of a like character  
38 and with like aims. In making each investment, the director may,  
39 depending on the nature and objectives of the portfolio, consider the  
40 whole portfolio, provided that, in making each investment, the  
41 director shall act with the reasonable expectation that the return on  
42 each investment shall be commensurate with the risk associated  
43 with each investment. The director or board of trustees shall be  
44 under a duty to manage and invest the portfolio solely in the  
45 interests of the beneficiaries of the portfolio and for the exclusive  
46 purpose of providing financial benefits to the beneficiaries of the  
47 portfolio.



1 c. For the purposes of this section, "investments" means and  
2 includes property of every nature, real, personal and mixed, tangible  
3 and intangible, and specifically includes, solely by way of  
4 description and not by way of limitation, bonds, debentures and  
5 other corporate obligations, direct and indirect investments in  
6 equity real estate, mortgages and other direct or indirect interests  
7 in real estate or investments secured by real estate, capital stocks,  
8 common stocks, preferred stocks, diversified pools of venture  
9 capital which otherwise could be made consistent with the standard  
10 of care required by subsection b. of this section, common trust  
11 funds as defined in and regulated by sections 36 through 46 of  
12 P.L.1948, c.67 (C.17:9A-36 through 17:9A-46), repurchase  
13 agreements, securities loan transactions secured by cash, securities  
14 issued by the United States government or its agencies, or  
15 irrevocable bank letters of credit, whether directly or through a  
16 bank or similar financial institution acting as agent or trustee,  
17 mutual funds, and any other security issued by an investment  
18 company or investment trust, whether managed or not by third  
19 parties, registered under the "Investment Company Act of 1940,"  
20 (15 U.S.C. s.80a-1 et seq.). No investment that is otherwise  
21 permissible under this subsection shall be considered to be unlawful  
22 solely because the investment is made indirectly or through a  
23 partnership, trust, or other legal entity.  
24 (cf: P.L.1997, c.26, s.26)  
25

26 38. All of the present functions, powers, duties, equipment, and  
27 records relating to the Police and Firemen's Retirement System of  
28 New Jersey in the Division of Pensions and Benefits in the  
29 Department of the Treasury and the Division of Investment are  
30 hereby transferred to the Board of Trustees of the Police and  
31 Firemen's Retirement System of New Jersey.  
32

33 39. The terms of service of those appointed and elected  
34 members serving on the Board of Trustees of the Police and  
35 Firemen's Retirement System on the date of enactment of P.L. , c.  
36 (pending before the Legislature as this bill), shall be terminated as  
37 of the first day of the seventh month next following that date of  
38 enactment, so that the composition of the board as provided for in  
39 this act shall be attained. A trustee whose service on the board has  
40 been terminated pursuant to this section may be appointed or  
41 elected to serve as a trustee after that effective date if qualified.  
42

43 40. Section 1 of P.L.1947, c.217 (C.43:16A-13.1) is repealed.  
44

45 41. This act shall take effect on the 366th day next following  
46 enactment, except the provisions concerning the election,  
47 appointment, and composition of the new Board of Trustees of the  
48 Police and Firemen's Retirement System, set forth in section 15 of

1 this act, shall take effect as specified in that section and the new  
2 Board of Trustees of the Police and Firemen's Retirement System  
3 shall take office on the first business day of the seventh month next  
4 following the date of enactment of this act. The Board of Trustees  
5 of the Police and Firemen's Retirement System, the Division of  
6 Pensions and Benefits, and the Division of Investment may take  
7 such anticipatory administrative action in advance as shall be  
8 necessary for the implementation of the act.