Sponsored by:
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District 1 (Cape May, Atlantic and Cumberland)
Assemblyman JOSEPH AZZOLINA
District 13 (Middlesex and Monmouth)

Co-Sponsored by:
Assemblymen Felice, Gibson, Bagger, Assemblywoman Vandervalk,
Assemblymen Bateman, Biondi, Kelly, Geist, Thompson, Assemblywoman
Weinberg, Assemblymen Suliga, Guear, R.Smith, Assemblywomen
Greenstein, Heck, Assemblymen Holzapfel, Wolfe and Wisniewski

SYNOPSIS
Increases TPAF and PERS disability and veterans retirement benefits for
active and retired employees.

CURRENT VERSION OF TEXT
As reported by the Assembly State Government Committee on December 6,
2001, with amendments.

(Sponsorship Updated As Of: 12/21/2001)
AN ACT concerning the disability and veterans retirement benefits under the Teachers’ Pension and Annuity Fund and the Public Employees’ Retirement System of New Jersey, amending and supplementing N.J.S. 18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.).

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

1. N.J.S.18A:66-41 is amended to read as follows:

18A:66-41. A member upon retirement for ordinary disability shall receive a retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement together with regular interest after January 1, 1956; and

(b) a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1 1/2% of final compensation multiplied by his number of years of creditable service; and provided further, that in no event shall the allowance be less than [40%] 43.6% of final compensation, except that in no case shall the rate of allowance exceed 9/10 of the rate of the regular service retirement allowance which the member would have received had he remained in service from the date of retirement to age 60).

Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service or in the year of the member's highest contractual salary, whichever is higher; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation. The death benefits provided in this section shall apply to any member who has retired or shall retire on or after January 1, 1956.

(cf:  P.L.1995, c.410, s.2)

2. (New section) The retirement allowance of each retiree under N.J.S.18A:66-41, or the retiree’s beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending before the Legislature as this bill) shall be increased from 40% to 43.6% of final compensation. The provisions of section 7 of

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:
Assembly ASG committee amendments adopted December 6, 2001.
P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

3. N.J.S.18A:66-42 is amended to read as follows:

18A:66-42. A member under 65 years of age upon retirement for accidental disability shall receive a retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement together with regular interest after January 1, 1956; and

(b) a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of \( \frac{2}{3} \times 72.7\% \) of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

Upon the receipt of proper proofs of the death of a member who has retired on an accidental disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service or in the year of the member's highest contractual salary, whichever is higher; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation. The death benefits provided in this section shall apply to any member who has retired or shall retire on or after January 1, 1956.

(cf: P.L.1995, c.410, s.3)

4. (New section) The retirement allowance of each retiree under N.J.S.18A:66-42, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L. c. (now pending before the Legislature as this bill) shall be increased from 2/3 to 72.7% of the actual annual compensation for which contributions were being made at the time of the occurrence of the accident. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

5. (New section) The normal contribution for the increased benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1 and 3 of P.L. c. (now pending before the Legislature as this bill) shall be paid from the benefit enhancement fund established pursuant to N.J.S.18A:66-16. If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1
and 3 of P.L. , c. (now pending before the Legislature as this bill)
payable on behalf of the active members over the expected working
lives of the active members in accordance with the tables of actuarial
assumptions for the valuation period. No additional excess valuation
assets shall be credited to the benefit enhancement fund after the
maximum amount is attained. Interest shall be credited to the benefit
enhancement fund as provided under N.J.S.18A:66-25. If assets in the
benefit enhancement fund are insufficient to pay the normal
contribution for the increased benefits for a valuation period, the State
shall pay the amount of normal contribution for the increased benefits
not covered by assets from the benefit enhancement fund.

6. N.J.S.18A:66-71 is amended to read as follows:

18A:66-71. a. Any public employee veteran member in office,
position or employment of this State or of a county, municipality, or
school district, board of education or other employer who (1) has or
shall have attained the age of 60 years and has or shall have been for
20 years continuously or in the aggregate in office, position or
employment of this State or of a county, municipality or school
district, board of education or other employer, or (2) has or shall have
attained the age of 55 years and has or shall have been for 25 years
continuously or in the aggregate in that office, position or
employment, shall have the privilege of retiring for service and of
receiving, instead of the retirement allowance provided under
N.J.S.18A:66-44, a retirement allowance of one-half [54%]
of the compensation for which contributions are made during
the 12-month period of membership providing the largest possible
benefit to the member or the member's beneficiary.

b. (Deleted by amendment, P.L.1984, c.69.)

c. Any public employee veteran member who has been for 20 years
in the aggregate in office, position or employment of this State or of
a county, municipality or school district, board of education or other
employer as of January 1, 1955, shall have the privilege of retiring for
ordinary disability and of receiving, instead of the retirement allowance
provided under N.J.S.18A:66-41, a retirement allowance of one-half
of the compensation received during the last year of employment upon
which contributions to the annuity savings fund or contingent reserve
fund are made. Such retirement shall be subject to the provisions
governing ordinary disability retirement in N.J.S.18A:66-39 and

d. Any public employee veteran member who shall be in office,
position or employment of this State or of a county, municipality,
school district, board of education or other employer and who shall
have attained 55 years of age and who has at least 35 years of
aggregate service credit in such office, position or employment, shall
have the privilege of retiring for service and receiving a retirement
allowance of 1/55 of the compensation he received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made for each year of creditable service.

e. The death benefit provided in N.J.S.18A:66-44 shall apply in the case of any member retiring under the provisions of subsections a. and d. of this section and in the case of any member who has previously retired under the provisions of subsection b. of this section before said subsection was amended by [this act] P.L.1984, c.69. The death benefit provided in N.J.S.18A:66-41 shall apply in the case of any member [retiring] retired under the provisions of subsection c. of this section.

f. A member who purchases service credit pursuant to any provision of the "Teachers' Pension and Annuity Fund Law" (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose of satisfying any of the service requirements of that act.

(cf: P.L.2001, c.133, s.7)

7. (New section) The retirement allowance of each retiree under subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L. , c. (now pending before the Legislature as this bill), shall be increased from 50% to \(\frac{54}{55}\) of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

8. (New section) The normal contribution for the increased benefits for active members under subsection a. of N.J.S.18A:66-71 as amended by section 6 of P.L. , c. (now pending before the Legislature as this bill) shall be paid from the benefit enhancement fund established pursuant to N.J.S.18A:66-16. If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of subsection a. of N.J.S.18A:66-71 as amended by section 6 of P.L. , c. (now pending before the Legislature as this bill) payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under N.J.S.18A:66-25. If assets in the
benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

9. Section 45 of P.L.1954, c.84 (C.43:15A-45) is amended to read as follows:

45. A member upon retirement for ordinary disability shall receive a retirement allowance, which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions together with regular interest and
b. A pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1 1/2 % of final compensation multiplied by his number of years of creditable service; provided further, that in no event shall the allowance be less than [40%] 43.6% of final compensation, except that in no case shall the rate of allowance exceed 9/10 of the rate of the regular service retirement allowance which the member would have received had he remained in service from the date of retirement to age 60].

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation.

(cf: P.L.1971, c.213, s.19)

10. (New section) The retirement allowance of each retiree under section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the effective date of P.L. , c. (now pending before the Legislature as this bill) shall be increased from 40% to 43.6% of final compensation. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

11. Section 46 of P.L.1954, c.84 (C.43:15A-46) is amended to read as follows:

46. A member under 65 years of age upon retirement for accidental disability shall receive a retirement allowance which shall consist of:

a. An annuity which shall be the actuarial equivalent of his accumulated deductions together with regular interest; and
b. A pension, in the amount which, when added to the member's annuity, will provide a total retirement allowance of [2/3] 72.7% of
his actual annual compensation for which contributions were being
made at the time of the occurrence of the accident.

   c. Upon receipt of proper proofs of the death of a member who has
   retired on an accidental disability retirement allowance, there shall be
   paid to such member's beneficiary, an amount equal to 1 1/2 times the
   compensation upon which contributions by the member to the annuity
   savings fund were based in the last year of creditable service;
   provided, however, that if such death shall occur after the member
   shall have attained age 60, the amount payable shall equal 3/16 of
   such compensation.

(cf: P.L.1971, c.213, s.20)

12. (New section) The retirement allowance of each retiree under
section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's
beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50),
on the effective date of P.L. , c. (now pending before the
Legislature as this bill) shall be increased from 2/3 to 72.7% of the
actual annual compensation for which contributions were being made
at the time of the occurrence of the accident. The provisions of section
7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the
increases in retirement allowances provided by this section.

13. (New section) The normal contribution for the increased
benefits for active members under sections 45 and 46 of P.L.1954,
c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11
of P.L. , c. (now pending before the Legislature as this bill) shall
be paid from the benefit enhancement fund established pursuant to
section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess
valuation assets after reductions in normal contributions and member
contributions, the amount of excess valuation assets credited to the
benefit enhancement fund shall include the present value of the
expected additional normal contributions attributable to the provisions
of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46)
as amended by sections 9 and 11 of P.L. , c. (now pending before
the Legislature as this bill) payable on behalf of the active members
over the expected working lives of the active members in accordance
with the tables of actuarial assumptions for the valuation period. No
additional excess valuation assets shall be credited to the benefit
enhancement fund after the maximum amount is attained. Interest
shall be credited to the benefit enhancement fund as provided under
section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit
enhancement fund are insufficient to pay the normal contribution for
the increased benefits for a valuation period, the State shall pay the
amount of normal contribution for the increased benefits not covered
by assets from the benefit enhancement fund.
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14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read as follows:

61. a. (Deleted by amendment, P.L.1995, c.332.)

b. Any public employee veteran member in office, position or employment of this State or of a county, municipality, public agency, school district or board of education and who (1) shall have attained [62] 60 years of age and who has 20 years of aggregate service credit in such office, position or employment, or (2) shall have attained 55 years of age and who has 25 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving, instead of the retirement allowance provided under section 48 of this act, a retirement allowance of one-half of the compensation for which contributions are made during the 12-month period of membership providing the largest possible benefit to the member or the member’s beneficiary.

c. Any public employee veteran member who has been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality, public agency, school district or board of education as of January 2, 1955, shall have the privilege of retiring for ordinary disability and of receiving, instead of the retirement allowance provided under section 45 of this act, a retirement allowance of one-half of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

d. Any public employee veteran member who shall be in office, position or employment of this State or of a county, municipality, public agency, school district or board of education and who shall have attained 55 years of age and who has at least 35 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving a retirement allowance of 1/55 of the compensation he received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made for each year of creditable service.

e. The death benefit provided in section 48 shall apply in the case of any member retiring under the provisions of subsections a., b. and d. of this section. The death benefit provided in section 45 shall apply in the case of any member [retiring] retired under the provisions of subsection c. of this section.

f. The State shall be liable for any increased cost to local government employers participating in the retirement system as a result of the amendment of this section by P.L. . . c. (now pending before the Legislature as this bill), except as provided in section 16 of P.L. . . c. (now pending before the Legislature as this bill).

(cf: P.L.2001, c.133, s.14)
15. (New section) The retirement allowance of each retiree under subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61b.), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the effective date of P.L. , c. (now pending before the Legislature as this bill) shall be increased from 50% to 54.5% of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

16. (New section) The normal contribution for the increased benefits resulting from the increase in the percentage of compensation for active members under section 61 of P.L.1954, c.84 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending before the Legislature as this bill) shall be paid from the benefit enhancement fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of section 61 of P.L.1954, c.84 (C.43:15A-61) as amended by section 14 of P.L. , c. (now pending before the Legislature as this bill) payable on behalf of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

17. This act shall take effect on the first day of the fourth month after the date of enactment.