

ASSEMBLY, No. 784

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman FARRAGHER

1 AN ACT concerning the definition of compensation in the Police and
2 Firemen's Retirement System of New Jersey and amending
3 P.L.1944, c.255.

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

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

10 1. As used in this act:

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

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

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

22 (ii) has police powers;

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

26 (iv) is subject to the physical and mental fitness requirements
27 applicable to the position of municipal police officer established by an
28 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 include

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

Matter underlined thus is new matter.

1 general or direct supervision of employees engaged in investigation,
2 apprehension or detention activities or training responsibility for these
3 employees and a requirement for engagement in investigation,
4 apprehension or detention activities if necessary, and who is
5 authorized to carry a firearm while in the actual performance of his
6 official duties and has police powers.

7 (b) "Fireman" shall mean a permanent, full-time employee of a
8 firefighting unit whose primary duties include the control and
9 extinguishment of fires and who is subject to the training and physical
10 and mental fitness requirements applicable to the position of municipal
11 firefighter established by an agency authorized to establish these
12 requirements on a Statewide basis, or comparable training and physical
13 and mental fitness requirements as determined by the board of trustees.
14 The term shall also include an administrative or supervisory employee
15 of a firefighting unit whose duties include general or direct supervision
16 of employees engaged in fire control and extinguishment activities or
17 training responsibility for these employees and a requirement for
18 engagement in fire control and extinguishment activities if necessary.
19 As used in this paragraph, "firefighting unit" shall mean a municipal
20 fire department, a fire district, or an agency of a county or the State
21 which is responsible for control and extinguishment of fires.

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

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

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

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

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

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

36 (9) "Regular interest" shall mean interest as determined annually by
37 the State Treasurer after consultation with the Directors of the
38 Divisions of Investment and Pensions and the actuary of the system.
39 It shall bear a reasonable relationship to the percentage rate of
40 earnings on investments but shall not exceed 105% of such percentage
41 rate.

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

46 (11) "Annuity" shall mean payments for life derived from the

1 aggregate contributions of a member.

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

4 (13) "Retirement allowance" shall mean the pension plus the
5 annuity.

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

11 (15) "Average final compensation" shall mean the average annual
12 salary upon which contributions are made for the three years of
13 creditable service immediately preceding his retirement or death, or it
14 shall mean the average annual salary for which contributions are made
15 during any three fiscal years of his or her membership providing the
16 largest possible benefit to the member or his beneficiary.

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

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

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

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

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

36 (21) "Child" shall mean a deceased member's or retirant's
37 unmarried child (a) under the age of 18, or (b) 18 years of age or older
38 and enrolled in a secondary school, or (c) under the age of 24 and
39 enrolled in a degree program in an institution of higher education for
40 at least 12 credit hours in each semester, provided that the member
41 died in active service as a result of an accident met in the actual
42 performance of duty at some definite time and place, and the death
43 was not the result of the member's willful misconduct, or (d) of any
44 age who, at the time of the member's or retirant's death, is disabled
45 because of mental retardation or physical incapacity, is unable to do
46 any substantial, gainful work because of the impairment and his

1 impairment has lasted or can be expected to last for a continuous
2 period of not less than 12 months, as affirmed by the medical board.

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

9 (23) "Widower" shall mean the man to whom a member or retirant
10 was married at least two years before the date of her death and to
11 whom she continued to be married until the date of her death and who
12 was receiving at least one-half of his support from the member or
13 retirant in the 12-month period immediately preceding the member's or
14 retirant's death or the accident which was the direct cause of the
15 member's death. The dependency of such a widower will be
16 considered terminated by marriage of the widower subsequent to the
17 death of the member or retirant. In the event of the payment of an
18 accidental death benefit, the two-year qualification shall be waived.

19 (24) "Widow" shall mean the woman to whom a member or retirant
20 was married at least two years before the date of his death and to
21 whom he continued to be married until the date of his death and who
22 has not remarried. In the event of the payment of an accidental death
23 benefit, the two-year qualification shall be waived.

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

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

33 (27) "Department" shall mean any police or fire department of a
34 municipality or a fire department of a fire district located in a township
35 or a county police or park police department or the appropriate
36 department of the State or instrumentality thereof.

37 (28) "Final compensation" means the compensation received by the
38 member in the last 12 months of creditable service preceding his
39 retirement.

40 (cf: P.L.1989, c.204, s.1)

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42 2. This act shall take effect immediately.

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STATEMENT

This bill clarifies the definition of compensation in the Police and Firemen's Retirement System to provide that a lump-sum longevity payment shall not be considered part of a member's base salary.

Provides that a lump-sum longevity payment shall not be considered part of a PFRS member's base salary.