

ASSEMBLY, No. 1990

STATE OF NEW JERSEY

INTRODUCED MAY 13, 1996

By Assemblywoman BUONO, Assemblymen DORIA, Gusciora,
Assemblywomen Turner, Friscia and Assemblyman Barnes

1 AN ACT concerning the selection of actuaries for certain State-
2 administered retirement systems and amending and repealing parts
3 of the statutory law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:66-57 is amended to read as follows:

9 18A:66-57. The board shall elect annually from its membership a
10 chairman and may also elect a vice chairman, who shall have all the
11 power and authority of the chairman in the event of the death, absence
12 or disability of the chairman. The actuary of the fund shall be selected
13 by the [Retirement Systems Actuary Selection Committee established
14 by P.L.1992, c.125]board in accordance with the provisions of
15 P.L.1954, c.48 (C.52:34-6 et seq.). The actuary of the fund on the
16 effective date of this act, P.L. , c. (C.) (now pending before the
17 Legislature as this bill), shall continue to serve in that capacity until
18 the expiration of the actuary's contract.

19 The actuary shall be the technical adviser of the board on matters
20 regarding the operation of the funds created by the provisions of this
21 article and shall perform such other duties as are required in
22 connection therewith.

23 The Attorney General shall be the legal adviser of the retirement
24 system, except that if the Attorney General determines that a conflict
25 of interest would affect the ability of the Attorney General to represent
26 the board on a matter affecting the retirement system, the board may
27 select and employ legal counsel to advise and represent the board on
28 that matter.

29 The chief or assistant chief of the office of secretarial services of
30 the Division of Pensions and Benefits of the State Department of the
31 Treasury, shall be the secretary of the board. The chief and assistant
32 chief of the office of secretarial services shall be in the competitive
33 division of the State [classified] career service. The secretary

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 presently in office shall hold the position as chief of the office of
2 secretarial services subject to all of the provisions of Title [11] 11A
3 of the [Revised] New Jersey Statutes and shall not be removed from
4 said office except in the manner provided under the provisions of said
5 title relating to permanent employees in the competitive division of the
6 State [classified] career service. The board of trustees shall select its
7 secretary from among the eligible candidates.

8 (cf: P.L.1992, c.125, s.3)

9
10 2. Section 29 of P.L.1973, c.140 (C.43:6A-29) is amended to read
11 as follows:

12 29. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
13 to 52:18A-104), the general responsibility for the proper operation of
14 the retirement system is hereby vested in the State House Commission.

15 b. Except as otherwise herein provided, no member of the State
16 House Commission shall have any direct interest in the gains or profits
17 of any investments of the retirement system, nor shall any member of
18 the State House Commission directly or indirectly, for himself or as an
19 agent in any manner use the moneys of the retirement system, except
20 to make such current and necessary payments as are authorized by the
21 commission; nor shall any member of the State House Commission
22 become an endorser or surety, or in any manner an obligor for moneys
23 loaned to or borrowed from the retirement system.

24 c. For purposes of this act, each member of the State House
25 Commission shall be entitled to one vote and a majority vote of all
26 members shall be necessary for any decision by the commission at any
27 meeting of said commission.

28 d. Subject to the limitations of this act, the State House
29 Commission shall annually establish rules and regulations for the
30 administration of the funds created by this act and for the transaction
31 of its business. Such rules and regulations shall be consistent with
32 those adopted by the other pension funds within the Division of
33 Pensions and Benefits in order to permit the most economical and
34 uniform administration of all such retirement systems.

35 e. The actuary of the system shall be selected by the [Retirement
36 Systems Actuary Selection Committee established by P.L.1992, c.125]
37 commission in accordance with the provisions of P.L.1954, c.48
38 (C.52:34-6 et seq.). The actuary of the system on the effective date
39 of this act, P.L. , c. (C.) (now pending before the Legislature as
40 this bill), shall continue to serve in that capacity until the expiration of
41 the actuary's contract. [He] The actuary shall be the technical adviser
42 of the commission on matters regarding the operation of the funds
43 created by the provisions of this act and shall perform such other
44 duties as are required in connection herewith.

45 f. The Attorney General shall be the legal adviser of the retirement
46 system, except that if the Attorney General determines that a conflict

1 of interest would affect the ability of the Attorney General to represent
2 the commission on a matter affecting the retirement system, the
3 commission may select and employ legal counsel to advise and
4 represent the commission on that matter.

5 g. The Director of the Division of Pensions and Benefits of the
6 State Department of the Treasury shall be the secretary of the
7 commission for purposes pertaining to the provisions of this act.

8 h. For purposes of this act, the State House Commission shall
9 keep a record of all of its proceedings which shall be open to public
10 inspection. The retirement system shall publish annually a report
11 showing the fiscal transactions of the retirement system for the
12 preceding year, the amount of the accumulated cash and securities of
13 the system and the last balance sheet showing the financial condition
14 of the system by means of any actuarial valuation of the assets and
15 liabilities of the retirement system.

16 i. The State Treasurer shall designate a medical board after
17 consultation with the Director of the Division of Pensions and
18 Benefits. It shall be composed of three physicians. The medical board
19 shall pass on all medical examinations required under the provisions of
20 this act, and shall report in writing to the retirement system its
21 conclusions and recommendations upon all matters referred to it.

22 (cf: P.L.1992, c.125, s.5)

23

24 3. Section 18 of P.L.1954, c.84 (C.43:15A-18) is amended to read
25 as follows:

26 18. The board shall elect annually from its membership a chairman
27 and may also elect a vice-chairman, who shall have all the power and
28 authority of the chairman in the event of the death, absence or
29 disability of the chairman.

30 The actuary of the fund shall be selected by the [Retirement
31 Systems Actuary Selection Committee established by P.L.1992, c.125]
32 board in accordance with the provisions of P.L.1954, c.48 (C.52:34-6
33 et seq.). The actuary of the fund on the effective date of this act,
34 P.L. , c. (C.) (now pending before the Legislature as this bill),
35 shall continue to serve in that capacity until the expiration of the
36 actuary's contract.

37 The actuary shall be the technical adviser of the board on matters
38 regarding the operation of the funds created by the provisions of this
39 act and shall perform such other duties as are required in connection
40 therewith.

41 The Attorney General shall be the legal adviser of the retirement
42 system, except that if the Attorney General determines that a conflict
43 of interest would affect the ability of the Attorney General to represent
44 the board on a matter affecting the retirement system, the board may
45 select and employ legal counsel to advise and represent the board on
46 that matter.

1 The chief or assistant chief of the office of secretarial services of
2 the Division of Pensions and Benefits of the State Department of the
3 Treasury shall be the secretary of the board. The chief and assistant
4 chief of the office of secretarial services shall be in the competitive
5 division of the State classified service. The secretary presently in
6 office shall hold the position as assistant chief of the office of
7 secretarial services subject to all of the provisions of Title [11] 11A
8 of the [Revised] New Jersey Statutes and shall not be removed from
9 said office except in the manner provided under the provisions of said
10 Title relating to permanent employees in the competitive division of
11 the State [classified] career service. The board of trustees shall select
12 its secretary from among the eligible candidates.

13 (cf: P.L.1992, c.125, s.8)

14

15 4. Section 7 of P.L.1952, c.358 (C.43:16-6.2) is amended to read
16 as follows:

17 7. On July 1, 1952, and in each succeeding year, or, when July 1
18 is a legal holiday, upon the first business day thereafter, the members
19 of the commission shall meet in annual meeting at which a chairman
20 shall be elected from the membership thereof. The commission shall
21 keep, in convenient form, such data as may be necessary for the
22 actuarial evaluation of the fund committed to its charge and to serve
23 as a record of its experience in the administration of the pension
24 system dependent upon such fund. A record shall be kept of all
25 proceedings of the commission, which shall be open to public
26 inspection. The Attorney General shall act as the legal adviser of the
27 commission, except that if the Attorney General determines that a
28 conflict of interest would affect the ability of the Attorney General to
29 represent the commission on a matter affecting the retirement system,
30 the commission may select and employ legal counsel to advise and
31 represent the commission on that matter. The actuary of the fund shall
32 be selected by the [Retirement Systems Actuary Selection Committee
33 established by P.L.1992, c.125] commission in accordance with the
34 provisions of P.L.1954, c.48 (C.52:34-6 et seq.). The actuary of the
35 fund on the effective date of this act, P.L. , c. (C.) (now
36 pending before the Legislature as this bill), shall continue to serve in
37 that capacity until the expiration of the actuary's contract. He shall be
38 the technical adviser of the commission on all matters regarding the
39 operation of the pension fund not otherwise prescribed by law.

40 (cf: P.L.1992, c.125, s.11)

41

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

44 13. (1) Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
45 et seq.), the general responsibility for the proper operation of the
46 retirement system is hereby vested in a board of trustees.

- 1 (2) The board shall consist of 11 trustees as follows:
- 2 (a) Five members to be appointed by the Governor, with the advice
3 and consent of the Senate, who shall serve for a term of office of four
4 years and until their successors are appointed and who shall be private
5 citizens of the State of New Jersey who are neither an officer thereof
6 nor an active or retired member of any police or fire department
7 thereof. Of the four members initially appointed by the Governor
8 pursuant to P.L.1992, c.125 (C.43:4B-1 et al.), one shall be appointed
9 for a term of one year, one for a term of two years, one for a term of
10 three years, and one for a term of four years. The member appointed
11 by the Governor pursuant to the provisions of this amendatory act,
12 P.L.1995, c.238, shall serve for a term of four years and until a
13 successor is appointed.
- 14 (b) The State Treasurer or the deputy State Treasurer, when
15 designated for that purpose by the State Treasurer.
- 16 (c) Two policemen and two firemen who shall be active members
17 of the system and who shall be elected by the active members of the
18 system for a term of four years according to such rules and regulations
19 as the board of trustees shall adopt to govern such election.
- 20 (d) One retiree from the system who shall be elected by retirees
21 from the system for a term of four years according to such rules and
22 regulations as the board of trustees shall adopt to govern the election.
- 23 (3) Each trustee shall, after his appointment or election, take an
24 oath of office that, so far as it devolves upon him he will diligently and
25 honestly fulfill his duties as a board member, and that he will not
26 knowingly violate or willingly permit to be violated any of the
27 provisions of the law applicable to the retirement system. Such oath
28 shall be subscribed by the member making it, and certified by the
29 officer before whom it is taken, and immediately filed in the office of
30 the Secretary of State.
- 31 (4) If a vacancy occurs in the office of a trustee, the vacancy shall
32 be filled in the same manner as the office was previously filled.
- 33 (5) The trustees shall serve without compensation, but they shall
34 be reimbursed for all necessary expenses that they may incur through
35 service on the board.
- 36 (6) Each trustee shall be entitled to one vote in the board. Six
37 trustees must be present at any meeting of said board for the
38 transaction of its business.
- 39 (7) Subject to the limitations of this act, the board of trustees shall
40 annually establish rules and regulations for the administration of the
41 funds created by this act and for the transaction of its business. Such
42 rules and regulations shall be consistent with those adopted by the
43 other pension funds within the Division of Pensions and Benefits in
44 order to permit the most economical and uniform administration of all
45 such retirement systems.
- 46 (8) The board of trustees shall elect from its membership a

1 chairman. The Director of the Division of Pensions and Benefits shall
2 appoint a qualified employee of the division to be secretary of the
3 board. The administration of the program shall be performed by the
4 personnel of the Division of Pensions and Benefits.

5 (9) The board of trustees shall keep a record of all of its
6 proceedings which shall be open to public inspection. The retirement
7 system shall publish annually a report showing the fiscal transactions
8 of the retirement system for the preceding year, the amount of the
9 accumulated cash and securities of the system, and the last balance
10 sheet showing the financial condition of the system by means of an
11 actuarial valuation of the assets and liabilities of the retirement system.

12 (10) The Attorney General of the State of New Jersey shall be the
13 legal adviser of the retirement system, except that if the Attorney
14 General determines that a conflict of interest would affect the ability
15 of the Attorney General to represent the board on a matter affecting
16 the retirement system, the board may select and employ legal counsel
17 to advise and represent the board on that matter.

18 (11) The State Treasurer shall designate a medical board after
19 consultation with the Director of the Division of Pensions and
20 Benefits, subject to veto by the board of trustees for valid reason. It
21 shall be composed of three physicians who are not eligible to
22 participate in the retirement system. The medical board shall pass upon
23 all medical examinations required under the provisions of this act, shall
24 investigate all essential statements and certificates by or on behalf of
25 a member in connection with an application for disability retirement,
26 and shall report in writing to the retirement system its conclusions and
27 recommendations upon all matters referred to it.

28 (12) The actuary of the system shall be selected by the [Retirement
29 Systems Actuary Selection Committee established by P.L.1992, c.125]
30 board in accordance with the provisions of P.L.1954, c.48 (C.52:34-6
31 et seq.). The actuary of the system on the effective date of this act,
32 P.L. , c. (C.) (now pending before the Legislature as this bill),
33 shall continue to serve in that capacity until the expiration of the
34 actuary's contract. [He] The actuary shall be the technical adviser of
35 the board of trustees on matters regarding the operation of the funds
36 created by the provisions of this act, and shall perform such other
37 duties as are required in connection therewith.

38 (13) At least once in each three-year period the actuary shall make
39 an actuarial investigation into the mortality, service and compensation
40 experience of the members and beneficiaries of the retirement system
41 and, with the advice of the actuary, the board of trustees shall adopt
42 for the retirement system such mortality, service and other tables as
43 shall be deemed necessary and shall certify the rates of contribution
44 payable under the provisions of this act.

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

46 (15) On the basis of such tables recommended by the actuary as the

1 board of trustees shall adopt and regular interest, the actuary shall
2 make an annual valuation of the assets and liability of the funds of the
3 system created by this act.

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

5 (17) Each policeman or fireman member of the board of trustees
6 shall be entitled to time off from his duty, with pay, during the periods
7 of his attendance upon regular or special meetings of the board of
8 trustees, and such time off shall include reasonable travel time required
9 in connection therewith.

10 (cf: P.L.1995, c.238, s.1)

11

12 6. Section 30 of P.L.1965, c.89 (C.53:5A-30) is amended to read
13 as follows:

14 30. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
15 et seq.), the general responsibility for the proper operation of the
16 retirement system is hereby vested in the board of trustees.

17 b. The board shall consist of five trustees as follows:

18 (1) Two active or retired members of the system who shall be
19 appointed by the Superintendent of State Police, who shall serve at the
20 pleasure of the superintendent and until their successors are appointed
21 and one of whom shall be or shall have been a commissioned officer
22 of the Division of State Police.

23 (2) Two members to be appointed by the Governor, with the
24 advice and consent of the Senate, who shall serve for a term of office
25 of three years and until their successors are appointed and who shall
26 be private citizens of the State of New Jersey who are neither an
27 officer thereof nor active or retired members of the system. Of the
28 two members initially appointed by the Governor pursuant to
29 P.L.1992, c.125 (C.43:4B-1 et al.), one shall be appointed for a term
30 of two years and one for a term of three years.

31 (3) The State Treasurer ex officio. The Deputy State Treasurer,
32 when designated for that purpose by the State Treasurer, may sit as a
33 member of the board of trustees and when so sitting shall have all the
34 powers and shall perform all the duties vested by this act in the State
35 Treasurer.

36 c. Each trustee shall, after his appointment, take an oath of office
37 that, so far as it devolves upon him, he will diligently and honestly
38 fulfill his duties as a board member, that he will not knowingly violate
39 or permit to be violated any of the provisions of the law applicable to
40 the retirement system. Such oath shall be subscribed by the member
41 taking it, and certified by the official before whom it is taken, and
42 immediately filed in the office of the Secretary of State.

43 d. If a vacancy occurs in the office of a trustee, the vacancy shall
44 be filled in the same manner as the office was previously filled.

45 e. The trustees shall serve without compensation, but they shall be
46 reimbursed by the State for all necessary expenses that they may incur

1 through service on the board. No employee member shall suffer loss
2 of salary through the serving on the board.

3 f. Except as otherwise herein provided, no member of the board
4 of trustees shall have any direct interest in the gains or profits of any
5 investments of the retirement system; nor shall any member of the
6 board of trustees directly or indirectly, for himself or as an agent in
7 any manner use the moneys of the retirement system, except to make
8 such current and necessary payments as are authorized by the board of
9 trustees; nor shall any member of the board of trustees become an
10 endorser or surety, or in any manner an obligor for moneys loaned to
11 or borrowed from the retirement system.

12 g. Each trustee shall be entitled to one vote in the board. A
13 majority vote of all trustees shall be necessary for any decision by the
14 trustees at any meeting of said board.

15 h. Subject to the limitations of this act, the board of trustees shall
16 annually establish rules and regulations for the administration of the
17 funds created by this act and for the transactions of its business. Such
18 rules and regulations shall be consistent with those adopted by the
19 other pension funds within the Division of Pensions and Benefits in
20 order to permit the most economical and uniform administration of all
21 such retirement systems.

22 i. The actuary of the fund shall be selected by the [Retirement
23 Systems Actuary Selection Committee established by P.L.1992, c.125]
24 board in accordance with the provisions of P.L.1954, c.48 (C.52:34-6
25 et seq.). The actuary of the fund on the effective date of this act,
26 P.L. , c. (C.) (now pending before the Legislature as this bill),
27 shall continue to serve in that capacity until the expiration of the
28 actuary's contract. [He] The actuary shall be the technical adviser of
29 the board on matters regarding the operation of the funds created by
30 the provisions of this act and shall perform such other duties as are
31 required in connection herewith.

32 j. The Attorney General shall be the legal adviser of the retirement
33 system, except that if the Attorney General determines that a conflict
34 of interest would affect the ability of the Attorney General to represent
35 the board on a matter affecting the retirement system, the board may
36 select and employ legal counsel to advise and represent the board on
37 that matter.

38 k. The Chief of the Bureau of Police and Fire Funds of the Division
39 of Pensions and Benefits of the State Department of the Treasury shall
40 be the secretary of the board.

41 l. The board of trustees shall keep a record of all of its proceedings
42 which shall be open to public inspection. The retirement system shall
43 publish annually a report showing the fiscal transactions of the
44 retirement system for the preceding year, the amount of the
45 accumulated cash and securities of the system and the last balance
46 sheet showing the financial condition of the system by means of an

1 actuarial valuation of the assets and liabilities of the retirement system.

2 m. The State Treasurer shall designate a medical board after
3 consultation with the Director of the Division of Pensions and
4 Benefits, subject to veto by the board of trustees for valid reason. It
5 shall be composed of three physicians. The medical board shall pass
6 on all medical examinations required under the provisions of this act,
7 and shall report in writing to the retirement system its conclusions and
8 recommendations upon all matters referred to it.

9 n. (Deleted by amendment, P.L.1987, c.330).

10 (cf: P.L.1992, c.125, s.17)

11

12 7. Section 19 of P.L.1992, c.125 (C.43:4B-1) is repealed.

13

14 8. This act shall take effect immediately .

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16

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STATEMENT

18

19 At present, the actuary for the Teachers' Pension and Annuity Fund,
20 the Judicial Retirement System, the Public Employees' Retirement
21 System, the Consolidated Police and Firemen's Pension Fund, the
22 Police and Firemen's Retirement System, and the State Police
23 Retirement System is selected by the Retirement Systems Actuary
24 Selection Committee. This bill repeals the provision of the law which
25 established that committee and provides instead that the board of
26 trustees or commission governing the respective State-administered
27 retirement systems shall select the system's actuary. An actuary
28 serving on the effective date of this act shall continue to serve until the
29 expiration of the actuary's contract.

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34 _____
35 Allows board of trustees of a State-administered retirement system to
select the system's actuary.