

ASSEMBLY, No. 2592

STATE OF NEW JERSEY

INTRODUCED DECEMBER 16, 1996

By Assemblyman **KRAMER** and Assemblywoman **WRIGHT**

1 AN ACT concerning the formula for death benefits payable upon the
2 death of retired members of the Public Employees' Retirement
3 System and amending P.L.1954, c.84.

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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 41 of P.L.1954, c.84 (C.43:15A-41) is amended to read
9 as follows:

10 41. A member who withdraws from service or ceases to be an
11 employee for any cause other than death or retirement shall, upon the
12 filing of an application therefor, receive all of his accumulated
13 deductions standing to the credit of his individual account in the
14 annuity savings fund, plus regular interest, less any outstanding loan,
15 except that for any period after June 30, 1944, the interest payable
16 shall be such proportion of the interest determined at the regular rate
17 of 2% per annum bears to the regular rate of interest, and except that
18 no interest shall be payable in the case of a member who has less than
19 three years of membership credit for which he has made contributions.
20 He shall cease to be a member two years from the date he discontinued
21 service as an eligible employee, or, if prior thereto, upon payment to
22 him of his accumulated deductions. If any such person or member
23 shall die before withdrawing or before endorsing the check
24 constituting the return of his accumulated deductions, such deductions
25 shall be paid to the member's beneficiary. No member shall be entitled
26 to withdraw the amounts contributed by his employer covering his
27 military leave unless he shall have returned to the payroll and
28 contributed to the retirement system for a period of 90 days.

29 b. Should a member resign after having established 25 years of
30 creditable service before reaching age 60, he may elect "early
31 retirement," provided, that such election is communicated by such
32 member to the retirement system by filing a written application, duly
33 attested, stating at what time subsequent to the execution and filing
34 thereof he desires to be retired. He shall receive, in lieu of the

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 payment provided in subsection a. of this section, an annuity which is
2 the actuarial equivalent of his accumulated deductions together with
3 regular interest, and a pension in the amount which, when added to the
4 member's annuity, will provide a total retirement allowance of
5 one-seventieth of his final compensation for each year of service
6 credited as Class A service and one-sixtieth of his final compensation
7 for each year of service credited as Class B service, calculated in
8 accordance with section 48 (C.43:15A-48) of this act, reduced by 1/4
9 of 1% for each month that the member lacks of being age 55;
10 provided, however, that upon the receipt of proper proofs of the death
11 of such a member there shall be paid to his beneficiary an amount
12 equal to three-sixteenths of the compensation upon which
13 contributions by the member to the annuity savings fund were based
14 in the last year of creditable service or three-sixteenths of the highest
15 compensation upon which contributions were based during any fiscal
16 year of membership, whichever is greater.

17 The board of trustees shall retire him at the time specified or at
18 such other time within one month after the date so specified as the
19 board finds advisable.

20 c. Upon the receipt of proper proofs of the death of a member in
21 service on account of which no accidental death benefit is payable
22 under section 49 there shall be paid to such member's beneficiary:

23 (1) The member's accumulated deductions at the time of death
24 together with regular interest; and

25 (2) An amount equal to one and one-half times the compensation
26 upon which contributions by the member to the annuity savings fund
27 were based in the last year of creditable service.

28 (cf: P.L.1987, c.1, s.1)

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

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

34 a. An annuity which shall be the actuarial equivalent of his
35 accumulated deductions together with regular interest and

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

44 c. Upon the receipt of proper proofs of the death of a member who
45 has retired on an ordinary disability retirement allowance, there shall
46 be paid to such member's beneficiary, an amount equal to 1 1/2 times

1 the compensation upon which contributions by the member to the
2 annuity savings fund were based in the last year of creditable service
3 or 1 1/2 times the highest compensation upon which contributions
4 were based during any fiscal year of membership, whichever is greater;
5 provided, however, that if such death shall occur after the member
6 shall have attained age 60, the amount payable shall equal 3/16 of such
7 compensation.

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

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

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

14 a. An annuity which shall be the actuarial equivalent of his
15 accumulated deductions together with regular interest; and

16 b. A pension, in the amount which, when added to the member's
17 annuity, will provide a total retirement allowance of 2/3 of his actual
18 annual compensation for which contributions were being made at the
19 time of the occurrence of the accident.

20 c. Upon receipt of proper proofs of the death of a member who has
21 retired on an accidental disability retirement allowance, there shall be
22 paid to such member's beneficiary, an amount equal to 1 1/2 times the
23 compensation upon which contributions by the member to the annuity
24 savings fund were based in the last year of creditable service or 1 1/2
25 times the highest compensation upon which contributions were based
26 during any fiscal year of membership, whichever is greater; provided,
27 however, that if such death shall occur after the member shall have
28 attained age 60, the amount payable shall equal 3/16 of such
29 compensation.

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

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32 4. Section 48 of P.L.1954, c.84 (C.43:15A-48) is amended to read
33 as follows:

34 48. A member, upon retirement for service, shall receive a
35 retirement allowance consisting of:

36 a. An annuity which shall be the actuarial equivalent of his
37 accumulated deductions together with regular interest; and

38 b. A pension in the amount which, when added to the member's
39 annuity, will provide a total retirement allowance of 1/70 of his final
40 compensation for each year of service credited as Class A service and
41 1/60 of his final compensation for each year of service credited as
42 Class B service.

43 c. Upon the receipt of proper proofs of the death of a member who
44 has retired on a service retirement allowance, there shall be paid to the
45 member's beneficiary, an amount equal to 3/16 of the compensation
46 upon which contributions by the member to the annuity savings fund

1 were based in the last year of creditable service or 3/16 of the highest
2 compensation upon which contributions were based during any fiscal
3 year of membership, whichever is greater.

4 (cf: P.L.1971, c.213, s.22)

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6 5. This act shall take effect immediately.

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STATEMENT

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11 This bill changes the formula used in the "Public Employees'
12 Retirement System Act" for calculating the death benefit payable on
13 account of a member's death after retirement.

14 Under current law, the retirant's paid-up life insurance benefit is
15 based upon compensation received by the retirant in the last year of
16 creditable service. The bill provides that the benefit would be based
17 upon either that compensation or the highest compensation received
18 in any fiscal year of membership, whichever is greater.

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23 Changes the calculation of PERS post-retirement death benefit.