

P.L. 1997, CHAPTER 113, *approved June 5, 1997*
Senate, No. 1119 (*First Reprint*)

1 AN ACT conforming the administration of ¹[certain]¹ State-
2 administered retirement systems ¹[and pension funds]¹ to federal
3 Internal Revenue Code requirements¹, establishing certain non-
4 forfeitable pension rights,¹ and supplementing Title 43 of the
5 Revised Statutes.

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

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10 1. In accordance with the provisions of section 401 (a) (2) of the
11 federal Internal Revenue Code, and subject to such exceptions as may
12 be permitted for governmental plans under section 401 (a) (2) of the
13 federal Internal Revenue Code, at no time prior to the satisfaction of
14 all liabilities with respect to members and their beneficiaries under the
15 Teachers' Pension and Annuity Fund, established pursuant to
16 N.J.S.18A:66-1 et seq., the Judicial Retirement System, established
17 pursuant to P.L.1973, c.140 (C.43:6A-1 et seq.), the Prison Officers'
18 Pension Fund, established pursuant to P.L.1941, c.220 (C.43:7-7 et
19 seq.), the Public Employees' Retirement System, established pursuant
20 to P.L.1954, c.84 (C.43:15A-1 et seq.), the Consolidated Police and
21 Firemen's Pension Fund, established pursuant to R.S.43:16-1 et seq.,
22 the Police and Firemen's Retirement System, established pursuant to
23 P.L.1944, c.255 (C.43:16A-1 et seq.), ¹[and]¹ the State Police
24 Retirement System, established pursuant to P.L.1965, c.89 (C.53:5A-1
25 et seq.), ¹and the Alternate Benefit Program, established pursuant to
26 P.L.1969, c.242 (C.18A:66-167 et seq.),¹ shall any part of the corpus
27 or income of the respective retirement systems ¹[or pension funds]¹,
28 within the taxable year or thereafter, be used for or diverted to
29 purposes other than for the exclusive benefit of the members or their
30 beneficiaries.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted April 17, 1997.

1 2. Notwithstanding any law, rule or regulation to the contrary, the
2 contributions ¹to¹ and benefits payable under the Teachers' Pension
3 and Annuity Fund, the Judicial Retirement System, the Prison Officers'
4 Pension Fund, the Public Employees' Retirement System, the
5 Consolidated Police and Firemen's Pension Fund, the Police and
6 Firemen's Retirement System, ¹[and]¹ the State Police Retirement
7 System¹ and the Alternate Benefit Program¹ shall ¹[be subject to] not
8 exceed¹ the limitations provided under section 415 of the federal
9 Internal Revenue Code ¹[with any exceptions as may be permitted for
10 governmental plans]¹. The Division of Pensions and Benefits in the
11 Department of the Treasury shall be responsible for implementation
12 and enforcement of these limitations.¹

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14 ¹3. Notwithstanding any law, rule or regulation to the contrary, for
15 members of the Teachers' Pension and Annuity Fund, the Judicial
16 Retirement System, the Public Employees' Retirement System, the
17 Police and Firemen's Retirement System, and the State Police
18 Retirement System, the amount of compensation which may be used
19 for member contributions and benefits under the retirement systems
20 after June 30, 1996 shall not exceed the compensation limitation of
21 section 401 (a) (17) of the federal Internal Revenue Code of 1986, (26
22 U.S.C. §401 (a) (17)), as amended pursuant to section 13212 of the
23 Omnibus Budget Reconciliation Act of 1993, Pub. L.103-66, 107 Stat.
24 312 or as hereafter amended or supplemented, to the extent applicable
25 to governmental plans. The provisions of this section shall not be
26 applicable to members enrolled prior to July 1, 1996 if the employer
27 of the members certifies to the Director of the Division of Pensions
28 and Benefits, in the form and manner prescribed by the director, prior
29 to July 1, 1997, that the employer will pay the additional cost for not
30 applying the limit to the members.¹

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32 ¹4. Notwithstanding any law, rule or regulation to the contrary, for
33 members of the Alternate Benefit Program, the amount of
34 compensation which may be used for employer and member
35 contributions and benefits under the program after June 30, 1996 shall
36 not exceed the compensation limitation of section 401 (a) (17) of the
37 federal Internal Revenue Code of 1986, (26 U.S.C. §401 (a) (17)), as
38 amended pursuant to section 13212 of the Omnibus Budget
39 Reconciliation Act of 1993, Pub. L.103-66, 107 Stat. 312, or as
40 hereafter amended or supplemented, to the extent applicable to
41 governmental plans. The provisions of this section shall not be
42 applicable to members enrolled prior to July 1, 1996 if the employer
43 of the members certifies to the Director of the Division of Pensions
44 and Benefits, in the form and manner prescribed by the director, prior
45 to July 1, 1997, that the employer will pay the additional cost for not
46 applying the limit to the members.¹

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

6 b. Vested members of the Teachers' Pension and Annuity Fund, the
7 Judicial Retirement System, the Prison Officers' Pension Fund, the
8 Public Employees' Retirement System, the Consolidated Police and
9 Firemen's Pension Fund, the Police and Firemen's Retirement System,
10 and the State Police Retirement System, upon the attainment of five
11 years of service credit in the retirement system or fund or on the date
12 of enactment of this bill, whichever is later, shall have a non-forfeitable
13 right to receive benefits as provided under the laws governing the
14 retirement system or fund upon the attainment of five years of service
15 credit in the retirement system or fund or on the effective date of this
16 act, whichever is later.

17 c. The State shall make an annual normal contribution and an
18 annual unfunded accrued liability contribution to each system or fund
19 pursuant to standard actuarial practices authorized by law, unless both
20 of the following conditions are met: (1) there is no existing unfunded
21 accrued liability contribution due to the system or fund at the close of
22 the valuation period applicable to the upcoming fiscal year; and (2)
23 there are excess valuation assets in excess of the actuarial accrued
24 liability of the system or fund at the close of the valuation period
25 applicable to the upcoming fiscal year.

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

28 e. Except as expressly provided herein and only to the extent so
29 expressly provided, nothing in this act shall be deemed to (1) limit the
30 right of the State to alter, modify or amend such retirement systems
31 and funds, or (2) create in any member a right in the corpus or
32 management of a retirement system or pension fund.¹

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34 ¹[3.] 6.¹ This act shall take effect immediately.

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39 Confirms administration of State-administered retirement systems to
40 federal IRC requirements; establishes certain non-forfeitable pension
41 rights.