

## SENATE, No. 1301

---

# STATE OF NEW JERSEY

---

INTRODUCED JUNE 13, 1996

By Senator SINGER

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.

4

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

7

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  
35   payment provided in subsection a. of this section, an annuity which is

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

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

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

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

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

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

28

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

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

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

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

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

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

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

8

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

11       46. A member under 65 years of age upon retirement for accidental  
12 disability shall receive a retirement allowance which shall consist of:  
13           a. An annuity which shall be the actuarial equivalent of his  
14 accumulated deductions together with regular interest; and  
15           b. A pension, in the amount which, when added to the member's  
16 annuity, will provide a total retirement allowance of 2/3 of his  
17 actual annual compensation for which contributions were being made  
18 at the time of the occurrence of the accident.

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

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

30

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

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

35           a. An annuity which shall be the actuarial equivalent of his  
36 accumulated deductions together with regular interest; and  
37           b. A pension in the amount which, when added to the member's  
38 annuity, will provide a total retirement allowance of 1/70 of his  
39 final compensation for each year of service credited as Class A service  
40 and 1/60 of his final compensation for each year of service credited as  
41 Class B service.

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

1    compensation upon which contributions were based during any fiscal  
2    year of membership, whichever is greater.  
3    (cf: P.L.1971, c. 213, s. 22)

4

5

5 5. This act shall take effect immediately.

6

## STATEMENT

8

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

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

17

18

19

<sup>20</sup> Changes the calculation of PERS post-retirement death benefit.