

SENATE, No. 2218

STATE OF NEW JERSEY

INTRODUCED JUNE 23, 1997

By Senators LaROSSA and MATHEUSSEN

1 AN ACT concerning certain State-administered retirement systems and
2 revising various parts of the statutory law.

3

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

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7 1. N.J.S.18A:66-36 is amended to read as follows:

8 18A:66-36. Should a member of the Teachers' Pension and Annuity
9 Fund, after having completed [10] five years of service, be separated
10 voluntarily or involuntarily from the service, before reaching service
11 retirement age, and not by removal for conduct unbecoming a teacher
12 or other just cause under the provisions of sections 18A:28-4 to
13 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive, such person may elect
14 to receive, in lieu of the payment provided in section 18A:66-34:

15 a. The payments provided for in section 18A:66-37, if he so
16 qualified under said section; or

17 b. A deferred retirement allowance beginning at age 60, which shall
18 be made up of an annuity derived from the member's accumulated
19 deductions at the time of his severance from the service, and a pension
20 in the amount which, when added to the member's annuity, will
21 provide a total retirement allowance of 1/70 of his final compensation
22 for each year of service credited as Class A service and 1/60 of his
23 final compensation for each year of service credited as class B service,
24 calculated in accordance with section 18A:66-44, with optional
25 privileges provided for in section 18A:66-47 if he exercises such
26 optional privilege at least 30 days before his attainment of the normal
27 retirement age; provided, that such election is communicated by such
28 member to the retirement system in writing stating at what time
29 subsequent to the execution and filing thereof he desires to be retired;
30 and provided, further, that such member may later elect: (1) to receive
31 the payments provided for in section 18A:66-37, if he had qualified
32 under that section at the time of leaving service, except that in order
33 to avail himself of the optional privileges pursuant to section
34 18A:66-47, he must exercise such optional privilege at least 30 days

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 before the effective date of his retirement; or (2) to withdraw his
2 accumulated deductions with interest as provided in section
3 18A:66-34. If such member shall die before attaining service
4 retirement age, then his accumulated deductions, plus regular interest
5 after January 1, 1956, shall be paid in accordance with section
6 18A:66-38, and, in addition if such member shall die after attaining
7 service retirement age and has not withdrawn his accumulated
8 deductions, an amount equal to $\frac{3}{16}$ of the compensation upon which
9 contributions by the member to the annuity savings fund were based
10 in the last year of creditable service shall be paid to such member's
11 beneficiary.

12 Any member who, having elected to receive a deferred retirement
13 allowance, again becomes an employee covered by the retirement
14 system while under the age of 60, shall thereupon be reenrolled. If he
15 had discontinued his service for more than 2 consecutive years,
16 subsequent contributions shall be at a rate applicable to the age
17 resulting from the subtraction of his years of creditable service at the
18 time of his last discontinuance of contributing membership from his
19 age at the time of his return to service. He shall be credited with all
20 service as a member standing to his credit at the time of his election to
21 receive a deferred retirement allowance.

22 (cf: P.L.1981, c.177, s.1)

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

26 11. Should any member resign, or fail of reappointment who shall
27 have served at least [5] five years successively as a judge of the
28 several courts [and at least 10 years in the aggregate, including such
29 service as a judge or in office, position, or employment of this State or
30 a county, municipality, board of education, or public agency of this
31 State,] before reaching age 60, and not by removal for cause on
32 charges of misconduct or delinquency, he may elect to receive:

33 a. All of his accumulated deductions standing to the credit of his
34 individual account in the annuity savings fund, or

35 b. A deferred retirement allowance, beginning on the first day of
36 the month following his attainment of age 60 and the filing of an
37 application therefor, which shall consist of an annuity derived from
38 the accumulated deductions standing to the credit of the member's
39 account in the annuity savings fund at the time of his severance from
40 service together with regular interest, and a pension which, when
41 added to the annuity, will produce a retirement allowance in the
42 amount of 2% of his final salary multiplied by his number of years of
43 service up to 25 plus 1% of his final salary multiplied by his number of
44 years of service over 25, provided that such inactive member may elect
45 to receive payments provided under section 10 if he had qualified
46 under that section at the time of leaving service, except that in order

1 to avail himself of the option, he must exercise such option at least 1
2 month before the effective date of his retirement. If such inactive
3 member shall die after attaining age 60 but before filing an application
4 for retirement benefits pursuant to this section or section 10 and for
5 which benefits he would have qualified, or in the event of death after
6 retirement, there shall be paid to such member's beneficiary the death
7 benefits prescribed by section 19.

8 No beneficiary shall be eligible for a pension or survivor's benefit if
9 the member who elected to receive a deferred pension prior to the
10 effective date of this amendatory and supplementary act or who elects
11 to receive a deferred retirement allowance following the effective date
12 of this amendatory and supplementary act shall die before attaining
13 age 60. Upon receipt of the proper proofs of death, the beneficiary of
14 a member who elects to receive a deferred retirement allowance shall
15 be paid the member's accumulated deductions at the time of death
16 together with regular interest.

17 Any member who, having elected to receive a deferred pension or
18 deferred retirement allowance, again becomes a member while under
19 the age of 60, shall thereupon be reenrolled. He shall be credited with
20 all service as a member standing to his credit at the time of his election
21 to receive a deferred pension or deferred retirement allowance.

22 (cf: P.L.1981, c.470, s.5)

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24 3. Section 38 of P.L.1954, c.84 (C.43:15A-38) is amended to read
25 as follows:

26 38. Should a member of the Public Employees' Retirement System,
27 after having completed [10] five years of service, be separated
28 voluntarily or involuntarily from the service, before reaching service
29 retirement age, and not by removal for cause on charges of misconduct
30 or delinquency, such person may elect to receive:

31 (a) The payments provided for in section 41b. of this act, if he so
32 qualifies under said section, or;

33 (b) A deferred retirement allowance, beginning at the retirement
34 age, which shall be made up of an annuity derived from the
35 accumulated deductions standing to the credit of the individual
36 member's account in the annuity savings fund at the time of his
37 severance from the service together with regular interest, and a
38 pension which when added to the annuity will produce a total
39 retirement allowance of 1/70 of his final compensation for each year
40 of service credited as Class A service and 1/60 of his final
41 compensation for each year of service credited as Class B service,
42 calculated in accordance with section 48 of this act, with optional
43 privileges provided for in section 50 of this act if he exercises such
44 optional privilege at least 30 days before his attainment of the normal
45 retirement age; provided, that such election is communicated by such
46 member to the retirement system in writing stating at what time

1 subsequent to the execution and filing thereof he desires to be retired;
2 and provided further, that such member, as referred to in this
3 subsection may later elect: (1) to receive the payments provided for
4 in section 41b. of this act, if he had qualified under that section at the
5 time of leaving service, except that in order to avail himself of the
6 optional privileges pursuant to section 50, he must exercise such
7 optional privilege at least 30 days before the effective date of his
8 retirement; or (2) to withdraw his accumulated deductions with
9 interest as provided in section 41a. If such member shall die before
10 attaining service retirement age then his accumulated deductions, plus
11 regular interest, shall be paid in accordance with section 41c.; or if
12 such member shall die after attaining service retirement age and has
13 not withdrawn his accumulated deductions, an amount equal to 3/16
14 of the compensation received by the member in the last year of
15 creditable service shall be paid to such person, if living, as he shall
16 have nominated by written designation duly executed and filed with the
17 retirement system; otherwise to the executor or administrator of the
18 member's estate.

19 (cf: P.L.1981, c.177, s.4)

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21 4. Section 5 of P.L.1972, c.167 (C.43:15A-139) is amended to
22 read as follows:

23 5. A member, who shall have served as a member of the
24 Legislature for at least [8] five years and having made contributions
25 therefor to the retirement system and who ceases to be a member of
26 the Legislature for any reason other than death before reaching age
27 60, may, upon termination of such service as a member of the
28 Legislature and all other public service covered by the retirement
29 system elect to receive, in lieu of the payment provided in P.L.1954,
30 c.84, s.41a (C.43:15A-41a): (a) the payments provided for in
31 P.L.1954, c.84, s. 38 (C.43:15A-38) if he so qualifies under said
32 section, or (b) the payments provided for in P.L.1954, c.84, s.41b
33 (C.43:15A-41b) if he so qualifies under said section, or (c) a deferred
34 retirement allowance beginning on the first day of the month
35 following his attainment of age 60 and the filing of an application
36 therefor, which shall be made up of an annuity derived from the
37 member's accumulated deductions at the time of termination of his
38 service as a member of the Legislature and a pension in the amount
39 which, when added to the member's annuity, will provide a total
40 retirement allowance of 3% of final compensation as a legislator, for
41 each year of creditable service as a member of the Legislature.

42 The benefit payable pursuant to this section shall be subject to the
43 maximum allowance provisions of section 4 of this supplementary act.

44 The provisions for the exercise of optional privileges, the payment
45 of accumulated contributions in the event of death before attaining
46 service retirement age, and the death benefit in the event of death

1 following retirement, shall be those stipulated in P.L.1954, c.84, s.38
2 (C.43:15A-38) in the case of any member of the Legislature retiring
3 under the provisions of this section.

4 (cf: P.L.1972, c.167, s.5)

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6 5. Section 17 of P.L.1964, c.241 (C.43:16A-11.2) is amended to
7 read as follows:

8 17. Should a member, after having established [10] five years of
9 creditable service, be separated voluntarily or involuntarily from the
10 service, before reaching age 55, and not by removal for cause on
11 charges of misconduct or delinquency, such person may elect to
12 receive the payments provided for in section 11 of P.L.1944, c.255 or
13 section 16 of P.L.1964, c.241, or a deferred retirement allowance,
14 beginning on the first day of the month following his attainment of age
15 55 and the filing of an application therefor, which shall consist of:

16 (1) An annuity which shall be the actuarial equivalent of his
17 aggregate contributions at the time of his severance from the service
18 and

19 (2) A pension in the amount which, when added to the member's
20 annuity, will provide a total retirement allowance of 2% of his average
21 final compensation multiplied by the number of years of his creditable
22 service up to 30 plus 1% of his average final compensation multiplied
23 by the number of years of creditable service over 30, provided that
24 such inactive member may elect to receive payments provided under
25 section 11 of P.L.1944, c. 255 or section 16 of P.L.1964, c. 241 if he
26 had qualified under that section at the time of leaving service, except
27 that in order to avail himself of the option, he must exercise such
28 option at least 30 days before the effective date of his retirement. If
29 such inactive member shall die before attaining age 55, his aggregate
30 contributions shall be paid in accordance with section 11 of P.L.1944,
31 c.255 and, in addition if such inactive member shall die after attaining
32 age 55 but before filing an application for retirement benefits pursuant
33 to this section or section 16 of P.L.1964, c.241 and has not withdrawn
34 his aggregate contributions, or in the event of death after retirement,
35 an amount equal to one-half of the compensation upon which
36 contributions by the member to the annuity savings fund were based
37 in the last year of creditable service shall be paid to such member's
38 beneficiary.

39 Any member who, having elected to receive a deferred retirement
40 allowance, again becomes an employee covered by the retirement
41 system while under the age of 55, shall thereupon be reenrolled. If he
42 had discontinued his service for more than 2 consecutive years,
43 subsequent contributions shall be at his former rate increased for the
44 years of his inactive membership. He shall be credited with all service
45 as a member standing to his credit at the time of his election to receive

1 a deferred retirement allowance.

2 (cf: P.L.1981, c.177, s.5)

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4 6. Section 28 of P.L.1965, c.89 (C.53:5A-28) is amended to read
5 as follows:

6 28. a. Should a member, after having established [10] five years
7 of creditable service as a full time commissioned officer,
8 noncommissioned officer or trooper of the Division of State Police,
9 be separated voluntarily or involuntarily from the service, before
10 reaching age 55, and not by removal for cause on charges of
11 misconduct or delinquency, such person may elect to receive the
12 payments provided for in section 26 or 27 or a deferred retirement
13 allowance, beginning on the first day of the month following his
14 attainment of age 55 and the filing of an application therefor, which
15 shall consist of:

16 (1) An annuity which shall be the actuarial equivalent of his
17 aggregate contributions at the time of his severance from the service,
18 and

19 (2) A pension in the amount which, when added to the member's
20 annuity, will provide a total retirement allowance of 2% of his final
21 compensation multiplied by his number of years of creditable service
22 up to 25 plus 1% of his final compensation multiplied by his number
23 of years of creditable service over 25, provided that such inactive
24 member may elect to receive payments provided under section 26 or
25 27 if he had qualified under that latter section at the time of leaving
26 service, except that in order to avail himself of the option, he must
27 exercise such option at least 1 month before the effective date of his
28 retirement. If such inactive member shall die before attaining age 55,
29 his aggregate contributions shall be paid in accordance with section
30 26 and, in addition if such inactive member shall die after attaining age
31 55 but before filing an application for retirement benefits pursuant to
32 this section or section 27 and for which benefits he would have
33 qualified and has not withdrawn his aggregate contributions, or in the
34 event of death after retirement, an amount equal to one-half of the
35 final compensation received by the member shall be paid to such
36 member's beneficiary.

37 b. (Deleted by amendment.)

38 c. Any member who, having elected to receive a deferred
39 retirement allowance, again becomes an employee covered by the
40 retirement system while under the age of 55, shall thereupon be
41 reenrolled. He shall be credited with all service as a member standing
42 to his credit at the time of his election to receive a deferred retirement
43 allowance.

44 (cf: P.L.1981, c.177, s.6)

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46 7. This act shall take effect immediately.

STATEMENT

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These amendments reduce the period of service required to attain status as a vested member of the Teachers' Pension and Annuity Fund (TPAF), the Judicial Retirement System (JRS), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the State Police Retirement System (SPRS) to five years.

The revised vesting period for which this bill provides is consistent with the standards set forth in Sec.203 of the federal "Employee Retirement Income Security Act of 1974" ("ERISA"), P.L.93-406 (29 U.S.C. §1053).

Reduces vesting period under TPAF, JRS, PERS, PFRS, and SPRS to five years.