P.L. 2021, CHAPTER 140, *approved June 30, 2021* Senate, No. 758 (*Third Reprint*)

AN ACT concerning enrollment of workers' compensation judges in 1 2 the Public Employees' Retirement System and amending 3 ²[P.L.2007, c.92 and amending and supplementing P.L.1954, 4 c.84 (C.43:15A-1 et seq.)] various parts of the statutory law². 5 6 **BE IT ENACTED** by the Senate and General Assembly of the State 7 of New Jersey: 8 9 1. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read 10 as follows: 2. a. 11 The following persons shall be eligible and shall 12 participate in the Defined Contribution Retirement Program: 13 (1) A person who commences service on or after the effective 14 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an 15 elective public office of this State or of a political subdivision 16 thereof, except that it shall not include a person who holds elective 17 public office on the effective date of this section and is enrolled in the Public Employees' Retirement System while that person 18 19 continues to hold that elective public office or, for an elected 20 official specified in section 5 of P.L.2017, c.344 (C.43:15A-7.5), 21 another elective public office, without a break in service. Service in 22 the Legislature shall be considered a single elective public office. 23 (2) A person who commences service on or after the effective 24 date of this section in an employment, office or position of the State 25 or of a political subdivision thereof, or an agency, board, 26 commission, authority or instrumentality of the State or of a 27 subdivision, pursuant to an appointment by the Governor that 28 requires the advice and consent of the Senate, or pursuant to an 29 appointment by the Governor to serve at the pleasure of the 30 Governor only during his or her term of office. This paragraph 31 shall not be deemed to include a person otherwise eligible for membership in the State Police Retirement System or the Judicial 32 33 Retirement System. This paragraph shall not include Workers' 34 Compensation Judges of the Division of Workers' Compensation in the Department of Labor and Workforce Development ²[, except 35 such judges who waive transfer to the Public Employees' 36 37 Retirement System, pursuant to section 3 of P.L., c. (pending <u>before the Legislature as this bill)</u>². 38

EXPLANATION – Matter enclosed in **bold-faced brackets** [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted February 11, 2021.

²Assembly floor amendments adopted May 20, 2021.

³Assembly floor amendments adopted June 3, 2021.

(3) A person who commences service on or after the effective 1 2 date of this section in an employment, office or position in a 3 political subdivision of the State, or an agency, board, commission, 4 authority or instrumentality of a subdivision, pursuant to an 5 appointment by an elected public official or elected governing 6 body, that requires the specific consent or approval of the elected 7 governing body of the political subdivision that is substantially 8 similar in nature to the advice and consent of the Senate for 9 appointments by the Governor of the State as that similarity is 10 determined by the elected governing body and set forth in an 11 adopted ordinance or resolution, pursuant to guidelines or policy 12 that shall be established by the Local Finance Board in the 13 Department of Community Affairs or the Department of Education, 14 as appropriate to the elected governing body. This paragraph shall 15 not be deemed to include a person otherwise eligible for 16 membership in the Teachers' Pension and Annuity Fund or the 17 Police and Firemen's Retirement System, or a person who is 18 employed or appointed in the regular or normal course of 19 employment or appointment procedures and consented to or approved in a general or routine manner appropriate for and 20 21 followed by the political subdivision, or the agency, board, 22 commission, authority or instrumentality of a subdivision, or a 23 person who holds a professional license or certificate to perform 24 and is performing as a certified health officer, tax assessor, tax 25 collector, municipal planner, chief financial officer, registered 26 municipal clerk, construction code official, licensed uniform 27 subcode inspector, qualified purchasing agent, or certified public 28 works manager.

(4) A person who is granted a pension or retirement allowance
under any pension fund or retirement system established under the
laws of this State and elects to participate pursuant to section 1 of
P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

33 (5) A member of the Teachers' Pension and Annuity Fund, 34 Police and Firemen's Retirement System, State Police Retirement 35 System, or the Public Employees' Retirement System for whom 36 compensation is defined as the amount of base or contractual salary 37 equivalent to the annual maximum wage contribution base for 38 Social Security, pursuant to the Federal Insurance Contributions 39 Act, for contribution and benefit purposes of those retirement 40 systems, for whom participation in this retirement program shall be 41 with regard to any excess over the maximum compensation only.

(6) A person in employment, office or position for which the
annual salary or remuneration is less, or the hours of work per week
are fewer, than that which is required to become a member of the
Teachers' Pension and Annuity Fund or the Public Employees'
Retirement System, or to make contributions to those systems as a
member on the basis of any such employment, office or position,
after November 1, 2008.

b. No person shall be eligible to participate in the retirement
program with respect to any public employment, office, or position
if:

4 (1) the base salary for that employment, office, or position is 5 less than \$5,000 per year;

6 (2) the person is, on the basis of service in that employment, 7 office, or position, eligible for membership or enrolled as a member 8 of another State or locally-administered pension fund or retirement 9 system established under the laws of this State including the 10 Alternate Benefit Program, except as otherwise specifically 11 provided in subsection a. of this section;

(3) the person is receiving a benefit as a retiree from any other
State or locally-administered pension fund or retirement system
established under the laws of this State, except as provided in
section 1 of P.L.1977, c.171 (C.43:3C-3); or

(4) the person is an officer or employee of a political
subdivision of this State or of a board of education, or of any
agency, authority or instrumentality thereof, who is ineligible for
membership in the Public Employees' Retirement System pursuant
to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

21 c. A person eligible and required to participate in the 22 retirement program pursuant to paragraph (5) of subsection a. of 23 this section may elect to waive participation with regard to that 24 employment, office, or position by filing, when first eligible, on a 25 form required by the division, a written waiver with the Division of 26 Pensions and Benefits that waives all rights and benefits that would 27 otherwise be provided by the retirement program. Such a person 28 may thereafter elect to participate in the retirement program by 29 filing, on a form required by the division, a written election to 30 participate in the retirement program and participation in the 31 retirement program pursuant to such election shall commence on 32 the January 1 next following the filing of the election to participate.

d. Service credited to a participant in the Defined Contribution
Retirement Program shall not be recognized as service credit to
determine eligibility for employer-paid health care benefits in
retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),
N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or
any other law, rule or regulation.

- 39 (cf: P.L.2017, c.344, s.3)
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41 2. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read 42 as follows:

7. There is hereby established the Public Employees'
Retirement System of New Jersey in the Division of Pensions and
Benefits of the Department of the Treasury. The membership of the
retirement system shall include:

a. The members of the former "State Employees' RetirementSystem of New Jersey" enrolled as such as of December 30, 1954,

who shall not have claimed for refund their accumulated deductions
 in said system as provided in this section;

3 b. Any person becoming an employee of the State or other 4 employer after January 2, 1955 and every veteran, other than a 5 retired member who returns to service pursuant to subsection b. of 6 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those 7 whose appointments are seasonal, becoming an employee of the 8 State or other employer after such date, including a temporary 9 employee with at least one year's continuous service. The 10 membership of the retirement system shall not include those 11 persons appointed to serve as described in paragraphs (2) and (3) of 12 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a 13 person who was a member of the retirement system prior to the 14 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-15 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and 16 C.43:15A-135) and continuously thereafter. The membership of the retirement system shall include Workers' Compensation Judges of 17 18 the Division of Workers' Compensation in the Department of Labor 19 and Workforce Development; and

c. Every employee veteran in the employ of the State or other
employer on January 2, 1955, who is not a member of any
retirement system supported wholly or partly by the State.

23 Membership in the retirement system shall be optional for d. 24 elected officials other than veterans, and for school crossing guards, 25 who having become eligible for benefits under other pension 26 systems are so employed on a part-time basis. Elected officials 27 commencing service on or after the effective date of sections 1 28 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15, 29 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not 30 be eligible for membership in the retirement system based on 31 service in the elective public office, except that an elected official 32 enrolled in the retirement system as of that effective date who 33 continues to hold that elective public office or, for an elected 34 official specified in section 5 of P.L.2017, c.344 (C.43:15A-7.5), 35 another elective public office, without a break in service shall be 36 eligible to continue membership in the retirement system under the 37 terms and conditions of enrollment. Service in the Legislature shall 38 be considered a single elective public office. Any part-time school 39 crossing guard who is eligible for benefits under any other pension 40 system and who was hired as a part-time school crossing guard 41 prior to March 4, 1976, may at any time terminate his membership 42 in the retirement system by making an application in writing to the 43 board of trustees of the retirement system. Upon receiving such 44 application, the board of trustees shall terminate his enrollment in 45 the system and direct the employer to cease accepting contributions 46 from the member or deducting from the compensation paid to the 47 State employees who become members of any other member. 48 retirement system supported wholly or partly by the State as a

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condition of employment shall not be eligible for membership in
 this retirement system. Notwithstanding any other law to the
 contrary, all other persons accepting employment in the service of
 the State shall be required to enroll in the retirement system as a
 condition of their employment, regardless of age.

6 (1) Before or on November 1, 2008, no person in employment,
7 office or position, for which the annual salary or remuneration is
8 fixed at less than \$1,500.00, shall be eligible to become a member
9 of the retirement system.

(2) After November 1, 2008, a person who was a member of the
retirement system on that date and continuously thereafter shall be
eligible to be a member of the retirement system in employment,
office or position, for which the annual salary or remuneration is
fixed at \$1,500 or more.

15 (3) After November 1, 2008 and before or on the effective date 16 of P.L.2010, c.1, a person who was not a member of the retirement 17 system on November 1, 2008, or who was a member of the 18 retirement system on that date but not continuously thereafter, and 19 who is in employment, office or position, for which the annual 20 salary or remuneration is certified by the applicable public entity at 21 \$7,500 or more, shall be eligible to become a member of the 22 The \$7,500 minimum annual salary or retirement system. 23 remuneration amount shall be adjusted annually by the Director of 24 the Division of Pensions and Benefits, by regulation, in accordance 25 with changes in the Consumer Price Index but by no more than 4 26 percent. "Consumer Price Index" means the average of the annual 27 increase, expressed as a percentage, in the consumer price index for 28 all urban consumers in the New York City and Philadelphia 29 metropolitan statistical areas during the preceding calendar year as 30 reported by the United States Department of Labor.

31 (4) After the effective date of P.L.2010, c.1, no person in an 32 employment, office or position of the State, or an agency, board, 33 commission, authority or instrumentality of the State, for which the 34 hours of work are fixed at fewer than 35 per week shall be eligible 35 to become a member of the retirement system; and no person in 36 employment, office or position with a political subdivision of the 37 State, or an agency, board, commission, authority or instrumentality 38 of a political subdivision of the State, for which the hours of work 39 are fixed by an ordinance or resolution of the political subdivision, 40 or agency, board, commission, authority or instrumentality thereof, 41 at fewer than 32 per week shall be eligible to become a member of 42 the retirement system. Any hour or part thereof, during which the 43 person does not work due to the person's participation in a voluntary or mandatory furlough program shall not be deducted in 44 45 determining if a person's hours of work are fixed at fewer than 35 or 46 32 per week, as appropriate, for the purpose of eligibility.

e. Membership of any person in the retirement system shall
 cease if he shall discontinue his service for more than two
 consecutive years.

4 The accumulated deductions of the members of the former f. 5 "State Employees' Retirement System" which have been set aside in 6 a trust fund designated as Fund A as provided in section 5 of this 7 act and which have not been claimed for refund prior to February 1, 8 1955 shall be transferred from said Fund A to the Annuity Savings 9 Fund of the Retirement System, provided for in section 25 of this 10 act. Each member whose accumulated deductions are so transferred 11 shall receive the same prior service credit, pension credit, and 12 membership credit in the retirement system as he previously had in 13 the former "State Employees' Retirement System" and shall have 14 such accumulated deductions credited to his individual account in 15 the Annuity Savings Fund. Any outstanding obligations of such 16 member shall be continued.

17 g. Any school crossing guard electing to terminate his 18 membership in the retirement system pursuant to subsection d. of 19 this section shall, upon his request, receive a refund of his 20 accumulated deductions as of the date of his appointment to the 21 position of school crossing guard. Such refund of contributions 22 shall serve as a waiver of all benefits payable to the employee, to 23 his dependent or dependents, or to any of his beneficiaries under the 24 retirement system.

25 h. A temporary employee who is employed under the federal 26 Workforce Investment Act shall not be eligible for membership in 27 the system. Membership for temporary employees employed under 28 federal Job Training Partnership Act, Pub.L.97-300 the (29 U.S.C.s.1501) who are in the system on September 19, 1986 29 30 shall be terminated, and affected employees shall receive a refund 31 of their accumulated deductions as of the date of commencement of 32 employment in a federal Job Training Partnership Act program. 33 Such refund of contributions shall serve as a waiver of all benefits 34 payable to the employee, to his dependent or dependents, or to any 35 of his beneficiaries under the retirement system.

Membership in the retirement system shall be optional for a 36 i. 37 special service employee who is employed under the federal Older 38 American Community Service Employment Act, Pub.L.94-135 (42 39 U.S.C.s.3056). Any special service employee employed under the 40 federal Older American Community Service Employment Act, 41 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on 42 the effective date of P.L.1996, c.139 may terminate membership in 43 the retirement system by making an application in writing to the 44 board of trustees of the retirement system. Upon receiving the 45 application, the board shall terminate enrollment in the system and 46 the member shall receive a refund of accumulated deductions as of 47 the date of commencement of employment in a federal Older 48 American Community Service Employment Act program. This

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refund of contributions shall serve as a waiver of all benefits
 payable to the employee, to any dependent or dependents, or to any
 beneficiary under the retirement system.

4 An employee of the South Jersey Port Corporation who was į. 5 employed by the South Jersey Port Corporation as of the effective date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-6 7 employed within 365 days of such effective date by a subsidiary 8 corporation or other corporation, which has been established by the 9 Delaware River Port Authority pursuant to subdivision (m) of 10 Article I of the compact creating the Delaware River Port Authority 11 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-12 146), shall be eligible to continue membership while an employee 13 of such subsidiary or other corporation.

k. An employee of a renaissance school project established
pursuant to P.L.2011, c.176 (C.18A:36C-1 et seq.) upon
commencement of employment.

- 17 (cf: P.L.2018, c.129, s.2)
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19 ²[3. (New section) a. Notwithstanding the provisions of any 20 other law to the contrary, Workers' Compensation Judges of the 21 Division of Workers' Compensation in the Department of Labor and 22 Workforce Development appointed on or after the effective date of 23 P.L. , c. (pending before the Legislature as this bill) shall be 24 enrolled in the Public Employees' Retirement System. Membership 25 in the Public Employees' Retirement System shall be a condition of 26 employment for service as a judge of compensation for each judge 27 enrolled after that effective date.

28 Notwithstanding enrollment in the system, the laws and 29 regulations governing the system shall not apply to workers' 30 compensation judges covered by this section. Those judges shall be 31 subject to and governed by the laws and regulation of the Judicial 32 Retirement System, established pursuant to P.L.1973, c.140 33 (C.43:6A1 et seq.), in the same manner as a judge enrolled in the 34 Judicial Retirement System. For all purposes, those workers' 35 compensation judges covered by this section shall be deemed 36 members of the Judicial Retirement System but for enrollment in 37 the Public Employees' Retirement System.

38 b. A workers' compensation judge who is a participant in the 39 Defined Contribution Retirement Program, established pursuant to 40 P.L.2007, c.92 (C.43:15C-1 et seq.), on the effective date of 41 , c. (pending before the Legislature as this bill) or a P.L. 42 participant in the Workers' Compensation Judges Part of the Public 43 Retirement System on the effective date of Employees' 44 P.L., c. (pending before the Legislature as this bill), shall be 45 transferred out of the program or the part within 90 days following 46 that effective date and covered by the provisions of section a. of this 47 section. A judge may elect not to be transferred and covered by the 48 provisions of subsection a. of this section by filing a statement

S758 [3R]

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within 30 days following that effective date with the Division of
Pensions and Benefits in the Department of the Treasury waiving all
rights and benefits which would otherwise be provided in
accordance with subsection a. of this section.

5 The account in the program or the part for each judge transferred 6 and covered by the provisions of subsection a. of this section shall 7 be adjusted to reflect the transfer and each judge shall be given 8 service credit for the provisions of subsection a. of this section for 9 service starting on the judge's date of appointment.

10 The actuary for the Public Employees' Retirement System, in 11 consultation with the actuary for the Judicial Retirement System, 12 shall determine the unfunded accrued liability resulting from the 13 transfer and coverage of judges under subsection a. of this section 14 in the same manner provided for the determination of the unfunded 15 accrued liability of the retirement system by section 24 of P.L.1954, 16 c.84 (C.43:15A-24). This unfunded accrued liability shall be 17 amortized in the manner provided by section 24 over an 18 amortization period of 20 years. Accrued liability and normal 19 contributions for workers compensation judges shall be paid by 20 transfers from the Second Injury Fund as provided by subsection j. 21 of R.S.34:15-94. The Commissioner of Labor and Workforce 22 Development may, with the authorization of and appropriation by 23 the Legislature, pay the unfunded accrued liability in a lump sum or 24 over a period of time shorter than 20 years.

25 ¹The value of the account of a workers' compensation judge who is transferred out of the program shall be transferred from the 26 Defined Contribution Retirement Program to the Public Employees' 27 28 Retirement System in accordance with the rollover requirements of 29 the federal Internal Revenue Code and relevant regulations as a 30 qualified rollover distribution from one qualified retirement plan to 31 another qualified retirement plan, and shall not be a taxable distribution to the workers' compensation judge. The transfer shall 32 33 be in accordance with a rule, method, or process that shall not result 34 in the transfer being deemed a distribution includible in federal gross income for the workers' compensation judge.¹]² 35

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37 ²3. Section 2 of P.L.2001, c.259 (C.43:15A-143) is amended to
 38 read as follows:

39 2. <u>a.</u> Notwithstanding the provisions of any other law, workers 40 compensation judges shall be members of the Workers Compensation Judges Part, established pursuant to this act, 41 42 P.L.2001, c.259 (C.43:15A-142 et seq.), of the Public Employees' 43 Retirement System, established pursuant to P.L.1954, c.84 44 (C.43:15A-1 et seq.), [if enrolled in the part prior to the effective date of P.L.2007, c.92 (C.43:15C-1 et al.)] and shall be subject to 45 the same membership and benefit provisions as State employees, 46 except as provided by P.L.2001, c.259. Membership in the 47

S758 [3R]

1 retirement system shall be a condition of employment for service as 2 a judge of compensation [for a judge enrolled in the part prior to the effective date of P.L.2007, c.92 (C.43:15C-1 et al.). 3 4 A workers compensation judge who becomes a member of the 5 retirement system on or after the effective date of P.L.2007, c.92 6 (C.43:15C-1 et al.) shall not be a member of the Workers 7 Compensation Judges Part and the provisions of P.L.2001, c.259 8 (C.43:15A-142 et seq.) shall not apply to such judge or the judge's 9 survivors]. 10 b. A Workers' Compensation Judge of the Division of 11 Workers' Compensation in the Department of Labor and Workforce 12 Development who is a participant in the Defined Contribution 13 Retirement Program, established pursuant to P.L.2007, c.92 14 (C.43:15C-1 et seq.), on the effective date of P.L., c. (pending 15 before the Legislature as this bill) shall be transferred and enrolled in the Workers' Compensation Judges Part of the Public 16 17 Employees' Retirement System within 90 days following that 18 effective date. The account in the Defined Contribution Retirement 19 Program or the Public Employees' Retirement Program for each 20 judge transferred and enrolled shall be transferred to the Workers' 21 Compensation Judges Part of the Public Employees' Retirement 22 System and each judge shall be given service credit in the Workers' 23 Compensation Judges Part of the Public Employees' Retirement 24 System for service starting on the judge's date of appointment. The 25 unfunded liability for the benefits provided by the transfer and enrollment of such judges shall be paid by transfers from the 26 27 Second Injury Fund as provided by section 13 of P.L.2001, c.259 28 (C.43:15A-154) to the Workers' Compensation Judges Part of the 29 Public Employees' Retirement System. 30 Service credit transferred from a participant in the Defined 31 Contribution Retirement Program under this subsection shall be 32 recognized as service credit to determine eligibility for employer-33 paid health care benefits in retirement pursuant to P.L.1961, c.49 34 (C.52:14-17.25 et seq.), or any other law, rule or regulation. 35 The actuary for the Public Employees' Retirement System shall 36 determine the unfunded accrued liability resulting from the transfer 37 and coverage of judges under this subsection a. of this section in the 38 same manner provided for the determination of the unfunded 39 accrued liability of the retirement system by section 24 of P.L.1954, 40 c.84 (C.43:15A-24). This unfunded accrued liability shall be 41 amortized in the manner provided by section 24 over an 42 amortization period of 20 years. Accrued liability and normal 43 contributions for workers compensation judges shall be paid by 44 transfers from the Second Injury Fund as provided by subsection j. 45 of R.S.34:15-94. The Commissioner of Labor and Workforce 46 Development may, with the authorization of and appropriation by 47 the Legislature, pay the unfunded accrued liability in a lump sum or over a period of time shorter than 20 years. 48

S758 [3R]

| 1 | c. The value of the account of a workers' compensation judge |
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| 2 | who is transferred out of the program shall be transferred from the |
| -3 | Defined Contribution Retirement Program to the Public Employees' |
| 4 | Retirement System in accordance with the ³ [rollover requirements] |
| 5 | relevant provisions ³ of the federal Internal Revenue Code and |
| 6 | ³ [relevant regulations as a qualified rollover distribution from one |
| 7 | qualified retirement plan to another qualified retirement plan, and |
| 8 | shall not be a taxable distribution to the workers' compensation |
| 9 | judge] Internal Revenue Service guidance as a direct trustee-to- |
| 10 | trustee transfer. ³ The transfer shall be in accordance with a rule, |
| 11 | method, or process that shall not result in the transfer being deemed |
| 12 | a distribution includible in federal gross income for the workers' |
| 13 | compensation judge. |
| 14 | d. A workers compensation judge who retired on or after May |
| 15 | 20, 2021 and who was not transferred and ³ [enrollment] enrolled ³ |
| 16 | pursuant to this subsection shall be retroactively transferred and |
| 17 | enrolled in the Workers Compensation Judges Part of the Public |
| 18 | Employees' Retirement System pursuant to this section and the |
| 19 | retirement allowance calculated and paid from the date of |
| 20 | retirement based on that enrollment in Workers Compensation |
| 21 | Judges Part of the Public Employees' Retirement System, provided |
| 22 | the retiree complies with any terms and conditions for that transfer, |
| 23 | enrollment, and calculation as required by the Division of Pensions |
| 24 | and Benefits and the board of trustees of the Public Employees' |
| 25 | Retirement System. ² ³ The retroactive provision in this subsection |
| 26 | shall only apply to those workers compensation judges who have |
| 27 | not received a distribution from the judge's Defined Contribution |
| 28 | Retirement Program account. ³ |
| 29 | (cf: P.L.2007, c.92, s.22) |
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| 31 | 4. This act shall take effect immediately. |
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| 36 27 | Reopens Workers Compensation Judges Part of PERS and |
| 37 | requires Workers' Compensation Judges to be enrolled in PERS. |