ASSEMBLY, No. 2758

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED FEBRUARY 28, 2022

Sponsored by:
Assemblywoman VERLINA REYNOLDS-JACKSON
District 15 (Hunterdon and Mercer)
Assemblyman BENJIE E. WIMBERLY
District 35 (Bergen and Passaic)
Assemblyman DANIEL R. BENSON
District 14 (Mercer and Middlesex)
Assemblywoman SHANIQUE SPEIGHT
District 29 (Essex)

SYNOPSIS
Reinstates automatic COLA for retirement benefits of members of the State-administered retirement systems.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning cost-of-living adjustments for retirement benefits of members of the State-administered retirement systems, and amending various parts of the statutory law.

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

1. N.J.S.18A:66-56 is amended to read as follows:

18A:66-56. a. (1) Subject to the provisions of chapter 70 of the laws of 1955, the general responsibility for the proper operation of the teachers' pension and annuity fund shall be vested in the board of trustees, and, as specified, in the committee established pursuant to subsection b. of this section. Subject to the limitations of the law, the board shall annually establish rules and regulations for the administration and transaction of the board’s and committee’s business and for the control of the funds created by this article. Such rules and regulations shall be consistent with those adopted by the other pension funds within the Division of Pensions and Benefits in order to permit the most economical and uniform administration of all such retirement systems. The committee shall adopt such regulations as provided in subsection b. of this section.

(2) The membership of the board shall consist of the following:

(a) The State Treasurer or the deputy State Treasurer, when designated for that purpose by the State Treasurer;

(b) Two trustees appointed by the Governor, with the advice and consent of the Senate, who shall serve for a term of office of three years and until their successors are appointed, and who shall be private citizens of the State of New Jersey and who are neither an officer thereof nor active or retired members of the system, except that of the two trustees initially appointed by the Governor pursuant to P.L.1992, c.41 (C.43:6A-33.1 et al.), one shall be appointed for a term of two years and one for a term of three years;

(c) Three trustees from among the active or retired members of the retirement system, elected by the membership or by the delegates elected for this purpose by the membership, one of whom shall be elected each year for a three-year term commencing on January 1, following such election in such manner as the board of trustees may prescribe. If the board of trustees determines that the election of trustees under this subsection is to be made by delegates elected by the membership, it shall prescribe that those delegates shall be chosen from among active and retired members of the retirement system;

(d) One trustee not an active or retired teacher nor an officer of the State, elected by the other trustees, other than the State Treasurer, for a term of three years.

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.
A vacancy occurring in the board of trustees shall be filled in the same manner as provided in this section for regular appointment or election to the position where the vacancy exists, except that a vacancy occurring in the trustees elected from among the active or retired members of the retirement system shall be filled for the unexpired term.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this article. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to one vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the board of trustees at a meeting of the board or committee. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed for any necessary expenditures. No employee shall suffer loss of salary or wages through serving on the board.

(4) The State Treasurer shall designate a medical board after consultation with the Director of the Division of Pensions and Benefits, subject to veto by the board for valid reason. It shall be composed of three physicians who are not eligible to participate in the retirement system. The medical board shall pass upon all medical examinations required under the provisions of this article, shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the retirement system its conclusions and recommendations upon all matters referred to it.

b. There is established a committee to be composed of eight members, four of whom shall be appointed by the Governor as representatives of public employers whose employees are enrolled in the retirement system, three of whom shall be appointed by the head of the union representing the greatest number of members of the retirement system having union membership, and one of whom shall be appointed by the head of the union representing the second greatest number of members of the retirement system having union membership. The members of the committee shall not be appointed until the system, or part of the system, attains the target funded ratio.

The members of the committee shall serve for a term of three years and until a successor is appointed and qualified. Of the initial appointments by the Governor, two members shall serve for two years and until a successor is appointed and qualified, and one shall serve for one year and until a successor is appointed and qualified. Of the initial appointments by the head of the union representing
the greatest number of members of the retirement system, one
member shall serve for two years and until a successor is appointed
and qualified, and one shall serve for one year and until a successor
is appointed and qualified.

The members of the committee shall select a chairperson from
among the members, who shall serve for a term of one year, with no
member serving more than one term, until all the members of the
committee have served a term in a manner alternating among the
employer representatives and employee representatives, unless the
committee determines otherwise with regard to this process.

The provisions of paragraph (3) of subsection a. of this section,
and N.J.S.18A:66-60, shall apply to the committee and its members,
as appropriate.

Upon the convening of any meeting of the committee, the
members shall consider a motion to assume the authority provided
in this subsection and shall proceed only if a majority of the
members of the committee vote in the affirmative on that motion.

The committee may contract with such actuaries or consultants,
or both, in accordance with the provisions of P.L.1954, c.48
(C.52:34-6 et seq.), as the committee may deem necessary to
perform its duties, when the system or part of the system has
attained the target funded ratio.

When the retirement system, or a part of the system, has attained
the target funded ratio as defined in section 27 of P.L.2011, c.78
(C. ), the committee shall have the discretionary authority for
the system or for that part, as appropriate, to [(1)] modify the:
member contribution rate; formula for calculation of final
compensation; the fraction of compensation applied to service
credited after the modification; age at which a member may be
eligible for and the benefits for service or early retirement; and
benefits provided for disability retirement [; and (2) activate the
application of the “Pension Adjustment Act,” P.L.1958, c.143
(C.43:3B-1 et seq.) for retirees for the period that the system or part
is at or above the target funded ratio and modify the basis for the
calculation of the adjustment and set the duration and extent of the
activation. The committee shall give priority consideration to
subparagraph (2) of this paragraph]. The committee shall not have
the authority to change the years of creditable service required for
vesting.

The committee may consider a matter described above and
render a decision notwithstanding that the provisions of the
statutory law may set forth a specific requirement on that matter.

The committee may consider a matter described above and
render a decision notwithstanding that the provisions of the
statutory law do not set forth a specific requirement on the
considered aspect of that matter or address that matter at all.

The members of the committee shall have the same duty and
responsibility to the retirement system as do the members of the
board of trustees. No decision of the committee shall be
implemented if the direct or indirect result of the decision will be
that the system’s or part’s funded ratio falls below the target funded
ratio in any valuation period during the 30 years following the
implementation of the decision. The actuary of the fund shall make
a determination of the result in that regard and submit that
determination in a written report to the committee and the board
prior to the implementation of the decision.

If any matter before the committee receives at least five votes in
the affirmative, the board of trustees shall approve and implement
the committee’s decision.

If any matter regarding benefits before the committee receives
four votes in the affirmative and four votes in the negative or the
committee otherwise reaches an impasse on a decision, the
provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be
followed.

A final action of the committee shall be made by the adoption of
a regulation that shall identify the modifications to the system by
reference to statutory section. The regulations shall also specify the
effective date of the modification and the system members,
including beneficiaries and retirees, to whom the modification
applies. Regulations of the committee are considered to be part of
the plan document for the system. A regulation adopted by the
committee may be modified by regulation in order to comply with
the requirements of this section.

c. No member of the board, committee, employee of the board,
or employee of the Division of Pensions and Benefits in the
Department of the Treasury shall accept from any person, whether
directly or indirectly and whether by himself or through his spouse
or any member of his family, or through any partner or associate,
any gift, favor, service, employment or offer of employment, or any
other thing of value, including contributions to the campaign of a
member or employee as a candidate for elective public office, which
he knows or has reason to believe is offered to him with intent to
influence him in the performance of his public duties and
responsibilities. As used in this paragraph, “person” means an (1)
individual or business entity, or officer or employee of such an
entity, who is seeking, or who holds, or who held within the prior
three years, a contract with the board; (2) an active or retired
member, or beneficiary, of the retirement system; or (3) an entity,
or officer or employee of such an entity, in which the assets of the
retirement system have been invested. A board or committee
member or employee violating this prohibition shall be guilty of a
crime of the third degree.

(cf: P.L.2011, c.78, s.1)

2. Section 29 of P.L.1973, c.140 (C.43:6A-29) is amended to
read as follows:

29. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95
to 52:18A-104), the general responsibility for the proper operation
of the retirement system is hereby vested in the State House Commission.

b. Except as otherwise herein provided, no member of the State House Commission shall have any direct interest in the gains or profits of any investments of the retirement system, nor shall any member of the State House Commission directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the commission; nor shall any member of the State House Commission become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the retirement system.

c. For purposes of this act, each member of the State House Commission shall be entitled to one vote and a majority vote of all members shall be necessary for any decision by the commission at any meeting of said commission.

d. Subject to the limitations of this act, the State House Commission shall annually establish rules and regulations for the administration of the funds created by this act and for the transaction of its business. Such rules and regulations shall be consistent with those adopted by the other pension funds within the Division of Pensions and Benefits in order to permit the most economical and uniform administration of all such retirement systems.

e. The actuary of the system shall be selected by the Retirement Systems Actuary Selection Committee established by P.L.1992, c.125. He shall be the technical adviser of the commission on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection herewith.

f. The Attorney General shall be the legal adviser of the retirement system, except that if the Attorney General determines that a conflict of interest would affect the ability of the Attorney General to represent the commission on a matter affecting the retirement system, the commission may select and employ legal counsel to advise and represent the commission on that matter.

g. The Director of the Division of Pensions and Benefits of the State Department of the Treasury shall be the secretary of the commission for purposes pertaining to the provisions of this act.

h. For purposes of this act, the State House Commission shall keep a record of all of its proceedings which shall be open to public inspection. The retirement system shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the accumulated cash and securities of the system and the last balance sheet showing the financial condition of the system by means of any actuarial valuation of the assets and liabilities of the retirement system.

i. The State Treasurer shall designate a medical board after consultation with the Director of the Division of Pensions and
Benefits. It shall be composed of three physicians. The medical board shall pass on all medical examinations required under the provisions of this act, and shall report in writing to the retirement system its conclusions and recommendations upon all matters referred to it.

j. When the retirement system has attained the target funded ratio as defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the commission shall have the discretionary authority for the system to modify the: member contribution rate; formula for calculation of final salary; age at which a member may be eligible for and the benefits for service or early retirement; and benefits provided for disability retirement; and (2) activate the application of the “Pension Adjustment Act,” P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees for the period that the system is at or above the target funded ratio and modify the basis for the calculation of the adjustment and set the duration and extent of the activation. The commission shall give priority consideration to subparagraph (2) of this paragraph. The commission shall not have the authority to change the years of creditable service required for vesting.

The commission may consider a matter described above and render a decision notwithstanding that the provisions of the statutory law may set forth a specific requirement on that matter.

The commission may consider a matter described above and render a decision notwithstanding that the provisions of the statutory law do not set forth a specific requirement on the considered aspect of that matter or address that matter at all.

No decision of the commission shall be implemented if the direct or indirect result of the decision will be that the system’s funded ratio falls below the target funded ratio in any valuation period during the 30 years following the implementation of the decision. The actuary of the system shall make a determination of the result in that regard and submit that determination in a written report to the commission prior to the implementation of the decision.

If any matter before the commission receives a majority vote, the commission shall implement the decision.

A final action of the commission shall be made by the adoption of a regulation that shall identify the modifications to the system by reference to statutory section. The regulations shall also specify the effective date of the modification and the system members, including beneficiaries and retirees, to whom the modification applies. Regulations of the commission are considered to be part of the plan document for the system. A regulation adopted by the commission may be modified by regulation in order to comply with the requirements of this section.

k. No member of the commission, employee of the commission, or employee of the Division of Pensions and Benefits in the Department of the Treasury shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family, or through any partner or
associate, any gift, favor, service, employment or offer of employment, or any other thing of value, including contributions to the campaign of a member or employee as a candidate for elective public office, which he knows or has reason to believe is offered to him with intent to influence him in the performance of his public duties and responsibilities. As used in this subsection, “person” means an (1) individual or business entity, or officer or employee of such an entity, who is seeking, or who holds, or who held within the prior three years, a contract with the commission; or (2) an active or retired member, or beneficiary, of the retirement system. A member or employee violating this prohibition shall be guilty of a crime of the third degree.

(cf: P.L.2011, c.78, s.2)

3. Section 17 of P.L.1954, c.84 (C.43:15A-17) is amended to read as follows:

17. a. (1) Subject to the provisions of P.L.1955, c.70 the general responsibility for the proper operation of the Public Employees’ Retirement System shall be vested in the board of trustees, and, as specified, the committees established pursuant to subsection b. of this section. Subject to the limitations of the law, the board shall annually establish rules and regulations for the administration and transaction of the board’s and committees’ business and for the control of the funds created by this subtitle. Such rules and regulations shall be consistent with those adopted by the other pension funds within the Division of Pensions and Benefits in order to permit the most economical and uniform administration of all such retirement systems. The committees shall adopt such regulations as provided in subsection b. of this section.

(2) The membership of the board shall consist of the following:

(a) Two trustees appointed by the Governor, with the advice and consent of the Senate, who shall serve for a term of office of three years and until their successors are appointed, who shall be private citizens of the State of New Jersey and who are neither an officer thereof nor active or retired members of the system. Of the two trustees initially appointed by the Governor pursuant to P.L.1992, c.41 (C.43:6A-33.1 et al.), one shall be appointed for a term of two years and one for a term of three years.

(b) The State Treasurer or the Deputy State Treasurer, when designated for that purpose by the State Treasurer.

(c) Three trustees elected for a term of three years by the member employees of the State from among the active or retired State members of the retirement system in a manner prescribed by the board of trustees.

(d) One trustee elected for a term of three years by the member employees of counties from among the active or retired county members of the retirement system and the same method of holding an election from time to time used for the State employees’
representatives shall be followed in elections held for county representatives.

(e) Two trustees elected for a term of three years by the member employees of municipalities from among the active or retired municipal members of the retirement system and the same method of holding an election from time to time used for the State employees' representatives shall be followed in elections held for municipal representatives.

(3) A vacancy occurring in the board of trustees shall be filled by the appointment or election of a successor in the same manner as his predecessor.

Each member of the board shall, upon appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the board's affairs, and that he will not knowingly violate or willfully permit to be violated any provision of law applicable to this act. The oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and filed immediately in the office of the Secretary of State.

Each trustee shall be entitled to one vote in the board and a majority of all the votes of the entire board shall be necessary for a decision by the board of trustees at a meeting of the board. The board shall keep a record of all its proceedings, which shall be open to public inspection.

The members of the board shall serve without compensation but shall be reimbursed for any necessary expenditures. No employee shall suffer loss of salary or wages through the serving on the board.

(4) The State Treasurer shall designate a medical board after consultation with the Director of the Division of Pensions and Benefits, subject to veto by the board of trustees for valid reason. It shall be composed of three physicians who are not eligible to participate in the retirement system. The medical board shall pass upon all medical examinations required under the provisions of this act, shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the retirement system its conclusions and recommendations upon all matters referred to it.

b. There are established two committees, to be composed of eight members each as follows, one for the State employees part of the retirement system and one for the part of the retirement system with employees of employers other than the State.

Each committee shall have four members who shall be appointed by the Governor as representatives of public employers whose employees are enrolled in the retirement system, and four members who shall be appointed by the Public Employee Committee of the AFL-CIO with the four appointments to be allocated among the unions representing members of the retirement system having union
membership in a manner that results in the unions representing a
greater number of members receiving more appointments than the
unions representing fewer members. The members of the
committees shall not be appointed until that part of the system
attains the target funded ratio.

The members of each committees shall serve for a term of three
years and until a successor is appointed and qualified. For each
committee, of the initial appointments by the Governor, two
members shall serve for two years and until a successor is appointed
and qualified, and one shall serve for one year and until a successor
is appointed and qualified. For each committee, of the initial
appointments by the Public Employee Committee of the AFL-CIO,
one member shall serve for two years and until a successor is
appointed and qualified, and one shall serve for one year and until a
successor is appointed and qualified.

For each committee, the members of the committee shall select a
chairperson from among the members, who shall serve for a term of
one year, with no member serving more than one term until all the
members of that committee have served a term in a manner
alternating among the employer representatives and employee
representatives, unless the committee determines otherwise with
regard to this process.

The provisions of paragraph (3) of subsection a. of this section,
and section 36 of P.L.1954, c.84 (C.43:15A-36), shall apply to each
committee and its members, as appropriate.

Upon the convening of any meeting of a committee, the members
shall consider a motion to assume the authority provided in this
subsection and shall proceed only if a majority of the members of
the committee vote in the affirmative on that motion.

Each committee may contract with such actuaries or consultants,
or both, in accordance with the provisions of P.L.1954, c.48
(C.52:34-6 et seq.), as the committee may deem necessary to
perform its duties, when that part of the system has met the target
funded ratio.

When a part of the system has attained the target funded ratio as
defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the committee
for that part shall have the discretionary authority for that part to
[(1)] modify the: member contribution rate; formula for calculation
of final compensation; the fraction of compensation applied to
service credited after the modification; age at which a member may
be eligible for and the benefits for service or early retirement; and
benefits provided for disability retirement [:; and (2) activate the
application of the “Pension Adjustment Act,” P.L.1958, c.143
(C.43:3B-1 et seq.) for retirees for the period that the part is at or
above the target funded ratio and modify the basis for the
calculation of the adjustment and set the duration and extent of the
activation. A committee shall give priority consideration to
subparagraph (2) of this paragraph]. A committee shall not have
the authority to change the years of creditable service required for
vesting.

Each committee may consider a matter described above and
render a decision notwithstanding that the provisions of the
statutory law may set forth a specific requirement on that matter.

Each committee may consider a matter described above and
render a decision notwithstanding that the provisions of the
statutory law do not set forth a specific requirement on the
considered aspect of that matter or address that matter at all.

The members of each committee shall have the same duty and
responsibility to the retirement system as do the members of the
board of trustees. No decision of a committee shall be implemented
if the direct or indirect result of the decision will be that the funded
ratio of that part falls below the target funded ratio in any valuation
period during the 30 years following the implementation of the
decision. The actuary of the fund shall make a determination of the
result in that regard and submit that determination in a written
report to the committee and the board prior to the implementation of
the decision.

If any matter before a committee receives at least five votes in
the affirmative, the board of trustees shall approve and implement
the committee’s decision.

If any matter regarding benefits before a committee receives four
votes in the affirmative and four votes in the negative or a
committee otherwise reaches an impasse on a decision, the
provisions of section 33 of P.L.2011, c.78 (C.43:3C-17) shall be
followed.

A final action of the committee shall be made by the adoption of
a regulation that shall identify the modifications to the system by
reference to statutory section. The regulations shall also specify the
effective date of the modification and the system members,
including beneficiaries and retirees, to whom the modification
applies. Regulations of the committee are considered to be part of
the plan document for the system. A regulation adopted by the
committee may be modified by regulation in order to comply with
the requirements of this section.

c. No member of the board, committee, employee of the board,
or employee of the Division of Pensions and Benefits in the
Department of the Treasury shall accept from any person, whether
directly or indirectly and whether by himself or through his spouse
or any member of his family, or through any partner or associate,
any gift, favor, service, employment or offer of employment, or any
other thing of value, including contributions to the campaign of a
member or employee as a candidate for elective public office,
which he knows or has reason to believe is offered to him with
intent to influence him in the performance of his public duties and
responsibilities. As used in this subsection, “person” means an (1)
individual or business entity, or officer or employee of such an
entity, who is seeking, or who holds, or who held within the prior
three years, a contract with the board; (2) an active or retired
member, or beneficiary, of the retirement system; or (3) an entity,
or officer or employee of such an entity, in which the assets of the
retirement system have been invested. A board or committee
member or employee violating this prohibition shall be guilty of a
crime of the third degree.
(cf: P.L.2011, c.78, s.3)

4. Section 13 of P.L.1944, c.255 (C.43:16A-13) is amended to
read as follows:

13. a. (1) Subject to the provisions of P.L.1955, c.70
(C.52:18A-95 et seq.), the general responsibility for the proper
operation of the retirement system is hereby vested in a board of
trustees, and, as specified, the committees established pursuant to
subsection e. of this section. The board may with the approval of at
least eight members of the board, in its discretion and at such time
and in such manner as the board determines, enhance any benefit set
forth in P.L.1944, c.255 (C.43:16A-1 et seq.) as the board
determines to be reasonable and appropriate or modify any such
benefit as an alternative to an increase in the member contribution
rate, which increase the board determines to be reasonable,
necessary, and appropriate, or reinstate, when appropriate, such
reduced benefit to the statutory level without an additional
contribution by the member, so long as an actuarial certification
provided by the actuary demonstrates that such change will not
result in an increased employer contribution in the current year and
that such change will not impact the long term viability of the fund.
The board shall act exclusively on behalf of the contributing
employers, active members of the retirement system, and retired
members as the fiduciary of the system. The primary obligation of
the board shall be to direct policies and investments to achieve and
maintain the full funding and continuation of the retirement system
for the exclusive benefit of its members.

(2) The board shall consist of 12 trustees as follows:
(a) (Deleted by amendment, P.L.2018, c.55)
(b) (Deleted by amendment, P.L.2018, c.55)
(c) Three active policemen and three active firemen as follows:
   (i) Two policemen and two firemen who shall be active
   members of the system and who shall be appointed as follows:
   one policeman shall be appointed by the President of the New
   Jersey State Policemen's Benevolent Association;
   one policeman shall be appointed by the President of the New
   Jersey State Fraternal Order of Police;
   one fireman shall be appointed by the President of the New
   Jersey State Firemen's Mutual Benevolent Association; and
   one fireman shall be appointed by the President of the
   Professional Firefighters Association of New Jersey.
   (ii) One policeman and one fireman who shall serve staggered
terms and shall be active members of the system and who shall be
elected by the active members of the system according to such rules and regulations as the board of trustees shall adopt to govern such election. The elected policeman shall serve for an initial term of two years and the elected fireman shall serve for an initial term of four years. Following their first term, all trustees elected pursuant to this subparagraph shall serve four-year terms. An election to select trustees, who are active members of the system, shall be held no later than the first day of the fifth month next following the date of enactment of P.L.2018, c.55.

(d) One retiree from the system who shall be elected by retirees from the system for a term of four years according to such rules and regulations as the board of trustees shall adopt to govern the election. An election to select a trustee, who is a retiree from the system, shall be held no later than the first day of the fifth month next following the date of enactment of P.L.2018, c.55.

(e) Four trustees, to be appointed by the Governor, who shall serve staggered terms and who either hold, or have held, an elective public office as a mayor, member of a municipal council, or member of a board of chosen freeholders or is employed, or has been employed, by a municipal or county government as an administrator, manager, or chief financial officer, to represent the interests of local government employers. The Governor shall appoint trustees pursuant to this subparagraph from among a list of names submitted by the New Jersey League of Municipalities and the New Jersey Association of Counties. Two trustees appointed by the Governor pursuant to this subparagraph shall serve for an initial term of two years and two trustees shall serve for an initial term of four years. Following their first term, all trustees appointed pursuant to this subparagraph shall serve four-year terms. The Governor shall appoint trustees representing the interest of local government employers pursuant to this subparagraph no later than the first day of the seventh month next following the date of enactment of P.L.2018, c.55.

(f) One trustee, to be appointed by the Governor, who holds or has held a management or supervisory position in the Executive Branch of State government at the level of division director or above to represent the interests of State government. The trustee appointed by the Governor pursuant to this subparagraph shall serve for an initial term of two years. Following the trustee's first term, the trustee appointed pursuant to this subparagraph shall serve four-year terms. The Governor shall appoint a trustee representing the interest of State government pursuant to this subparagraph no later than the first day of the seventh month next following the date of enactment of P.L.2018, c.55.

(3) Each trustee shall, after his appointment or election, take an oath of office that, so far as it devolves upon him he will diligently and honestly fulfill his duties as a board member, and that he will not knowingly violate or willingly permit to be violated any of the provisions of the law applicable to the retirement system. Such oath
shall be subscribed by the member making it, and certified by the
officer before whom it is taken, and immediately filed in the office
of the Secretary of State. The board may remove a trustee, upon a
majority vote of the trustees, for violating the trustee's oath of
office. Any trustee who is absent, without an official excuse
approved by a majority vote of the trustees, for more than three of
the board's meetings in any calendar year shall be removed from the
board and the trustee's position shall be filled in the same manner as
the position was previously filled. The board shall adopt standards
to define unexcused absences.

A member shall be permitted to participate in meetings of the
board by teleconference.

(4) (a) If a vacancy occurs in the office of a trustee, the vacancy
shall be filled in the same manner as the office was previously
filled. A vacancy shall not last more than 60 days, unless the board
is awaiting the certification of an election conducted pursuant to
paragraph (2) of this subsection. If a vacancy lasts for more than 60
days, then the board shall appoint, upon a majority vote of the
trustees then serving, a person qualified pursuant to subparagraph
(e) or (f) of paragraph (2) of this subsection to fill the vacancy until
a new trustee is appointed or elected in the manner set forth in
paragraph (2) of this subsection.

(b) A trustee serving pursuant to subparagraph (c) of paragraph
(2) of this subsection who retires from active service as policeman
or fireman may remain a trustee until an election is held to replace
the trustee. An election to replace a trustee serving pursuant to part
(ii) of subparagraph (c) of paragraph (2) of this subsection who
retires from active service shall be held no later than 30 days
following the effective date of the trustee's retirement and the
trustee shall relinquish the position on the board upon certification
of the results of the election.

(c) Trustees appointed pursuant to part (i) of subparagraph (c) of
paragraph (2) of this subsection shall serve at the pleasure of the
official who appointed the trustee, but may be removed pursuant to
paragraph (3) of this subsection.

(5) The trustees shall serve without compensation, but they shall
be reimbursed for all necessary expenses that they may incur
through service on the board.

(6) Each trustee shall be entitled to one vote in the board. Seven
trustees shall be present at any meeting of said board for the
transaction of its business.

(7) Subject to the limitations of this act, the board of trustees
shall annually establish rules and regulations for the administration
of the funds created by this act and for the transaction of the board's
business.

(8) (a) The board of trustees shall elect from its membership a
chair and vice chair. The chair, or vice chair in the chair's absence,
shall serve as the primary contact with board staff, coordinate and
approve meeting agendas, and shall have the power to authorize any
special staff action necessary to execute any of the board’s duties. The chair and vice chair shall not have the authority to discipline or discharge an employee of the board unless authorized to take such action by a majority of the trustees at a public meeting. The board shall appoint a secretary of the board. The administration of the program shall be performed by personnel selected by the board in accordance with this section. The board, reconstituted pursuant to P.L.2018, c.55, shall hold an initial meeting on the first business day of the seventh month following the date of enactment of P.L.2018, c.55. At the initial meeting of the board on the first business day of the seventh month next following the date of enactment of P.L.2018, c.55, the board shall contract with the Division of Pensions and Benefits for the division to perform the administrative tasks that the division performed prior to the enactment of P.L.2018, c.55 and such other tasks as the board may require. The division shall receive compensation from the board for the performance of the administrative tasks that the division performed prior to the enactment of P.L.2018, c.55 in an amount equal to the cost the division incurred for the performance of those administrative tasks prior to the enactment of that act. At the expiration of the term of the contract negotiated by the board with the division pursuant to this paragraph, the board may contract with the division or with a private entity, pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), to perform administrative tasks that the board determines to be necessary or convenient for its operation.

(b) A majority of the authorized membership of the board shall constitute a quorum for the transaction of business.

(9) The board of trustees shall keep a record of all of its proceedings which shall be open to public inspection. The retirement system shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system.

(10) The board of trustees may, in its discretion, select and employ, or contract with, legal counsel with demonstrated expertise in the law governing retirement systems for public or private sector employees to advise and represent the board. If the board does not select and employ, or contract with, legal counsel, the Attorney General of the State of New Jersey shall be the legal adviser of the retirement system, except if the Attorney General determines that a conflict of interest would affect the ability of the Attorney General to represent the board or the committees on a matter affecting the retirement system.

(11) The board of trustees shall designate a medical board. It shall be composed of a minimum of three physicians who are not eligible to participate in the retirement system. The medical board
shall pass upon all medical examinations required under the
provisions of this act, shall investigate all essential statements and
certificates by or on behalf of a member in connection with an
application for disability retirement, and shall report in writing to
the retirement system its conclusions and recommendations upon all
matters referred to it.

(12) The actuary of the system shall be selected by the board of
trustees. The actuary shall be the technical adviser of the board of
trustees on matters regarding the operation of the funds created by
the provisions of this act, and shall perform such other duties as are
required in connection therewith. The actuary shall be an
independent contractor retained by the board. The actuary shall
have demonstrated experience in providing actuarial services to
defined benefit retirement systems for public employees and be a
fellow with the Society of Actuaries and an active member of the
American Academy of Actuaries.

(13) The board of trustees, in consultation with the actuary, shall
establish actuarial funding policies for the system. At least once in
each three-year period the actuary shall make an actuarial
investigation into the mortality, service and compensation
experience of the members and beneficiaries of the retirement
system and, with the advice of the actuary, the board of trustees
shall adopt for the retirement system such mortality, service and
other tables as shall be deemed necessary and shall certify the rates
of contribution payable under the provisions of this act. The board
of trustees shall retain an independent actuary, as selected by the
State Treasurer, with demonstrated experience in providing
actuarial services to retirement systems for public or private sector
employees to review prior investigations into the mortality, service,
and compensation experience of the members and beneficiaries of
the retirement system and to review the three prior actuarial
valuations to certify that the actuary of the retirement system
conducted the investigations and valuations in accordance with
generally accepted actuarial standards.

(14) (Deleted by amendment, P.L.1970, c.57.)

(15) On the basis of such tables recommended by the actuary as
the board of trustees shall adopt and regular interest, the actuary
shall make an annual valuation of the assets and liability of the
funds of the system created by this act.

(16) (Deleted by amendment, P.L.1987, c.330.)

(17) Each policeman or fireman member of the board of trustees
or the committees shall be entitled to time off from his duty, with
pay, during the periods of his attendance upon regular or special
meetings of the board of trustees or the committees, and such time
off shall include reasonable travel time required in connection
therewith.

(18) The board of trustees shall have a minimum of one meeting
each calendar month.
(19) The board of trustees shall have authority to formulate and establish, amend, modify or repeal such policies as it may deem necessary or proper, which shall govern the methods, practices or procedures for investment, reinvestment, purchase, sale or exchange transactions to be followed by the Division of Investment. The board may also review and approve agreements which may be necessary or convenient for the management of the investments of the retirement system. The board shall also have the authority to inspect and audit the respective accounts and funds administered by the Division of Investment, or a successor entity, and take appropriate action as necessary to effectuate the long term viability of the system. Notwithstanding this provision, Common Pension Fund L and the assets held by Common Pension Fund L as of the effective date of this Act and thereafter, including the interest of the Police and Firemen's Retirement System of New Jersey therein, shall remain within the Division of Investment. The Director of the Division of Investment and the State Investment Council shall retain all functions, powers, and duties relating to Common Pension Fund L assigned to the Division of Investment, the Director of the Division of Investment, and the State Investment Council by P.L.2017, c.98 (C.5:9-22.5 et seq.).

(20) (a) The board of trustees shall select and employ an executive director, who shall be responsible for recommending and implementing the strategic direction of the board from an operational perspective. The executive director shall provide strategic direction, planning, and leadership to the board; organize, develop, and supervise a management team to provide optimal results; maintain oversight of administrative operations conducted by the board; develop an annual budget and a salary and compensation guide for any managerial positions that are not subject to Title 11A, Civil Service, of the New Jersey Statutes, arrange board agendas with the approval of the board's chair; appoint administrative staff; execute contracts on behalf of the board; and perform any other responsibilities designated to the executive director by the board. The person employed by the board to hold the position of executive director shall have, at a minimum upon commencement of employment, a bachelor's degree from an accredited institution of higher education, and at least five years of management experience in accounting, finance, public administration, government pension and retirement planning, investment banking, financial consulting, money management, or a similar field. The person shall meet all other requirements for employment as shall be set forth in a standard adopted by the board. No member, retiree, or other beneficiary of the system shall be eligible to hold the position of executive director.

The executive director shall serve without term but may be removed from office, upon notice and opportunity to be heard at a public hearing, subject to an affirmative vote of the majority of all authorized members of the board of trustees. Any vacancy
occurring shall be filled in the same manner as the original appointment. The executive director shall devote his entire time and attention to the duties of the office and shall not be engaged in any other occupation or profession. The executive director shall act as a fiduciary to the retirement system and shall be under a duty to perform the obligations set forth herein according to the interest of the beneficiaries of the system.

(b) The board of trustees shall have the authority to retain other administrative and professional staff as required to implement the duties and responsibilities required to ensure the smooth transition of responsibilities and authority from the division to the board pursuant to P.L.2018, c.55. The board shall not employ a trustee and may employ a former trustee only if the former trustee has not held the position of trustee for more than two years.

(c) The board of trustees shall be authorized to access operating funds from the system necessary for the management of the fund and to employ staff immediately upon their election and appointment, provided that the qualified status of the retirement system under federal law is maintained.

(21) (a) The board of trustees shall select and employ a chief investment officer, who shall oversee the development of the methods, practices and procedures for investment, in coordination with the Investment Committee. Notwithstanding this provision, Common Pension Fund L and the assets held by Common Pension Fund L as of the effective date of this Act and thereafter, including the interest of the Police and Firemen’s Retirement System of New Jersey therein shall remain within the Division of Investment. The Division of Investment and the Director of the Division of Investment and the State Investment Council shall retain all functions, powers, and duties relating to Common Pension Fund L assigned to the Division of Investment, the Director of the Division of Investment, and the State Investment Council by P.L.2017, c.98 (C.5:9-22.5 et seq.). The chief investment officer, in coordination with the Investment Committee, shall establish and maintain a policy to monitor and evaluate the effectiveness of investments made on behalf of the board. The chief investment officer shall report to the executive director.

The person employed by the board to hold the position of chief investment officer shall have, at a minimum upon commencement of employment, a bachelor’s degree from an accredited institution of higher education, and at least five years of management experience, in addition to accounting, finance, public administration, government pension and retirement planning, investment banking, financial consulting, money management, or a similar field. The person shall also have experience in the direct management, analysis, supervision or investment of assets. The person shall meet all other requirements for employment as shall be set forth in a standard adopted by the board. No member, retiree, or other beneficiary of the system shall be eligible to hold the position of
chief investment officer. The chief investment officer shall be precluded from outside employment or other occupation.

(b) The board of trustees may make and execute agreements pursuant to the provisions of P.L.1954, c.48 (C.52:34-6 et seq.), which may be necessary or convenient for the management of the investments of the retirement system. The board shall also have the authority to inspect and audit the respective accounts and funds administered by the Division of Investment, or a successor entity, and take appropriate action as necessary to effectuate the long term viability of the system.

(22) The board of trustees shall select and employ an ombudsman, who shall provide individual death and disability consultation and information to plan members and their dependents; answer questions from, and provide information to, members related to the process of applying for retirement and retirement benefits; coordinate with other State and local agencies on behalf of members; maintain federal, State, and local death and disability benefit resources; recommend policy changes to the board; conduct educational presentations for employers on death and disability benefit options for members; and publish information about the organization of the board for members, employers, and the public.

(23) All members of the board of trustees and of the Investment Committee shall participate in annual investment training as directed by the board's executive director. In addition to the ethics training required by paragraph (2) of subsection c. of this section, the board shall adopt a policy requiring annually not less than 16 hours of continuing education in matters relating to the administration of defined benefit retirement systems for public employees and the fiduciary duty the board and its employees have to the beneficiaries of the retirement system.

b. The board of trustees shall have the discretionary authority to: (1) modify the: member contribution rate; cap on creditable compensation; formula for calculation of final compensation; age at which a member may be eligible for and the benefits for service or special retirement; and standards for approval, medical review policies, and benefits provided for disability retirement; and

(2) subject to the provisions of P.L.2015, c.55, activate the application of the "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees and modify the basis for the calculation of the adjustment and set the duration and extent of the activation. The board of trustees, after consultation with the actuary, may apply an adjustment to the monthly retirement allowance or pension originally granted to any member.

The board of trustees shall have the discretionary authority to modify the conditions and standards for the purchase of service credit for death benefits. The board of trustees shall not have the authority to change the years of creditable service required for vesting.
At least eight votes of the authorized membership of the board shall be required to approve any enhancement or reduction of a member benefit, including the activation of the application of the "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.), for retirees, or to approve any increase or decrease in the employer contribution that is more than what is recommended by the actuary for the system for the purpose of the annual funding requirements of the system. An actuarial certification must be provided by the actuary prior to any enhancement or reduction of a member benefit, including the activation of the application of the "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.), showing that such change will not result in an increased employer contribution in the current year and that such change will not impact the long term viability of the fund.

The board of trustees may consider a matter described in this subsection and render a decision notwithstanding that the provisions of the statutory law may set forth a specific requirement on that matter.

The board of trustees may consider a matter described in this subsection and render a decision notwithstanding that the provisions of the statutory law do not set forth a specific requirement on the considered aspect of that matter or address that matter at all.

A final action of the board of trustees under this subsection shall be made by the adoption of a regulation that shall identify the modifications to the system by reference to statutory section. The regulations shall also specify the effective date of the modification and the system members, including beneficiaries and retirees, to whom the modification applies. Regulations of the board of trustees are considered to be part of the plan document for the system. A regulation adopted by the board of trustees may be modified by regulation in order to comply with the requirements of this section.

c. (1) No member of the board or a committee of the board, employee of the board, or employee of the Division of Pensions and Benefits in the Department of the Treasury shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family, or through any partner or associate, any gift, favor, service, employment or offer of employment, or any other thing of value, including contributions to the campaign of a member or employee as a candidate for elective public office, which he knows or has reason to believe is offered to him with intent to influence him in the performance of his public duties and responsibilities. As used in this subsection, "person" means an (1) individual or business entity, or officer or employee of such an entity, who is seeking, or who holds, or who held within the prior three years, a contract with the board; (2) an active or retired member, or beneficiary, of the retirement system; or (3) an entity, or officer or employee of such an entity, in which the assets of the
The board shall adopt an ethics policy either identical to the provisions of the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.) or more restrictive, but not less restrictive. All trustees, officers, and employees of the board shall participate in annual ethics training on the board's policy, the New Jersey Conflicts of Interest Law, and any other applicable law, rule, or standard of conduct relating to the area of ethics as directed by the board's executive director.

d. The board of trustees shall have the authority to establish a process for the review, approval, and appeal of applications for retirement.

e. The board of trustees shall establish three committees as follows:

(1) (a) An Audit Committee of no less than three members to assist in the oversight of the financial reporting and audit processes of the board of trustees. At least two of the members shall be members of the board of trustees. At least one of the Audit Committee members shall have accounting, governmental auditing, or related financial expertise. If the board of trustees does not have sufficient members qualified or available to serve on the Audit Committee, or wishes to broaden the expertise on the Audit Committee, the board of trustees may request that the State Treasurer recommend one or more qualified individuals to sit on the committee.

(b) The Audit Committee shall assist the board of trustees in retaining an independent auditor to conduct an audit of the retirement system's financial statements by making a recommendation to the board of trustees after engaging in an auditor selection process. The auditor selection process shall be based upon public, competitive bidding principles and shall take place no less than once every five years.

(c) In carrying out its duties, the Audit Committee shall proactively assist the board of trustees in overseeing the integrity and quality of the retirement system's finances and investments. The Audit Committee shall:

(i) review and evaluate audit fees;

(ii) when the committee believes that the auditor's performance is not adequate in quality or independence, recommend such steps as may be necessary to elicit appropriate performance, including replacement of the auditor;

(iii) at least once every three years, obtain and review a report of the independent auditor describing for the preceding year: the independent auditor's internal quality control procedures; any material issues raised by the most recent internal quality control peer review, or by reviews conducted by governmental or
professional authorities; and steps taken by the auditor to address
such issues;
(iv) regularly review with the independent auditor any audit
problems, any risks of material statements due to fraud, and
difficulties involving restrictions or attempts to restrict the auditor's
activities and restrictions on access to information;
(v) review the audited financial statements and interim
statements and discuss them with the board of trustees. These
discussions shall include a review of particularly sensitive
accounting estimates, reserves and accruals, judgmental areas, audit
adjustments, whether recorded or not, and any other matters the
Audit Committee or independent auditor shall deem appropriate;
(vi) review internal control functions such as the planned scope
of internal audit reviews, adequacy of staffing, actions to be taken
as a result of internal audit findings, the effectiveness of electronic
data processing procedures, and controls and related security
programs;
(vii) recommend policies with respect to risk assessment and risk
management; and
(viii) establish a permanent position of internal auditor, who
shall be supervised by the executive director, but who may be
discharged only by an affirmative vote of the majority of the board.
(2) An Actuary Committee of no less than three members to
assist in the selection and oversight of the actuary appointed by the
board of trustees. The Actuary Committee shall review the
performance of the actuary appointed by the board of trustees. If
the performance of the actuary is not adequate in quality, the
committee shall recommend such steps as may be necessary to elicit
appropriate performance, including replacement of the actuary.
(3) An Investment Committee of no less than three members to
assist in the oversight of the investment policies selected by the
board of trustees. The Investment Committee shall consist of two
members of the board of trustees, and one member who shall be the
chief investment officer of the board, and shall oversee investments
and make recommendations on investments to the board of trustees.
A majority of the Investment Committee members, one of which
may be the Chief Investment Officer, shall be qualified by training,
experience or long-term interest in the direct management, analysis,
supervision or investment of assets and this training, experience or
long-term interest shall have been supplemented by academic
training in the fields of economics, business, law, finance or
actuarial science or by actual employment in those fields. If the
board of trustees does not have sufficient members qualified or
available to serve on the Investment Committee, or determines to
broaden the expertise of the Investment Committee, the board of
trustees may request that the State Treasurer recommend one or
more qualified individuals to sit on the committee.
f. At the end of six years following the enactment date of
P.L.2018, c.55, the board of trustees shall conduct a review of the
performance and funding levels of the retirement system, as compared to available market data including but, not limited to, the performance of the State Investment Council and Division of Investment with regard to the investment of other State-administered retirement systems or funds and other appropriate benchmarks, and may, based on a majority vote of the authorized membership of the board, petition the Legislature to consider legislation that reverts control of the system from the Board of Trustees to the State Investment Council and the Division of Investment.

(cf: P.L.2018, c.55, s.15)

5. Section 30 of P.L.1965, c.89 (C.53:5A-30) is amended to read as follows:

30. a. Subject to the provisions of P.L.1955, c.70 (C.52:18A-95 et seq.), the general responsibility for the proper operation of the retirement system is hereby vested in the board of trustees, and, as specified, the committee established pursuant to subsection o. of this section.

b. The board shall consist of five trustees as follows:

(1) Two active or retired members of the system who shall be appointed by the Superintendent of State Police, who shall serve at the pleasure of the superintendent and until their successors are appointed and one of whom shall be or shall have been a commissioned officer of the Division of State Police.

(2) Two members to be appointed by the Governor, with the advice and consent of the Senate, who shall serve for a term of office of three years and until their successors are appointed and who shall be private citizens of the State of New Jersey who are neither an officer thereof nor active or retired members of the system. Of the two members initially appointed by the Governor pursuant to P.L.1992, c.125 (C.43:4B-1 et al.), one shall be appointed for a term of two years and one for a term of three years.

(3) The State Treasurer ex officio. The Deputy State Treasurer, when designated for that purpose by the State Treasurer, may sit as a member of the board of trustees and when so sitting shall have all the powers and shall perform all the duties vested by this act in the State Treasurer.

c. Each trustee shall, after his appointment, take an oath of office that, so far as it devolves upon him, he will diligently and honestly fulfill his duties as a board member, that he will not knowingly violate or permit to be violated any of the provisions of the law applicable to the retirement system. Such oath shall be subscribed by the member taking it, and certified by the official before whom it is taken, and immediately filed in the office of the Secretary of State.

d. If a vacancy occurs in the office of a trustee, the vacancy shall be filled in the same manner as the office was previously filled.
e. The trustees shall serve without compensation, but they shall be reimbursed by the State for all necessary expenses that they may incur through service on the board. No employee member shall suffer loss of salary through the serving on the board.

f. Except as otherwise herein provided, no member of the board of trustees shall have any direct interest in the gains or profits of any investments of the retirement system; nor shall any member of the board of trustees directly or indirectly, for himself or as an agent in any manner use the moneys of the retirement system, except to make such current and necessary payments as are authorized by the board of trustees; nor shall any member of the board of trustees become an endorser or surety, or in any manner an obligor for moneys loaned to or borrowed from the retirement system.

g. Each trustee shall be entitled to one vote in the board. A majority vote of all trustees shall be necessary for any decision by the trustees at any meeting of said board.

h. Subject to the limitations of this act, the board of trustees shall annually establish rules and regulations for the administration of the funds created by this act and for the transactions of the board’s and committee’s business. Such rules and regulations shall be consistent with those adopted by the other pension funds within the Division of Pensions and Benefits in order to permit the most economical and uniform administration of all such retirement systems. The committee shall adopt such regulations as provided in subsection o. of this section.

i. The actuary of the fund shall be selected by the Retirement Systems Actuary Selection Committee established by P.L.1992, c.125. He shall be the technical adviser of the board and the committee on matters regarding the operation of the funds created by the provisions of this act and shall perform such other duties as are required in connection herewith.

j. The Attorney General shall be the legal adviser of the retirement system, except that if the Attorney General determines that a conflict of interest would affect the ability of the Attorney General to represent the board or the committee on a matter affecting the retirement system, the board may select and employ legal counsel to advise and represent the board or the committee on that matter.

k. The Director of the Division of Pensions and Benefits of the State Department of the Treasury shall appoint a qualified member of the division who shall be the secretary of the board.

l. The board of trustees shall keep a record of all of its proceedings which shall be open to public inspection. The retirement system shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the accumulated cash and securities of the system and the last balance sheet showing the financial condition of the system by
means of an actuarial valuation of the assets and liabilities of the
retirement system.

m. The State Treasurer shall designate a medical board after
consultation with the Director of the Division of Pensions and
Benefits, subject to veto by the board of trustees for valid reason. It
shall be composed of three physicians. The medical board shall
pass on all medical examinations required under the provisions of
this act, and shall report in writing to the retirement system its
conclusions and recommendations upon all matters referred to it.

n. (Deleted by amendment, P.L.1987, c.330).
o. There is established a committee to be composed of eight
members, four of whom shall be appointed by the Governor as
representatives of the public employer whose employees are
enrolled in the retirement system, three of whom shall be appointed
by the head of the State Troopers Fraternal Association, and one of
whom shall be appointed by the head of the union representing the
greatest number of members of the retirement system who are
supervisory officers having union membership. The members of
the committee shall not be appointed until the system attains the
target funded ratio.

The members of the committee shall serve for a term of three
years and until a successor is appointed and qualified. Of the initial
appointments by the Governor, two members shall serve for two
years and until a successor is appointed and qualified, and one shall
serve for one year and until a successor is appointed and qualified.
Of the initial appointments by the State Troopers Fraternal
Association, one member shall serve for two years and until a
successor is appointed and qualified, and one shall serve for one
year and until a successor is appointed and qualified.

The members of the committee shall select a chairperson from
among the members, who shall serve for a term of one year, with no
member serving more than one term until all the members of the
committee have served a term in an manner alternating among the
employer representatives and employee representatives, unless the
committee determines otherwise with regard to this process.

The provisions of subsections c. through g., inclusive, of this
section shall apply to the committee and its members, as
appropriate. The committee shall keep a record of all of its
proceedings which shall be open to public inspection.

Upon the convening of any meeting of the committee, the
members shall consider a motion to assume the authority provided
in this subsection and shall proceed only if a majority of the
members of the committee vote in the affirmative on that motion.

The committee may contract with such actuaries or consultants,
or both, in accordance with the provisions of P.L.1954, c.48
(C.52:34-6 et seq.), as the committee may deem necessary to
perform its duties, when the system has attained the target funded
ratio.
When the retirement system has attained the target funded ratio as defined in section 27 of P.L.2011, c.78 (C.43:3C-16), the committee shall have the discretionary authority for the system to modify the: member contribution rate; formula for calculation of final compensation or final salary; age at which a member may be eligible for and the benefits for service or special retirement; and benefits provided for disability retirement [1]; and (2) activate the application of the “Pension Adjustment Act,” P.L.1958, c.143 (C.43:3B-1 et seq.) for retirees for the period that the system is at or above the target funded ratio and modify the basis for the calculation of the adjustment and set the duration and extent of the activation. The committee shall give priority consideration to subparagraph (2) of this paragraph. The committee shall not have the authority to change the years of creditable service required for vesting.

The committee may consider a matter described above and render a decision notwithstanding that the provisions of the statutory law may set forth a specific requirement on that matter. The committee may consider a matter described above and render a decision notwithstanding that the provisions of the statutory law do not set forth a specific requirement on the considered aspect of that matter or address that matter at all.

The members of the committee shall have the same duty and responsibility to the retirement system as do the members of the board of trustees. No decision of the committee shall be implemented if the direct or indirect result of the decision will be that the system’s funded ratio falls below the target funded ratio in any valuation period during the 30 years following the implementation of the decision. The actuary of the fund shall make a determination of the result in that regard and submit that determination in a written report to the committee and the board prior to the implementation of the decision.

If any matter before the committee receives at least five votes in the affirmative, the board of trustees shall approve and implement the committee’s decision.

If any matter regarding benefits before the committee receives four votes in the affirmative and four votes in the negative or the committee otherwise reaches an impasse on a decision, the provisions of section 33 of P.L. 1978 (C. 43:78) shall be followed. A final action of the committee shall be made by the adoption of a regulation that shall identify the modifications to the system by reference to statutory section. The regulations shall also specify the effective date of the modification and the system members, including beneficiaries and retirees, to whom the modification applies. Regulations of the committee are considered to be part of the plan document for the system. A regulation adopted by the committee may be modified by regulation in order to comply with the requirements of this section.
p. No member of the board, committee, employee of the board, or employee of the Division of Pensions and Benefits in the Department of the Treasury shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family, or through any partner or associate, any gift, favor, service, employment or offer of employment, or any other thing of value, including contributions to the campaign of a member or employee as a candidate for elective public office, which he knows or has reason to believe is offered to him with intent to influence him in the performance of his public duties and responsibilities. As used in this subsection, “person” means an (1) individual or business entity, or officer or employee of such an entity, who is seeking, or who holds, or who held within the prior three years, a contract with the board; (2) an active or retired member, or beneficiary, of the retirement system; or (3) an entity, or officer or employee of such an entity, in which the assets of the retirement system have been invested. A board or committee member or employee violating this prohibition shall be guilty of a crime of the third degree.

(cf: P.L.2011, c.78, s.5)

6. Section 2 of P.L.1958, c.143 (C.43:3B-2) is amended to read as follows:

2. The monthly retirement allowance or pension originally granted to any retirant and the pension or survivorship benefit originally granted to any beneficiary shall be adjusted in accordance with the provisions of this act provided, however, that:

a. The maximum retirement allowance, without option, shall be considered the retirement allowance originally granted to any retirant who, at retirement, elected an Option I allowance pursuant to the provisions of the statutes stipulated in subsection b. of section 1 of this act (C.43:3B-1); and

b. the minimum pension granted to any beneficiary stipulated in subsection d. (4) of section 1 of this act (C.43:3B-1), shall be considered the pension originally granted to such beneficiary.

Pension adjustments shall not be paid to retirants or beneficiaries who are not receiving their regular, full, monthly retirement allowances, pensions or survivorship benefits. The adjustment granted under the provisions of this act shall be effective only on the first day of a month, shall be paid in monthly installments, and shall not be decreased, increased, revoked or repealed except as otherwise provided in this act. No adjustment shall be due to a retirant or a beneficiary unless it constitutes a payment for an entire month; provided, however, that an adjustment shall be payable for the entire month in which the retirant or beneficiary dies.

[Commencing with the effective date of P.L.2011, c.78 and thereafter, no further adjustments to the monthly retirement allowance or pension originally granted to any retirant and the pension or survivorship benefit granted to any beneficiary shall be
made in accordance with the provisions of P.L.1958, c.143 (C.43:3B-1 et seq.), unless the adjustment is reactivated as permitted by law. This provision shall not reduce the monthly retirement benefit that a retainer or a beneficiary is receiving on the effective date of P.L.2011, c.78 when the benefit includes an adjustment granted prior to that effective date. The Board of Trustees of the Police and Firemen's Retirement System may adjust the monthly retirement allowance or pension of its retired members in accordance with subsection b. of section 13 of P.L.1944, c.255 (C.43:16A-13).]
(cf: P.L.2018, c.55, s.1)

7. This act shall take effect immediately.

STATEMENT

This bill reinstates automatic cost-of-living adjustments (COLAs) for retirement benefits under the “Pension Adjustment Act,” P.L.1958, c.143 (C.43:3B-1 et seq.), for members of the Teachers’ Pension and Annuity Fund, the Judicial Retirement System, the Public Employees’ Retirement System, the Police and Firemen’s Retirement System, and the State Police Retirement System. Provisions contained in P.L.2011, c.78 (C.43:3C-16 et al), signed into law on June 28, 2011, cancelled the automatic, annual adjustment for current and future retirees and beneficiaries of these State-administered retirement systems.

COLAs protect retirement benefits against erosion by inflation, the ills of which were addressed by the Legislature, both for the individual and the State, with the enactment of the “Pension Adjustment Act” in 1958.

Without the annual adjustment, retirees and beneficiaries will gradually see significant reductions in their purchasing power. The loss of COLAs will impact their everyday lives, and, over time, make it harder to afford more necessary elements of living, such as out-of-pocket medical costs, groceries, and utility bills. Retirees and beneficiaries will find it more prudent, or perhaps necessary, to leave this State for other states with a comparably lower cost of living.

For the State, such outbound migration will result in the loss of the economic activity of those retirees and beneficiaries, and any tax revenues concomitant with such activity. In addition, New Jersey's fiscal outlook may be further strained by the retirees and beneficiaries who remain. These persons will continue to slip further downward on the socioeconomic scale. In some cases, they will require, or at the least become eligible and utilize, greater levels of public assistance under the many taxpayer funded social programs administered by the State, counties, and municipalities, requiring more revenues to meet this increased demand.
In the interests of the retirees and beneficiaries of the State-administered retirement systems, and the State, this bill reinstates the automatic COLAs for retirement benefits under the “Pension Adjustment Act.”