

Chapter 92, P.L. 2007

(Approved May 9, 2007)

[Second Reprint]

SENATE, No. 17

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JANUARY 22, 2007

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Senator ELLEN KARCHER

District 12 (Mercer and Monmouth)

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District 34 (Essex and Passaic)

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblywoman LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Assemblyman Russo

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2

SYNOPSIS

Implements various recommendations of Joint Legislative Committee on Public Employee Benefits Reform concerning benefits and certain terms and conditions of public office and employment.

CURRENT VERSION OF TEXT

As amended by the Senate on February 5, 2007.

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1 **AN ACT** implementing various recommendations of the Joint
2 Legislative Committee on Public Employee Benefits Reform
3 concerning benefits and certain terms and conditions of public
4 office and employment and amending and supplementing various
5 parts of the statutory law.

6

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

9

10 1. (New section) There is hereby established in the Department
11 of the Treasury a Defined Contribution Retirement Program. The
12 program design shall be one that is permitted for governmental
13 plans under the federal Internal Revenue Code as determined by the
14 State Treasurer. The retirement program is deemed to be a pension
15 fund or retirement system for purposes of P.L.1968, c.23 (C.43:3C-
16 1 et seq.). For the purposes of the Defined Contribution Retirement
17 Program:

18 “Base salary” means a participant’s regular base salary. It shall
19 exclude overtime or other forms of extra compensation, including
20 but not limited to, longevity lump sum payments, lump sum
21 terminal sick leave or vacation pay, the value of maintenance,
22 individual pay adjustments made within or at the conclusion of the
23 participant’s final year of service, retroactive salary adjustments or
24 other pay adjustments made in the participant’s final year of service
25 unless the adjustment was made as a result of a general pay
26 adjustment for all personnel of the public office or agency in which
27 the participant is employed, or any unscheduled individual
28 adjustment made in the final year to place the participant at the
29 maximum salary level within salary range.

30 “Employer” means the State or a political subdivision thereof, or
31 an agency, board, commission, authority or instrumentality of the

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:
¹Assembly floor amendments adopted January 29, 2007.
²Senate floor amendments adopted February 5, 2007.

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1 State or a subdivision, that pays the base salary of a participant for
2 services rendered by the participant.

3 “Retirement program” means the Defined Contribution
4 Retirement Program established by this section.

5

6 2. (New section) a. The following persons shall be eligible and
7 shall participate in the Defined Contribution Retirement Program.

8 (1) A person who commences service on or after the effective
9 date of this section of P.L. , c. (C.)(pending before the
10 Legislature as this bill) in an elective public office of this State or
11 of a political subdivision thereof, except that it shall not include a
12 person who holds elective public office on the effective date of this
13 section and is enrolled in the Public Employees’ Retirement System
14 while that person continues to hold that elective public office
15 without a break in service. Service in the Legislature shall be
16 considered a single elective public office.

17 (2) A person who commences service on or after the effective
18 date of this section in an employment, office or position of the State
19 or of a political subdivision thereof, or an agency, board,
20 commission, authority or instrumentality of the State or of a
21 subdivision, pursuant to an appointment by the Governor that
22 requires the advice and consent of the Senate, or pursuant to an
23 appointment by the Governor to serve at the pleasure of the
24 Governor only during his or her term of office. This paragraph
25 shall not be deemed to include a person otherwise eligible for
26 membership in the State Police Retirement System or the Judicial
27 Retirement System.

28 (3) A person who commences service on or after the effective
29 date of this section in an employment, office or position in a
30 political subdivision of the State, or an agency, board, commission,
31 authority or instrumentality of a subdivision, pursuant to an
32 appointment by an elected public official or elected governing
33 body, that requires the specific consent or approval of the elected
34 governing body of the political subdivision that is substantially

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

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

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

29 (1) the base salary for that employment, office, or position is
30 less than \$1,500 per year;

31 (2) the person is, on the basis of service in that employment,
32 office, or position, eligible for membership or enrolled as a member
33 of another State or locally-administered pension fund or retirement
34 system established under the laws of this State including the

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1 Alternate Benefit Program, except as otherwise specifically
2 provided in subsection a. of this section;

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

7 (4) the person is an officer or employee of a political
8 subdivision of this State or of a board of education, or of any
9 agency, authority or instrumentality thereof, who is ineligible for
10 membership in the Public Employees' Retirement System pursuant
11 to section 20 of P.L. , c. (C.)(pending before the Legislature
12 as this bill).

13 c. A person eligible and required to participate in the
14 retirement program whose base salary is less than \$5,000 may at the
15 commencement of service in an employment, office or position
16 irrevocably elect to waive participation with regard to that
17 employment, office, or position by filing, at the time and on a form
18 required by the division, a written waiver with the Division of
19 Pensions and Benefits that waives all rights and benefits that would
20 otherwise be provided by the retirement program.

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

27

28 3. (New section) a. The employer shall reduce the
29 compensation of each participant in the Defined Contribution
30 Retirement Program and pay over to the plan provider for the
31 benefit of the participant an employee contribution for the
32 retirement benefit contract or contracts equal to 5% of the
33 participant's base salary. At the option and request of a participant,
34 the employer shall reduce the compensation of the participant for

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1 additional contributions as permitted by the federal Internal
2 Revenue Code. The intervals for reductions and payments shall be
3 determined by the Division of Pensions and Benefits.

4 All participant contributions shall be made in accordance with
5 section 414(h) of the federal Internal Revenue Code (26 U.S.C.
6 s.414(h)).

7 b. The employer shall make payment of the employer
8 contributions to the program at a rate equal to 3% of the employee's
9 base salary, which moneys shall be paid to the designated provider
10 for the benefit of each participant. Additionally, employers shall
11 pay their share of the administrative costs of the program. The
12 intervals for all payments and the allocation of administrative costs
13 shall be determined by the Division of Pensions and Benefits
14 including due dates and penalties for non compliance.

15 c. No employer contributions shall be vested in a participant
16 until after the participant commences the second year of
17 employment unless the participant, at the time of initial
18 employment, either (1) participates in a program substantially
19 similar to the retirement program, or (2) is a member of another
20 State-administered pension fund or retirement system.

21
22 4. (New section) There is established in, but not of, the
23 Division of Pensions and Benefits in the Department of the
24 Treasury the Defined Contribution Retirement Program Board, that
25 shall consist of the Director of the Division of Pensions and
26 Benefits or a designee; the Director of the Division of Investment or
27 a designee; the Commissioner of the Department of Banking and
28 Insurance or a designee; the Director of the Office of Management
29 and Budget or a designee; and a person appointed by the Director of
30 the Division of Pensions and Benefits who is an active participant
31 or retiree of the Defined Contribution Retirement Program.

32 In order to expedite implementation of the Defined Contribution
33 Retirement Program, the current third party administrator for the
34 New Jersey State Employees Deferred Compensation Program

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1 selected through a competitive bidding process may be utilized as
2 the initial provider for a period not to exceed the term of the
3 contract in effect on the effective date of this section of P.L. ,
4 c. (C.) (pending before the Legislature as this bill) including
5 extensions, to administer this program. Subsequent to the initial
6 contract, the Defined Contribution Retirement Program Board shall
7 select through a competitive bidding process a provider licensed or
8 otherwise authorized to transact business in New Jersey. This
9 provider shall be selected by competitive bidding in accordance
10 with all applicable State laws and regulations.

11

12 5. (New section) Participants in the Defined Contribution
13 Retirement Program shall be allowed to allocate their own
14 contributions and the contributions of their employer into
15 investment alternatives as determined by the Defined Contribution
16 Retirement Program Board, including, but not limited, to mutual
17 funds, subject to such rules and regulations as the Division of
18 Pensions and Benefits may adopt, in accordance with all Internal
19 Revenue Code rules and regulations. All moneys which are
20 deferred and deducted in accordance with the provisions of sections
21 1 through 19 of P.L. , c. (C.) (pending before the Legislature
22 as this bill) and the program shall remain assets of the State and
23 shall be invested in accordance with the provisions of this act and
24 the program. The obligation of the State to participating employees
25 and contractors shall be contractual only and no preferred or special
26 interest in the deferred moneys shall accrue to such employees or
27 contractors, except that all assets and income of the program shall
28 be held in trust for the exclusive benefit of participating employees
29 and their beneficiaries.

30

31 6. (New section) a. The retirement program shall, under a
32 group contract or contracts, provide life insurance and provide the
33 option of obtaining disability insurance benefits for all participants
34 in the retirement program on a basis to be determined by the State

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1 Treasurer. The State Treasurer is authorized to promulgate
2 appropriate rules and regulations and perform other duties as
3 necessary for the implementation and operation of the program.

4 b. The State Treasurer is hereby authorized to purchase from
5 one or more insurance companies, as the State Treasurer shall
6 determine, group life insurance and disability benefit coverage to
7 provide for the death benefits and disability benefits in the amounts
8 specified in this act. Such group life insurance and disability
9 benefit coverage may be provided under one or more policies issued
10 to the State Treasurer specifically for this purpose or, in the
11 discretion of the State Treasurer, under one or more policies issued
12 to the State Treasurer which provide group life insurance coverage
13 for members of one or more pension funds or retirement systems of
14 the State of New Jersey. Any dividend or retrospective rate credit
15 allowed by an insurance company attributable to the retirement
16 program shall be credited to the funds available to meet the State's
17 obligations under the retirement program.

18 Premiums for such group insurance coverage shall be paid from
19 a special fund, hereby created, called the "Defined Contribution
20 Retirement Program Group Insurance Premium Fund." The State
21 Treasurer shall estimate annually the amount that will be required
22 for premiums for such benefits for the ensuing fiscal year and shall
23 certify such amounts that shall be applied to the total State and
24 other employer contributions due on behalf of the participants in the
25 retirement program from the State and other employers, depositing
26 such amounts in the premium fund. Additionally, employers shall
27 pay their share of the administrative costs of the program. The
28 intervals for all payments and the allocation of administrative costs
29 shall be determined by the Division of Pensions and Benefits
30 including due dates and penalties for non compliance.

31 During the period such group insurance policy or policies are in
32 effect with respect to participants in the retirement program, the
33 State Treasurer shall not commingle moneys in this fund with any
34 funds established under the retirement program.

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1 c. A life insurance company shall meet the following
2 requirements in order to provide coverage under this section:

3 (1) be licensed under the laws of the State of New Jersey to
4 transact life and accidental death insurance, and the amount of its
5 group life insurance in the State of New Jersey shall, at the time the
6 insurance is to be purchased, equal at least 1% of the total amount
7 of such group life insurance in the State of New Jersey in all life
8 insurance companies; or

9 (2) come within the exceptions provided in P.L.1968, c.234
10 (C.17:32-16 et seq.).

11

12 7. (New section) The benefit under a group contract or
13 contracts providing life insurance shall be in an amount equal to
14 one and one-half the base annual salary of the participant in the
15 retirement program, except that in the event of death after
16 retirement, the amount payable shall equal 3/16 of the participant's
17 base annual salary. "Base annual salary" means the base salary
18 upon which contributions by the participant and the participant's
19 employer to the retirement program were based during the last year
20 of creditable service.

21 For purposes of this section, a participant shall be deemed to be
22 in service and covered by the group life insurance for a period of
23 official leave of absence without pay when such leave is due to
24 illness or any reason other than illness, with such period to be
25 determined by the Division of Pensions and Benefits, if satisfactory
26 evidence is presented to the division of such official leave of
27 absence. A participant shall be deemed to be on an official leave of
28 absence only if the leave is formally approved by the employer
29 prior to the time the leave commenced and timely notice is filed by
30 the employer with the division. If timely notice is not filed, the
31 employer shall be responsible for the payment of any benefits
32 pursuant to this section if the participant was otherwise eligible for
33 such benefits.

34 In the event of the death of a participant in active service in the

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1 first year of participation as a result of an accident met in the actual
2 performance of duty at some definite time and place, the death
3 benefit payable pursuant to this section shall be computed at the
4 annual rate of base salary.

5 No beneficiary of a retired participant shall be entitled to receive
6 the death benefits payable in the event of death after retirement
7 pursuant to this section unless the participant either: had at least 25
8 years of credited participation in the retirement program established
9 pursuant to this act; or had at least 10 years of such credited
10 participation and had attained 60 years of age and was an actively
11 employed participant in the program in the year immediately
12 preceding initial receipt of a retirement annuity.

13

14 8. (New section) Any group life insurance policy or policies
15 shall include, with respect to any insurance terminating or reducing
16 because the participant has ceased to be in service or has retired, the
17 conversion privilege available upon termination of employment as
18 prescribed by the law relating to group life insurance, and shall also
19 include, with respect to life insurance terminating because of
20 termination of the group policy, the conversion privilege available
21 upon termination of the group policy as prescribed by such law.
22 Any such group policy or policies shall also provide that if the
23 participant dies within the 31-day period during which the
24 participant would be entitled to exercise the conversion privilege,
25 the amount of life insurance with respect to which the participant
26 could have exercised the conversion privilege shall be paid as a
27 claim under the group policy. When benefits payable upon the
28 death of a participant following retirement are determined as though
29 the participant had not retired, the death benefits payable under the
30 group policy or policies, together with the amount of life insurance
31 paid under any individual policy obtained under the conversion
32 privilege, shall in no event exceed the amount of insurance for
33 which the participant was insured under the group policy or policies
34 immediately prior to the date the right of conversion arose. If a

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1 participant who has exercised the conversion privilege under the
2 group policy or policies while on leave of absence or upon
3 termination of employment again becomes a participant of the
4 retirement program and the individual policy obtained pursuant to
5 the conversion privilege is still in force, the participant shall not
6 again be eligible for any of the group life insurance provided under
7 such policy or policies without furnishing satisfactory evidence of
8 insurability.

9
10 9. (New section) Death benefits under the group life insurance
11 policy or policies shall be paid by the insurance company to such
12 person, if living, as the participant shall have nominated by written
13 designation duly executed and filed with the insurance company
14 through the policyholder, otherwise to the executors or
15 administrators of the participant's estate. A participant may file
16 with the insurance company through the policyholder and alter from
17 time to time during life, as desired, a duly attested written
18 nomination of the payee for the death benefit.

19
20 10. (New section) Any group life insurance policy or policies
21 shall provide that payment of any death benefits payable by the
22 insurance company may be made in one sum directly to the
23 beneficiary as hereinafter provided, in equal installments over a
24 period of years or as a life annuity or in such other manner as may
25 be made available by the insurance company. A participant may
26 make such arrangements for settlement, and may alter from time to
27 time during life any arrangement previously made, by making
28 written request to the insurance company through the policyholder.
29 Upon the death of the participant, a beneficiary to whom a benefit is
30 payable in one sum by the insurance company may likewise arrange
31 for a settlement as described above.

32
33 11. (New section) Any person entitled to become a participant
34 in the retirement program shall not be allowed any of the group life

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13

1 insurance and disability benefits if on the date of filing an
2 application for participation the person is 60 or more years of age,
3 or if the person makes application for participation in the retirement
4 program beyond the year after first becoming eligible for
5 participation, regardless of age, unless the participant furnishes
6 satisfactory evidence of insurability and on the effective date of
7 participation is actively at work and performing all regular duties at
8 the customary place of employment.

9 The effective date of coverage for such benefits shall be the first
10 day of the month which immediately follows the date when such
11 evidence is determined to be satisfactory.

12 Such evidence of insurability shall not be required of any person
13 enrolling in the retirement program upon transfer from another
14 State-administered retirement system, if such retirement system
15 provided a benefit of a similar nature and the transferring person
16 was covered by such a benefit at the time of the transfer. If such
17 transferring person was not covered by such a benefit at the time of
18 the transfer, the person may be allowed the benefit under the group
19 policy or policies; however, any such person shall furnish
20 satisfactory evidence of insurability if he had been unable or failed
21 to give such evidence as a member of the retirement system from
22 which the person transferred.

23 Any person who must furnish satisfactory evidence of
24 insurability under the provisions of this section and who ceases to
25 be a participant in the retirement program without such evidence
26 having been given shall continue to be subject to the same
27 requirement if the person subsequently becomes a participant.

28

29 12. (New section) The designation of a death benefit beneficiary
30 by a participant or retiree shall be made in writing on a form
31 satisfactory to the Division of Pensions and Benefits and filed with
32 the division. The participant or retiree may, from time to time and
33 without the consent of the designee, change the beneficiary by
34 filing a written notice of the change on a satisfactory form. The

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1 new nomination shall be effective on the date the notice, in proper
2 form, is received and any prior nomination shall thereupon become
3 void.

4 If more than one beneficiary is nominated and in such
5 nomination the participant or retiree has failed to specify their
6 respective interests, the beneficiaries shall share equally. If any
7 beneficiary predeceases the participant or retiree, the interest of that
8 beneficiary shall terminate and shall be shared equally by such of
9 the beneficiaries as survive the participant or retiree, unless the
10 participant or retiree has made written request to the contrary in the
11 beneficiary nomination.

12 Any amounts due for which there is no beneficiary at the death
13 of a participant, retiree or beneficiary shall be payable to the estate
14 of the participant, retiree or beneficiary.

15 Except with regard to the payment of the group life insurance
16 death benefit upon the death of a retiree, a participant may elect, by
17 making written request, that the whole or any part of the
18 participant's group life insurance death benefits be made payable to
19 the beneficiary either as a life annuity or in equal installments over
20 a period of years specified in such election, and may alter such
21 election from time to time during the participant's lifetime by again
22 making such written request. In the event of a change of
23 beneficiary, any previous arrangement by the participant or retiree
24 under this paragraph shall be void. The election set forth in this
25 paragraph shall not apply or be available when the beneficiary is an
26 estate, or a corporation, partnership, association, institution, trustee,
27 or any fiduciary.

28 If, at the participant's death, an amount of group life insurance
29 death benefit would be payable to the beneficiary in a single sum,
30 any election with regard to such amount that was available to the
31 participant immediately prior to death in accordance with the
32 preceding paragraph shall then be available to such beneficiary for
33 the benefit of the beneficiary.

34 With respect to any death benefits payable on the basis of the

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1 individual retirement annuity contract or contracts, all settlement
2 options shall be made available to the participant, retiree or
3 beneficiary as are allowed by the insurer or insurers.

4 The provisions of this section shall be construed separately with
5 respect to each of the death benefits for which a beneficiary is
6 designated by the participant or retiree.

7

8 13. (New section) The disability benefit coverage provided
9 under a group policy or policies shall provide a monthly income if
10 the participant becomes totally disabled from occupational or
11 nonoccupational causes for a period of at least six consecutive
12 months following the effective date of the coverage. The monthly
13 disability benefit may be paid by the insurance company so long as
14 the participant remains disabled up to the seventieth birthday,
15 provided the disability commenced prior to the sixtieth birthday.
16 The benefit shall terminate when the participant is no longer
17 considered totally disabled or begins to receive retirement benefits.

18 The participant shall be considered totally disabled if the
19 participant is unable to perform each duty of the participant's
20 occupation and is under the regular care of a physician. After the
21 24 months following the commencement of such disability benefit
22 payments, the participant shall be unable to engage in any gainful
23 occupation for which the participant is reasonably fitted by
24 education, training or experience. Total disability shall not be
25 considered to exist if the participant is gainfully employed.
26 Following an agreement with the insurance company and the
27 policyholder, the participant may continue to receive disability
28 benefits for a limited time while performing some type of work.
29 During the period of rehabilitation, the monthly benefit shall be the
30 regular payment less 80% of the participant's earnings from such
31 rehabilitative position.

32 A participant shall be deemed to be in service and covered by the
33 disability benefit insurance provisions for a period of no more than
34 six months while on official leave of absence without pay if

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1 satisfactory evidence is presented to the Division of Pensions and
2 Benefits that such leave of absence without pay is due to illness and
3 that the participant was not actively engaged in any gainful
4 occupation during such period of leave of absence without pay.

5 Disability benefit insurance provisions of the group policy or
6 policies shall not cover disability resulting from or contributed to
7 by pregnancy, act of war, intentionally self-inflicted injury, or
8 attempted suicide whether or not sane. For purposes of such
9 disability benefit coverage, the participant shall not be considered
10 to be disabled while the participant is imprisoned or while outside
11 the United States, its territories or possessions, or Canada.

12 If the participant has recovered from the disability for which the
13 member had received benefits and again becomes totally disabled
14 while insured, the later disability shall be regarded as a continuation
15 of the prior one unless the participant has returned to full-time
16 covered employment for at least six months. If the later absence is
17 due to an unrelated cause and the participant had returned to full-
18 time work, it shall be considered a new disability. The disability
19 benefit insurance cannot be converted to an individual policy.

20 No participant shall be covered by the disability benefit
21 provision of the group policy or policies except upon the
22 completion of one year of full-time continuous employment in a
23 position eligible for participation in the Defined Contribution
24 Retirement Program.

25
26 14. (New section) The disability benefit provided under a group
27 policy or policies shall be in an amount equal to 60% of the
28 participant's base monthly salary, reduced by periodic benefits to
29 which the participant may be entitled during the period of total
30 disability.

31 The periodic benefit by which the monthly disability benefit may
32 be reduced shall include salary or wages, retirement benefits or
33 benefits from any source for which the State or other public
34 employer has paid any part of the cost or made payroll deductions,

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1 Social Security disability or other benefits, including dependents'
2 benefits, and benefits paid by Social Security at the option of the
3 participant before the age of 65, but not including any increase in
4 Social Security benefits enacted after the disability benefit under
5 such group policy or policies have commenced, and any other
6 periodic benefits provided by law except on account of military
7 service.

8 When a participant begins to receive a disability benefit under
9 such group policy or policies, the insurance company shall pay an
10 amount equal to the employee contribution which would have been
11 required of the participant and deducted from the participant's base
12 salary in order to meet the participant's obligation for the program.
13 Such amount shall be paid by the insurance company without
14 reduction by any other periodic benefit which the participant is
15 eligible to receive. Such amount shall be paid by the insurance
16 company to the insurer or insurers for the participant's retirement
17 annuity.

18 Premiums for such disability coverage shall be paid from a
19 special fund, hereby created, called the "Defined Contribution
20 Retirement Program Disability Premium Fund." The State
21 Treasurer shall estimate annually the amount that will be required
22 for premiums for such benefits for the ensuing fiscal year and shall
23 certify such amounts that shall be applied to the total State and
24 other employer contributions due on behalf of the participants in the
25 retirement program from the State and other employers, depositing
26 such amounts in the premium fund. Additionally, employers will
27 pay their share of the administrative costs of the program. The
28 intervals for all payments and the allocation of administrative costs
29 shall be determined by the Division of Pensions and Benefits
30 including due dates and penalties for non compliance.

31

32 15. (New section) Notwithstanding any other provision of law,
33 an insurance company or companies issuing such policy or policies
34 may credit the policyholder either directly or in the form of reduced

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1 premiums, with savings by the company or companies in the event
2 that no brokerage commission or commissions are paid by the
3 company or companies on the issuance of such policy or policies.

4 No employer obligations shall be paid when the participant is on
5 a leave of absence without pay or when the participant no longer is
6 enrolled in the retirement program.

7 The group disability insurance policy or policies shall provide a
8 participant with an opportunity to purchase additional coverage.

9 A participant who is disabled and receiving a benefit shall
10 remain eligible for employer-provided healthcare benefits coverage
11 in the same manner as such coverage is provided by the employer to
12 retirees of the retirement system.

13

14 16. Section 1 of P.L.1986, c.188 (C.43:3C-9) is amended to read
15 as follows:

16 1. The mandatory contributions by members or participants to
17 the Teachers' Pension and Annuity Fund required by N.J.S.18A:66-
18 31, to alternate benefit providers under the alternate benefit
19 program required by section 8 of P.L.1969, c.242 (C.18A:66-174),
20 to the Judicial Retirement System required by section 26 of
21 P.L.1981, c.470 (C.43:6A-34.1), to the Prison Officers' Pension
22 Fund required by section 7 of P.L.1941, c.220 (C.43:7-13), to the
23 Public Employees' Retirement System required by section 25 of
24 P.L.1954, c.84 (C.43:15A-25), to the Defined Contribution
25 Retirement Program required by section 3 of P.L. , c. (C.)
26 (pending before the Legislature as this bill), to the Consolidated
27 Police and Firemen's Pension Fund required by R.S.43:16-5, to the
28 Police and Firemen's Retirement System required by section 15 of
29 P.L.1944, c.255 (C.43:16A-15), and to the State Police Retirement
30 System required by section 38 of P.L.1965, c.89 (C.53:5A-38), shall
31 be picked up by their employers and shall be treated as employer
32 contributions as provided by section 414(h) of the United States
33 Internal Revenue Code. The amount of contributions on behalf of
34 each member shall continue to be included as regular compensation

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19

1 for all other purposes, except that the amount shall not be included
2 in the computation of federal income taxes withheld from the
3 member's compensation.

4 (cf: P.L.1993, c.385, s.12)

5

6 17. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
7 as follows:

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

12 a. The members of the former "State Employees' Retirement
13 System of New Jersey" enrolled as such as of December 30, 1954,
14 who shall not have claimed for refund their accumulated deductions
15 in said system as provided in this section;

16 b. Any person becoming an employee of the State or other
17 employer after January 2, 1955 and every veteran, other than a
18 retired member who returns to service pursuant to subsection b. of
19 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
20 whose appointments are seasonal, becoming an employee of the
21 State or other employer after such date, including a temporary
22 employee with at least one year's continuous service. The
23 membership of the retirement system shall not include those
24 persons appointed to serve as described in paragraphs (2) and (3) of
25 subsection a. of section 2 of P.L. , c. (C.)(pending before
26 the Legislature as this bill), except a person who was a member of
27 the retirement system prior to the effective date of sections 1
28 through 19 of P.L. , c. (C.)(pending before the Legislature
29 as this bill) and continuously thereafter; and

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

33 d. Membership in the retirement system shall be optional for
34 elected officials other than veterans, and for school crossing guards,

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20

1 who having become eligible for benefits under other pension
2 systems are so employed on a part-time basis. Elected officials
3 commencing service on or after the effective date of sections 1
4 through 19 of P.L. , c. (C.)(pending before the Legislature
5 as this bill) shall not be eligible for membership in the retirement
6 system based on service in the elective public office, except that an
7 elected official enrolled in the retirement system as of that effective
8 date who continues to hold that elective public office without a
9 break in service shall be eligible to continue membership in the
10 retirement system under the terms and conditions of enrollment.
11 Service in the Legislature shall be considered a single elective
12 public office. Any [such] part-time school crossing guard who is
13 eligible for benefits under any other pension system and who was
14 hired as a part-time school crossing guard prior to March 4, 1976,
15 may at any time terminate his membership in the retirement system
16 by making an application in writing to the board of trustees of the
17 retirement system. Upon receiving such application, the board of
18 trustees shall terminate his enrollment in the system and direct the
19 employer to cease accepting contributions from the member or
20 deducting from the compensation paid to the member. State
21 employees who become members of any other retirement system
22 supported wholly or partly by the State as a condition of
23 employment shall not be eligible for membership in this retirement
24 system. Notwithstanding any other law to the contrary, all other
25 persons accepting employment in the service of the State shall be
26 required to enroll in the retirement system as a condition of their
27 employment, regardless of age. No person in employment, office or
28 position, for which the annual salary or remuneration is fixed at less
29 than \$1,500.00, shall be eligible to become a member of the
30 retirement system.

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

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

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

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

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1 i. Membership in the retirement system shall be optional for a
2 special service employee who is employed under the federal Older
3 American Community Service Employment Act, Pub.L.94-135 (42
4 U.S.C. s.3056). Any special service employee employed under the
5 federal Older American Community Service Employment Act,
6 Pub.L.94-135 (42 U.S.C. s.3056), who is in the retirement system
7 on the effective date of P.L.1996, c.139 may terminate membership
8 in the retirement system by making an application in writing to the
9 board of trustees of the retirement system. Upon receiving the
10 application, the board shall terminate enrollment in the system and
11 the member shall receive a refund of accumulated deductions as of
12 the date of commencement of employment in a federal Older
13 American Community Service Employment Act program. This
14 refund of contributions shall serve as a waiver of all benefits
15 payable to the employee, to any dependent or dependents, or to any
16 beneficiary under the retirement system.

17 j. An employee of the South Jersey Port Corporation who was
18 employed by the South Jersey Port Corporation as of the effective
19 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
20 employed within 365 days of such effective date by a subsidiary
21 corporation or other corporation, which has been established by the
22 Delaware River Port Authority pursuant to subdivision (m) of
23 Article I of the compact creating the Delaware River Port Authority
24 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
25 146), shall be eligible to continue membership while an employee
26 of such subsidiary or other corporation.
27 (cf: P.L.1997, c.150, s.23)

28

29 18. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to
30 read as follows:

31 75. (a) If this act is so adopted it shall become effective in the
32 county or municipality adopting it on June 30 of the following year.
33 Membership in the Public Employees' Retirement System shall be
34 optional with the employees of the county, board of education or

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1 municipality in the service on the day the act becomes effective or
2 on June 30, 1966, whichever is earlier, in such county, board of
3 education or municipality except in the case of public employee
4 veterans who on such date are members. An employee who elects
5 to become a member within one year after this act so takes effect
6 shall be entitled to prior service covering service rendered to the
7 county, board of education or municipality prior to July 1, 1966 or
8 prior to the date this act so becomes effective, whichever is earlier.
9 Membership shall be compulsory for all employees entering the
10 service of the county, board of education or municipality on July 1,
11 1966 or after the date this act becomes effective, whichever is
12 earlier. Where any such employee entering the service of the
13 county, board of education of education or municipality after the
14 date this act so becomes effective has had prior service for which
15 evidence satisfactory to the retirement system is presented, as an
16 employee in such county, board of education or municipality before
17 the date upon which this act so becomes effective, or July 1, 1966,
18 whichever is earlier, such employee shall be entitled to prior service
19 covering service rendered to the county, board of education or
20 municipality prior to the date this act so becomes effective, or July
21 1, 1966, whichever is earlier.

22 (b) Notwithstanding the provisions of section 74 of this act and
23 subsection (a) of this section, every person, other than a non-veteran
24 elected official, becoming an employee of a county, board of
25 education, municipality or school district after June 30, 1966, who
26 is not eligible to become a member of another retirement system,
27 shall be required to become a member of the Public Employees'
28 Retirement System. Notwithstanding the provisions of section 74
29 of this act and subsection (a) of this section, membership in the
30 retirement system shall be optional with any elected official who is
31 not a veteran, regardless of the date he assumes office, and with any
32 other person in the employ of any county, board of education,
33 municipality or school district on June 30, 1966, provided such
34 elected official or other person is not then a member and is not

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1 required to be a member of the retirement system pursuant to
2 another provision of this act, and provided further that such person
3 is not eligible to be a member of another retirement system.
4 Elected officials commencing service on or after the effective date
5 of sections 1 through 19 of P.L. , c. (C.) (pending before
6 Legislature as this bill) shall not be eligible for membership in the
7 retirement system based on service in the elective public office,
8 except that an elected official enrolled in the retirement system as
9 of that effective date who continues to hold that elective public
10 office without a break in service shall be eligible to continue
11 membership in the retirement system under the terms and
12 conditions of enrollment.

13 The provisions of this subsection shall not apply to any person
14 whose position is temporary or seasonal, nor to any person in
15 office, position or employment for which the annual salary or
16 remuneration is fixed at less than \$1,500.00, nor to any person
17 whose position is not covered by the old age and survivors'
18 insurance provisions of the federal Social Security Act. No credit
19 shall be allowed to any person becoming a member of the
20 retirement system pursuant to this subsection for service rendered to
21 the employer prior to July 1, 1966, until the provisions of section 74
22 of this act have been complied with, in which event such credit
23 shall be allowed in accordance with the provisions of subsection (a)
24 of this section; except that the governing body of any county, board
25 of education or municipality may, by resolution, consent to the
26 allowance of such credit and file a certified copy of such resolution
27 with the board of trustees of the Public Employees' Retirement
28 System.

29 (cf: P.L.1986, c.139, s.4)

30

31 19. Section 1 of P.L.1972, c.167 (C.43:15A-135) is amended to
32 read as follows:

33 1. **【**Notwithstanding the provisions of P.L.1954, c. 84, s. 7d (C.
34 43:15A-7d), all members of the Legislature shall become members

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1 of the retirement system, subject to all benefits and requirements of
2 membership] Members of the Legislature commencing service on
3 or after the effective date of sections 1 through 19 of P.L. ,
4 c. (C.) (pending before the Legislature as this bill) shall not be
5 eligible for membership in the retirement system based on service
6 in that elective office. A member of the Legislature enrolled in the
7 retirement system as of that effective date who continues to hold
8 office as a member of the Legislature without a break in service
9 shall be eligible to continue membership in the retirement system
10 under the terms and conditions of the member's enrollment.

11 (cf: P.L.1972, c.167, s.1)

12

13 20. (New section) a. A person who performs professional
14 services for a political subdivision of this State or of a board of
15 education, or of any agency, authority or instrumentality thereof,
16 under a professional services contract awarded in accordance with
17 section 5 of P.L.1971, c.198 (C.40A:11-5), N.J.S.18A:18A-5 or
18 section 5 of P.L.1982, c.189 (C.18A:64A-25.5), on the basis of
19 performance of the contract, shall not be eligible for membership in
20 the Public Employees' Retirement System. A person who is a
21 member of the retirement system as of the effective date of P.L. ,
22 c. (C.)(pending before the Legislature as this bill) shall not
23 accrue service credit on the basis of that performance following the
24 expiration of an agreement or contract in effect on the effective
25 date. Nothing contained in this paragraph shall be construed as
26 affecting the provisions of any agreement or contract in effect on
27 the effective date of P.L. , c. (C.)(pending before the
28 Legislature as this bill), whether or not the agreement or contract
29 specifically provides by its terms for membership in the retirement
30 system. No renewal, extension, modification, or other agreement or
31 action to continue any professional services contract in effect on the
32 effective date of P.L. , c. (C.)(pending before the Legislature
33 as this bill) beyond its current term shall have the effect of
34 continuing the membership of a person in the retirement system or

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1 continuing the accrual of service credit on the basis of performance
2 of the contract.

3 b. ¹[A person who performs professional services as a part-
4 time officer or employee of a political subdivision of this State or of
5 a board of education, or of any agency, authority or instrumentality
6 thereof, and who is concurrently the sole proprietor, owner, partner,
7 associate, officer or employee of a business entity, or who
8 concurrently owns or controls more than 1% of the stock of a
9 corporation, which is primarily engaged on a full-time basis in
10 providing professional services of substantially the same type or
11 nature to public entities or to a business entity or business entities,
12 shall not be eligible, on the basis of performance of those
13 professional services as a public officer or employee, for
14 membership in the Public Employees' Retirement System. A
15 person who is a member of the retirement system on the effective
16 date of P.L. , c. (C.)(pending before the Legislature as this
17 bill) shall not accrue service credit on the basis of that performance
18 following the expiration of an agreement or contract in effect on the
19 effective date.

20 Nothing contained in this subsection shall be construed as
21 affecting the provisions of any agreement or contract of
22 employment in effect on the effective date of P.L. , c. (C.)
23 (pending before the Legislature as this bill), whether or not the
24 agreement or contract specifically provides by its terms for
25 membership in the retirement system. No renewal, extension,
26 modification, or other agreement or action to continue any such
27 agreement or contract in effect on the effective date of P.L. ,
28 c. (C.) (pending before the Legislature as this bill) beyond its
29 current term shall have the effect of continuing the membership of a
30 person in the retirement system or continuing the accrual of service
31 credit on the basis of performance of the agreement or contract.

32 As used in this subsection, "business entity" means any natural
33 or legal person, business corporation, professional services
34 corporation, limited liability company, partnership, limited

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1 partnership, business trust, association or any other legal
2 commercial entity organized under the laws of this State or of any
3 other state or foreign jurisdiction; and “part-time” means less than
4 35 hours per week.

5 As used in this subsection, the term “professional services” shall
6 have the meaning set forth in section 2 of P.L.1971, c.198
7 (C.40A:11-2), except that it shall not include a service provided by
8 a part-time officer or employee who holds a professional license or
9 certificate to perform and is performing as a certified health officer,
10 tax assessor, tax collector, municipal planner, chief financial
11 officer, registered municipal clerk, construction code official,
12 licensed uniform subcode inspector, qualified purchasing agent, or
13 certified public works manager.】 A person who performs
14 professional services for a political subdivision of this State or of a
15 board of education, or of any agency, authority or instrumentality
16 thereof, shall not be eligible, on the basis of performance of those
17 professional services, for membership in the Public Employees’
18 Retirement System, if the person meets the definition of
19 independent contractor as set forth in regulation or policy of the
20 federal Internal Revenue Service for the purposes of the Internal
21 Revenue Code. Such a person who is a member of the retirement
22 system on the effective date of P.L. , c. (C.)(pending before
23 the Legislature as this bill) shall not accrue service credit on the
24 basis of that performance following the expiration of an agreement
25 or contract in effect on the effective date.

26 Nothing contained in this subsection shall be construed as
27 affecting the provisions of any agreement or contract of
28 employment in effect on the effective date of P.L. , c. (C.)
29 (pending before the Legislature as this bill), whether or not the
30 agreement or contract specifically provides by its terms for
31 membership in the retirement system. No renewal, extension,
32 modification, or other agreement or action to continue any such
33 agreement or contract in effect on the effective date of P.L. ,
34 c. (C.) (pending before the Legislature as this bill) beyond its

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1 current term shall have the effect of continuing the membership of a
2 person in the retirement system or continuing the accrual of service
3 credit on the basis of performance of the agreement or contract.

4 As used in this subsection, the term “professional services” shall
5 have the meaning set forth in section 2 of P.L.1971, c.198
6 (C.40A:11-2).¹

7
8 21. (New section) a. With respect to all claims for benefits
9 under the Teachers’ Pension and Annuity Fund, the Public
10 Employees’ Retirement System, the Judicial Retirement System, the
11 Police and Firemen’s Retirement System, or the State Police
12 Retirement System submitted on or after the effective date of
13 P.L. , c. (C.)(pending before the Legislature as this bill),
14 the Division of Pensions and Benefits shall investigate increases in
15 compensation reported for credit that exceed reasonably anticipated
16 annual compensation increases for members of the retirement
17 system based upon consideration of the Consumer Price Index for
18 the time period of the increases, the table of assumed salary
19 increases recommended by the system’s actuary and adopted by the
20 board of trustees of the retirement system, and the annual
21 percentage increases of salaries as indicated in data from the Public
22 Employment Relations Commission established pursuant to
23 P.L.1941, c.100 (C.34:13A-1 et seq.) or through other reliable
24 industry sources of information regarding average annual salary
25 increases.

26 b. Those cases in which a violation of the relevant statute or
27 regulation is suspected shall be referred to the board of trustees of
28 the relevant retirement system for further action.

29
30 22. Section 2 of P.L.2001, c.259 (C.43:15A-143) is amended to
31 read as follows:

32 2. Notwithstanding the provisions of any other law, workers
33 compensation judges shall be members of the Workers
34 Compensation Judges Part, established pursuant to this act,

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1 P.L.2001, c.259 (C.43:15A-142 et seq.), of the Public Employees'
2 Retirement System, established pursuant to P.L.1954, c.84
3 (C.43:15A-1 et seq.), if enrolled in the part prior to the effective
4 date of P.L. , c. (C.)(pending before the Legislature as this
5 bill) and shall be subject to the same membership and benefit
6 provisions as State employees, except as provided by P.L.2001,
7 c.259. Membership in the retirement system shall be a condition of
8 employment for service as a judge of compensation for a judge
9 enrolled in the part prior to the effective date of P.L. ,
10 c. (C.) (pending before the Legislature as this bill).

11 A workers compensation judge who becomes a member of the
12 retirement system on or after the effective date of P.L. ,
13 c. (C.)(pending before the Legislature as this bill) shall not
14 be a member of the Workers Compensation Judges Part and the
15 provisions of P.L.2001, c.259 (C.43:15A-142 et seq.) shall not
16 apply to such judge or the judge's survivors.

17 (cf: P.L.2001, c.259, s.2)

18

19 23. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to
20 read as follows:

21 15. (1) The contributions required for the support of the
22 retirement system shall be made by members and their employers.

23 (2) The uniform percentage contribution rate for members shall
24 be 8.5% of compensation.

25 (3) (Deleted by amendment, P.L.1989, c.204).

26 (4) Upon the basis of the tables recommended by the actuary
27 which the board adopts and regular interest, the actuary shall
28 compute annually, beginning as of June 30, 1991, the amount of
29 contribution which shall be the normal cost as computed under the
30 projected unit credit method attributable to service rendered under
31 the retirement system for the year beginning on July 1 immediately
32 succeeding the date of the computation. This shall be known as the
33 "normal contribution."

34 (5) (Deleted by amendment, P.L.1989, c.204).

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1 (6) (Deleted by amendment, P.L.1994, c.62.)

2 (7) Each employer shall cause to be deducted from the salary of
3 each member the percentage of earnable compensation prescribed in
4 subsection (2) of this section. To facilitate the making of
5 deductions, the retirement system may modify the amount of
6 deduction required of any member by an amount not to exceed 1/10
7 of 1% of the compensation upon which the deduction is based.

8 (8) The deductions provided for herein shall be made
9 notwithstanding that the minimum salary provided for by law for
10 any member shall be reduced thereby. Every member shall be
11 deemed to consent and agree to the deductions made and provided
12 for herein, and payment of salary or compensation less said
13 deduction shall be a full and complete discharge and acquittance of
14 all claims and demands whatsoever for the service rendered by such
15 person during the period covered by such payment, except as to the
16 benefits provided under this act. The chief fiscal officer of each
17 employer shall certify to the retirement system in such manner as
18 the retirement system may prescribe, the amounts deducted; and
19 when deducted shall be paid into said annuity savings fund, and
20 shall be credited to the individual account of the member from
21 whose salary said deduction was made.

22 (9) With respect to employers other than the State, upon the
23 basis of the tables recommended by the actuary which the board
24 adopts and regular interest, the actuary shall compute the amount of
25 the accrued liability as of June 30, 1991 under the projected unit
26 credit method, which is not already covered by the assets of the
27 retirement system, valued in accordance with the asset valuation
28 method established in this section. Using the total amount of this
29 unfunded accrued liability, the actuary shall compute the initial
30 amount of contribution which, if the contribution is increased at a
31 specific rate and paid annually for a specific period of time, will
32 amortize this liability. The State Treasurer shall determine, upon
33 the advice of the Director of the Division of Pensions and Benefits,
34 the board of trustees and the actuary, the rate of increase for the

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1 contribution and the time period for full funding of this liability,
2 which shall not exceed 40 years on initial application of this section
3 as amended by this act, P.L.1994, c.62. This shall be known as the
4 “accrued liability contribution.” Any increase or decrease in the
5 unfunded accrued liability as a result of actuarial losses or gains for
6 the 10 valuation years following valuation year 1991 shall serve to
7 increase or decrease, respectively, the unfunded accrued liability
8 contribution. Thereafter, any increase or decrease in the unfunded
9 accrued liability as a result of actuarial losses or gains for
10 subsequent valuation years shall serve to increase or decrease,
11 respectively, the amortization period for the unfunded accrued
12 liability, unless an increase in the amortization period will cause it
13 to exceed 30 years. If an increase in the amortization period as a
14 result of actuarial losses for a valuation year would exceed 30 years,
15 the accrued liability contribution shall be computed for the
16 valuation year in the same manner provided for the computation of
17 the initial accrued liability contribution under this section.

18 With respect to the State, upon the basis of the tables
19 recommended by the actuary which the board adopts and regular
20 interest, the actuary shall annually determine if there is an amount
21 of the accrued liability, computed under the projected unit credit
22 method, which is not already covered by the assets of the retirement
23 system, valued in accordance with the asset valuation method
24 established in this section. This shall be known as the “unfunded
25 accrued liability.” If there was no unfunded accrued liability for the
26 valuation period immediately preceding the current valuation
27 period, the actuary, using the total amount of this unfunded accrued
28 liability, shall compute the initial amount of contribution which, if
29 the contribution is increased at a specific rate and paid annually for
30 a specific period of time, will amortize this liability. The State
31 Treasurer shall determine, upon the advice of the Director of the
32 Division of Pensions and Benefits, the board of trustees and the
33 actuary, the rate of increase for the contribution and the time period
34 for full funding of this liability, which shall not exceed 30 years.

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32

1 This shall be known as the “accrued liability contribution.”
2 Thereafter, any increase or decrease in the unfunded accrued
3 liability as a result of actuarial losses or gains for subsequent
4 valuation years shall serve to increase or decrease, respectively, the
5 amortization period for the unfunded accrued liability, unless an
6 increase in the amortization period will cause it to exceed 30 years.
7 If an increase in the amortization period as a result of actuarial
8 losses for a valuation year would exceed 30 years, the accrued
9 liability contribution shall be computed for the valuation year in the
10 same manner provided for the computation of the initial accrued
11 liability contribution under this section. The State may pay all or
12 any portion of its unfunded accrued liability under the retirement
13 system from any source of funds legally available for the purpose,
14 including, without limitation, the proceeds of bonds authorized by
15 law for this purpose.

16 The value of the assets to be used in the computation of the
17 contributions provided for under this section for valuation periods
18 shall be the value of the assets for the preceding valuation period
19 increased by the regular interest rate, plus the net cash flow for the
20 valuation period (the difference between the benefits and expenses
21 paid by the system and the contributions to the system) increased by
22 one half of the regular interest rate, plus 20% of the difference
23 between this expected value and the full market value of the assets
24 as of the end of the valuation period. This shall be known as the
25 “valuation assets.” Notwithstanding the first sentence of this
26 paragraph, the valuation assets for the valuation period ending June
27 30, 1995 shall be the full market value of the assets as of that date
28 and, with respect to the valuation assets allocated to the State, shall
29 include the proceeds from the bonds issued pursuant to the “Pension
30 Bond Financing Act of 1997,” P.L.1997, c.114 (C.34:1B-7.45 et
31 seq.), paid to the system by the New Jersey Economic Development
32 Authority to fund the unfunded accrued liability of the system.
33 Notwithstanding the first sentence of this paragraph, the percentage
34 of the difference between the expected value and the full market

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33

1 value of the assets to be added to the expected value of the assets
2 for the valuation period ending June 30, 1998 for the State shall be
3 100% and for other employers shall be 57% plus such additional
4 percentage as is equivalent to \$150,000,000. Notwithstanding the
5 first sentence of this paragraph, the amount of the difference
6 between the expected value and the full market value of the assets
7 to be added to the expected value of the assets for the valuation
8 period ending June 30, 1999 shall include an additional amount of
9 the market value of the assets sufficient to fund (1) the unfunded
10 accrued liability for the supplementary "special retirement"
11 allowances provided under subsection b. of section 16 of P.L.1964,
12 c.241 (C.43:16A-11.1) and (2) the unfunded accrued liability for the
13 full credit toward benefits under the retirement system for service
14 credited in the Public Employees' Retirement System and
15 transferred pursuant to section 1 of P.L.1993, c.247 (C.43:16A-3.8)
16 and the reimbursement of the cost of any credit purchase pursuant
17 to section 3 of P.L.1993, c.247 (C.43:16A-3.10) provided under
18 section 1 of P.L.2001, c.201 (C.43:16A-3.14).

19 "Excess valuation assets" means, with respect to the valuation
20 assets allocated to the State, the valuation assets allocated to the
21 State for a valuation period less the actuarial accrued liability of the
22 State for the valuation period, and beginning with the valuation
23 period ending June 30, 1998, less the present value of the expected
24 additional normal cost contributions attributable to the provisions of
25 P.L.1999, c.428 (C.43:16A-15.8 et al.) payable on behalf of the
26 active members employed by the State as of the valuation period
27 over the expected working lives of the active members in
28 accordance with the tables of actuarial assumptions applicable to
29 the valuation period, and less the present value of the expected
30 additional normal cost contributions attributable to the provisions of
31 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
32 (C.43:16A-11.1) payable on behalf of the active members employed
33 by the State as of the valuation period over the expected working
34 lives of the active members in accordance with the tables of

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1 actuarial assumptions applicable to the valuation period, if the sum
2 is greater than zero. “Excess valuation assets” means, with respect
3 to the valuation assets allocated to other employers, the valuation
4 assets allocated to the other employers for a valuation period less
5 the actuarial accrued liability of the other employers for the
6 valuation period, excluding the unfunded accrued liability for early
7 retirement incentive benefits pursuant to P.L.1993, c.99 for the
8 other employers, and beginning with the valuation period ending
9 June 30, 1998, less the present value of the expected additional
10 normal cost contributions attributable to the provisions of P.L.1999,
11 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active
12 members employed by other employers as of the valuation period
13 over the expected working lives of the active members in
14 accordance with the tables of actuarial assumptions applicable to
15 the valuation period, and less the present value of the expected
16 additional normal cost contributions attributable to the provisions of
17 P.L.2003, c.108 as amending section 16 of P.L.1964, c.241
18 (C.43:16A-11.1) payable on behalf of the active members employed
19 by other employers as of the valuation period over the expected
20 working lives of the active members in accordance with the tables
21 of actuarial assumptions applicable to the valuation period, if the
22 sum is greater than zero.

23 If there are excess valuation assets allocated to the State or to the
24 other employers for the valuation period ending June 30, 1995, the
25 normal contributions payable by the State or by the other employers
26 for the valuation periods ending June 30, 1995, and June 30, 1996
27 which have not yet been paid to the retirement system shall be
28 reduced to the extent possible by the excess valuation assets
29 allocated to the State or to the other employers, respectively,
30 provided that with respect to the excess valuation assets allocated to
31 the State, the General Fund balances that would have been paid to
32 the retirement system except for this provision shall first be
33 allocated as State aid to public schools to the extent that additional
34 sums are required to comply with the May 14, 1997 decision of the

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1 New Jersey Supreme Court in *Abbott v. Burke*.

2 If there are excess valuation assets allocated to the other
3 employers for the valuation period ending June 30, 1998, the
4 accrued liability contributions payable by the other employers for
5 the valuation period ending June 30, 1997 shall be reduced to the
6 extent possible by the excess valuation assets allocated to the other
7 employers.

8 If there are excess valuation assets allocated to the State or to the
9 other employers for a valuation period ending after June 30, 1998,
10 the State Treasurer may reduce the normal contribution payable by
11 the State or by other employers for the next valuation period as
12 follows:

13 (1) for valuation periods ending June 30, 1996 through June 30,
14 2000, to the extent possible by up to 100% of the excess valuation
15 assets allocated to the State or to the other employers, respectively;

16 (2) for the valuation period ending June 30, 2001, to the extent
17 possible by up to 84% of the excess valuation assets allocated to the
18 State or to the other employers, respectively;

19 (3) for the valuation period ending June 30, 2002, to the extent
20 possible by up to 68% of the excess valuation assets allocated to the
21 State or to the other employers, respectively; and

22 (4) for valuation periods ending **【on or after】** June 30, 2003
23 through June 30, 2007, to the extent possible by up to 50% of the
24 excess valuation assets allocated to the State or to the other
25 employers, respectively.

26 Notwithstanding the discretion provided to the State Treasurer in
27 the previous paragraph to reduce the amount of the normal
28 contribution payable by employers other than the State, the State
29 Treasurer shall reduce the amount of the normal contribution
30 payable by employers other than the State by \$150,000,000 in the
31 aggregate for the valuation period ending June 30, 1998, and then
32 the State Treasurer may reduce further pursuant to the provisions of
33 the previous paragraph the normal contribution payable by such
34 employers for that valuation period.

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1 As of the valuation report in which the funded level is in excess
2 of 104%, an amount equal to the present value of the future normal
3 contributions for the benefits provided by P.L.2003, c.108 as
4 amending section 16 of P.L.1964, c.241 (C.43:16A-11.1), shall be
5 credited to the benefit enhancement fund. If there are excess
6 valuation assets after reductions in normal contributions as
7 authorized in the preceding paragraphs, for a valuation period
8 beginning with the valuation period in which the benefits provided
9 by section 16 of P.L.1964, c.241 (C.43:16A-11.1), as amended by
10 P.L.2003, c.108 apply, an amount of excess valuation assets not to
11 exceed the amount of the member contributions for the fiscal year
12 in which the normal contributions are payable shall be credited to
13 the benefit enhancement fund. The amount of excess valuation
14 assets credited to the benefit enhancement fund shall not exceed the
15 present value of the expected additional normal and accrued
16 liability contributions attributable to the provisions of section 16 of
17 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.2003, c.108,
18 payable on behalf of the active members over the expected working
19 lives of the active members in accordance with the tables of
20 actuarial assumptions for the valuation period. No additional
21 excess valuation assets shall be credited to the benefit enhancement
22 fund after the maximum amount is attained. Interest shall be
23 credited to the benefit enhancement fund.

24 The normal and accrued liability contributions for the increased
25 benefits for active employees under section 16 of P.L.1964, c.241
26 (C.43:16A-11.1), as amended by P.L.2003, c.108, shall be paid
27 from the benefit enhancement fund. If assets in the benefit
28 enhancement fund are insufficient to pay the normal and accrued
29 liability contributions for the increased benefits for a valuation
30 period, the retirement system shall pay the amount of normal and
31 accrued liability contributions for the increased benefits not covered
32 by assets from the benefit enhancement fund.

33 The normal and accrued liability contributions shall be certified
34 annually by the retirement system and shall be included in the

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1 budget of the employer and levied and collected in the same manner
2 as any other taxes are levied and collected for the payment of the
3 salaries of members.

4 Notwithstanding the preceding sentence, the normal and accrued
5 liability contributions to be included in the budget of and paid by
6 the employer other than the State shall be as follows: for the
7 payment due in the State fiscal year ending on June 30, 2004, 20%
8 of the amount certified by the retirement system; for the payment
9 due in the State fiscal year ending on June 30, 2005, a percentage of
10 the amount certified by the retirement system as the State Treasurer
11 shall determine but not more than 40%; for the payment due in the
12 State fiscal year ending on June 30, 2006, a percentage of the
13 amount certified by the retirement system as the State Treasurer
14 shall determine but not more than 60%; and for the payment due in
15 the State fiscal year ending on June 30, 2007, a percentage of the
16 amount certified by the retirement system as the State Treasurer
17 shall determine but not more than 80%.

18 (10) The treasurer or corresponding officer of the employer shall
19 pay to the State Treasurer no later than April 1 of the State's fiscal
20 year in which payment is due the amount so certified as payable by
21 the employer, and shall pay monthly to the State Treasurer the
22 amount of the deductions from the salary of the members in the
23 employ of the employer, and the State Treasurer shall credit such
24 amount to the appropriate fund or funds, of the retirement system.

25 If payment of the full amount of the employer's obligation is not
26 made within 30 days of the due date established by this act, interest
27 at the rate of 10% per annum shall commence to run against the
28 unpaid balance thereof on the first day after such 30th day.

29 If payment in full, representing the monthly transmittal and
30 report of salary deductions, is not made within 15 days of the due
31 date established by the retirement system, interest at the rate of 10%
32 per annum shall commence to run against the total transmittal of
33 salary deductions for the period on the first day after such 15th day.

34 (11) The expenses of administration of the retirement system

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1 shall be paid by the State of New Jersey. Each employer shall
2 reimburse the State for a proportionate share of the amount paid by
3 the State for administrative expense. This proportion shall be
4 computed as the number of members under the jurisdiction of such
5 employer bears to the total number of members in the system. The
6 pro rata share of the cost of administrative expense shall be
7 included with the certification by the retirement system of the
8 employer's contribution to the system.

9 (12) Notwithstanding anything to the contrary, the retirement
10 system shall not be liable for the payment of any pension or other
11 benefits on account of the employees or beneficiaries of any
12 employer participating in the retirement system, for which reserves
13 have not been previously created from funds, contributed by such
14 employer or its employees for such benefits.

15 (13) (Deleted by amendment, P.L.1992, c.125.)

16 (14) Commencing with valuation year 1991, with payment to be
17 made in Fiscal Year 1994, the Legislature shall annually
18 appropriate and the State Treasurer shall pay into the pension
19 accumulation fund of the retirement system an amount equal to
20 1.1% of the compensation of the members of the system for the
21 valuation year to fund the benefits provided by section 16 of
22 P.L.1964, c.241 (C.43:16A-11.1), as amended by P.L.1979, c.109.

23 (15) If the valuation assets are insufficient to fund the normal
24 and accrued liability costs attributable to P.L.1999, c.428
25 (C.43:16A-15.8 et al.) as provided hereinabove, the normal and
26 unfunded accrued liability contributions required to fund these costs
27 for the State and other employers shall be paid by the State.

28 (16) The savings realized as a result of the amendments to this
29 section by P.L.2001, c.44 in the payment of normal contributions
30 computed by the actuary for the valuation periods ending June 30,
31 1998 for employers other than the State shall be used solely and
32 exclusively by a county or municipality for the purpose of reducing
33 the amount that is required to be raised by the local property tax
34 levy by the county for county purposes or by the municipality for

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1 municipal purposes, as appropriate. The Director of the Division of
2 Local Government Services in the Department of Community
3 Affairs shall certify for each year that each county or municipality
4 has complied with the requirements set forth herein. If the director
5 finds that a county or municipality has not used the savings solely
6 and exclusively for the purpose of reducing the amount that is
7 required to be raised by the local property tax levy by the county for
8 county purposes or by the municipality for municipal purposes, as
9 appropriate, the director shall direct the county or municipal
10 governing body, as appropriate, to make corrections to its budget.
11 (cf: P.L.2003, c.108, s.3)

12

13 24. N.J.S.18A:66-18 is amended to read as follows:

14 18A:66-18. The contingent reserve fund shall be the fund in
15 which shall be credited contributions made by the State and other
16 employers.

17 a. Upon the basis of the tables recommended by the actuary
18 which the board of trustees adopts and regular interest, the actuary
19 of the board shall compute annually, beginning as of March 31,
20 1992, the amount of contribution which shall be the normal cost as
21 computed under the projected unit credit method attributable to
22 service rendered under the retirement system for the year beginning
23 on July 1 immediately succeeding the date of the computation. This
24 shall be known as the “normal contribution.”

25 b. Upon the basis of the tables recommended by the actuary
26 which the board of trustees adopts and regular interest, the actuary
27 of the board shall annually determine if there is an amount of the
28 accrued liability of the retirement system, computed under the
29 projected unit credit method, including the liability for pension
30 adjustment benefits for active employees funded pursuant to section
31 2 of P.L.1987, c.385 (C.18A:66-18.1), which is not already covered
32 by the assets of the retirement system, valued in accordance with
33 the asset valuation method established in this section. This shall be
34 known as the “unfunded accrued liability.” If there was no

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1 unfunded accrued liability for the valuation period immediately
2 preceding the current valuation period, the actuary, using the total
3 amount of this unfunded accrued liability, shall compute the initial
4 amount of contribution which, if the contribution is increased at a
5 specific rate and paid annually for a specific period of time, will
6 amortize this liability. The State Treasurer shall determine, upon
7 the advice of the Director of the Division of Pensions and Benefits,
8 the board of trustees and the actuary, the rate of increase for the
9 contribution and the time period for full funding of this liability,
10 which shall not exceed 30 years. This shall be known as the
11 “accrued liability contribution.” Thereafter, any increase or
12 decrease in the unfunded accrued liability as a result of actuarial
13 losses or gains for subsequent valuation years shall serve to increase
14 or decrease, respectively, the amortization period for the unfunded
15 accrued liability, unless an increase in the amortization period will
16 cause it to exceed 30 years. If an increase in the amortization
17 period as a result of actuarial losses for a valuation year would
18 exceed 30 years, the accrued liability contribution shall be
19 computed for the valuation year in the same manner provided for
20 the computation of the initial accrued liability contribution under
21 this section. The State may pay all or any portion of its unfunded
22 accrued liability under the retirement system from any source of
23 funds legally available for the purpose, including, without
24 limitation, the proceeds of bonds authorized by law for this purpose.

25 The value of the assets to be used in the computation of the
26 contributions provided for under this section for valuation periods
27 shall be the value of the assets for the preceding valuation period
28 increased by the regular interest rate, plus the net cash flow for the
29 valuation period (the difference between the benefits and expenses
30 paid by the system and the contributions to the system) increased by
31 one half of the regular interest rate, plus 20% of the difference
32 between this expected value and the full market value of the assets
33 as of the end of the valuation period. This shall be known as the
34 “valuation assets.” Notwithstanding the first sentence of this

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1 paragraph, the valuation assets for the valuation period ending
2 March 31, 1996 shall be the full market value of the assets as of that
3 date and shall include the proceeds from the bonds issued pursuant
4 to the Pension Bond Financing Act of 1997, P.L.1997, c.114
5 (C.34:1B-7.45 et seq.), paid to the system by the New Jersey
6 Economic Development Authority to fund the unfunded accrued
7 liability of the system. Notwithstanding the first sentence of this
8 paragraph, the valuation assets for the valuation period ending June
9 30, 1999 shall be the full market value of the assets as of that date.

10 "Excess valuation assets" for a valuation period means:

11 (1) the valuation assets; less

12 (2) the actuarial accrued liability for basic benefits and pension
13 adjustment benefits, excluding the unfunded accrued liability for
14 early retirement incentive benefits pursuant to P.L.1991, c.231 and
15 P.L.1993, c.163 for employers other than the State; less

16 (3) the contributory group insurance premium fund created by
17 N.J.S.18A:66-77; less

18 (4) the post-retirement medical premium fund created pursuant
19 to section 2 of P.L.1987, c.385 (C.18A:66-18.1), as amended by
20 section 3 of P.L.1994, c.62; less

21 (5) the present value of the projected total normal cost for
22 pension adjustment benefits in excess of the projected total phased-
23 in normal cost for pension adjustment benefits as originally
24 authorized by section 2 of P.L.1987, c.385 (C.18A:66-18.1) over
25 the full phase-in period, determined in the manner prescribed for
26 the determination and amortization of the unfunded accrued liability
27 of the system, if the sum of the foregoing items is greater than zero.

28 If there are excess valuation assets for the valuation period
29 ending March 31, 1996, the normal contributions for the valuation
30 periods ending March 31, 1996 and March 31, 1997 which have not
31 yet been paid to the retirement system shall be reduced to the extent
32 possible by the excess valuation assets, provided that the General
33 Fund balances that would have been paid to the retirement system
34 except for this provision shall first be allocated as State aid to

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1 public schools to the extent that additional sums are required to
2 comply with the May 14, 1997 decision of the New Jersey Supreme
3 Court in Abbott v. Burke, and provided further that the normal
4 contribution for the valuation period ending March 31, 1996 shall
5 not be less than \$54,000,000. If there are excess valuation assets
6 for a valuation period ending after March 31, 1996, the State
7 Treasurer may reduce the normal contribution payable for the next
8 valuation period as follows:

9 (1) for valuation periods ending March 31, 1997 through March
10 31, 2001, to the extent possible by up to 100% of the excess
11 valuation assets;

12 (2) for the valuation period ending March 31, 2002, to the extent
13 possible by up to 84% of the excess valuation assets;

14 (3) for the valuation period ending March 31, 2003, to the extent
15 possible by up to 68% of the excess valuation assets; and

16 (4) for valuation periods ending **【on or after】** March 31, 2004
17 through June 30, 2007, to the extent possible by up to 50% of the
18 excess valuation assets.

19 For calendar years 1998 and 1999, the rate of contribution of
20 members of the retirement system under N.J.S.18A:66-29 shall be
21 reduced by 1/2 of 1% from excess valuation assets. For calendar
22 years 2000 and 2001, the rate of contribution of members of the
23 retirement system shall be reduced equally with normal
24 contributions to the extent possible, but not more than 1/2 of 1%,
25 from excess valuation assets. Thereafter, through calendar year
26 2007, the rate of contribution of members of the retirement system
27 under that section for a calendar year shall be reduced equally with
28 normal contributions to the extent possible, but not by more than
29 2%, from excess valuation assets if the State Treasurer determines
30 that excess valuation assets shall be used to reduce normal
31 contributions by the State for the fiscal year beginning immediately
32 prior to the calendar year, and excess valuation assets above the
33 amount necessary to fund the reduction for that calendar year in the
34 member contribution rate plus an equal reduction in the normal

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1 contribution shall be available for the further reduction of normal
2 contributions, subject to the limitations prescribed by this
3 subsection.

4 If there are excess valuation assets after reductions in normal
5 contributions and member contributions as authorized in the
6 preceding paragraphs for a valuation period beginning with the
7 valuation period ending June 30, 1999, an amount of excess
8 valuation assets not to exceed the amount of the member
9 contributions for the fiscal year in which the normal contributions
10 are payable shall be credited to the benefit enhancement fund. The
11 amount of excess valuation assets credited to the benefit
12 enhancement fund shall not exceed the present value of the
13 expected additional normal contributions attributable to the
14 provisions of P.L.2001, c.133 payable on behalf of the active
15 members over the expected working lives of the active members in
16 accordance with the tables of actuarial assumptions for the
17 valuation period. No additional excess valuation assets shall be
18 credited to the benefit enhancement fund after the maximum
19 amount is attained. Interest shall be credited to the benefit
20 enhancement fund as provided under N.J.S.18A:66-25.

21 The normal contribution for the increased benefits for active
22 members under P.L.2001, c.133 shall be paid from the benefit
23 enhancement fund. If assets in the benefit enhancement fund are
24 insufficient to pay the normal contribution for the increased benefits
25 for a valuation period, the State shall pay the amount of normal
26 contribution for the increased benefits not covered by assets from
27 the benefit enhancement fund.

28 c. (Deleted by amendment, P.L.1992, c.125.)

29 d. The retirement system shall certify annually the aggregate
30 amount payable to the contingent reserve fund in the ensuing year,
31 which amount shall be equal to the sum of the amounts described in
32 this section, and which shall be paid into the contingent reserve
33 fund in the manner provided by section 18A:66-33.

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1 e. Except as provided in sections 18A:66-26 and 18A:66-53,
2 the death benefits payable under the provisions of this article upon
3 the death of an active or retired member shall be paid from the
4 contingent reserve fund.

5 f. The disbursements for benefits not covered by reserves in
6 the system on account of veterans shall be met by direct
7 contribution of the State.

8 (cf: P.L.2001, c.133, s.2)

9

10 25. Section 33 of P.L.1973, c.140 (C.43:6A-33) is amended to
11 read as follows:

12 33. a. Upon the basis of the tables recommended by the actuary
13 which the commission adopts and regular interest, the actuary shall
14 compute annually, beginning as of June 30, 1992, the amount of the
15 contribution which shall be the normal cost as computed under the
16 projected unit credit method attributable to service rendered under
17 the retirement system for the year beginning on July 1 immediately
18 succeeding the date of the computation. This shall be known as the
19 “normal contribution.”

20 b. Upon the basis of the tables recommended by the actuary
21 which the commission adopts and regular interest, the actuary shall
22 annually determine if there is an amount of the accrued liability of
23 the retirement system, computed under the projected unit credit
24 method, which is not already covered by the assets of the retirement
25 system, valued in accordance with the asset valuation method
26 established in this section. This shall be known as the “unfunded
27 accrued liability.” If there was no unfunded accrued liability for the
28 valuation period immediately preceding the current valuation
29 period, the actuary, using the total amount of this unfunded accrued
30 liability, shall compute the initial amount of contribution which, if
31 the contribution is increased at a specific rate and paid annually for
32 a specific period of time, will amortize this liability. The State
33 Treasurer shall determine, upon the advice of the Director of the
34 Division of Pensions and Benefits, the commission and the actuary,

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1 the rate of increase for the contribution and the time period for full
2 funding of this liability, which shall not exceed 30 years. This shall
3 be known as the “accrued liability contribution.” Thereafter, any
4 increase or decrease in the unfunded accrued liability as a result of
5 actuarial losses or gains for subsequent valuation years shall serve
6 to increase or decrease, respectively, the amortization period for the
7 unfunded accrued liability, unless an increase in the amortization
8 period will cause it to exceed 30 years. If an increase in the
9 amortization period as a result of actuarial losses for a valuation
10 year would exceed 30 years, the accrued liability contribution shall
11 be computed for the valuation year in the same manner provided for
12 the computation of the initial accrued liability contribution under
13 this section. The State may pay all or any portion of its unfunded
14 accrued liability under the retirement system from any source of
15 funds legally available for the purpose, including, without
16 limitation, the proceeds of bonds authorized by law for this purpose.

17 The value of the assets to be used in the computation of the
18 contributions provided for under this section for valuation periods
19 shall be the value of the assets for the preceding valuation period
20 increased by the regular interest rate, plus the net cash flow for the
21 valuation period (the difference between the benefits and expenses
22 paid by the system and the contributions to the system) increased by
23 one half of the regular interest rate, plus 20% of the difference
24 between this expected value and the full market value of the assets
25 as of the end of the valuation period. This shall be known as the
26 “valuation assets.” Notwithstanding the first sentence of this
27 paragraph, the valuation assets for the valuation period ending June
28 30, 1996 shall be the full market value of the assets as of that date
29 and shall include the proceeds from the bonds issued pursuant to the
30 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-
31 7.45 et seq.), paid to the system by the New Jersey Economic
32 Development Authority to fund the unfunded accrued liability of
33 the system.

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1 “Excess valuation assets” means the valuation assets for a
2 valuation period less the actuarial accrued liability for the valuation
3 period, if the sum is greater than zero. If there are excess valuation
4 assets for the valuation period ending June 30, 1996, the normal
5 contributions for the valuation periods ending June 30, 1996 and
6 June 30, 1997 which have not yet been paid to the retirement
7 system shall be reduced to the extent possible by the excess
8 valuation assets, provided that the General Fund balances that
9 would have been paid to the retirement system except for this
10 provision shall first be allocated as State aid to public schools to the
11 extent that additional sums are required to comply with the May 14,
12 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.
13 If there are excess valuation assets for a valuation period ending
14 after June 30, 1996, the State Treasurer may reduce the normal
15 contribution payable for the next valuation period as follows:

16 (1) for valuation periods ending June 30, 1997 through June 30,
17 2001, to the extent possible by up to 100% of the excess valuation
18 assets;

19 (2) for the valuation period ending June 30, 2002, to the extent
20 possible by up to 84% of the excess valuation assets;

21 (3) for the valuation period ending June 30, 2003, to the extent
22 possible by up to 68% of the excess valuation assets; and

23 (4) for valuation periods ending **【on or after】** June 30, 2004
24 through June 30, 2007, to the extent possible by up to 50% of the
25 excess valuation assets.

26 c. The actuary shall certify annually the aggregate amount
27 payable to the contingent reserve fund in the ensuing year, which
28 amount shall be equal to the sum of the amounts described in this
29 section. The State shall pay into the contingent reserve fund during
30 the ensuing year the amount so determined.

31 The cash death benefits, payable as the result of contribution by
32 the State under the provisions of this act upon the death of a
33 member in active service and after retirement, shall be paid from
34 the contingent reserve fund.

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1 d. (Deleted by amendment, P.L.1992, c.125.)
2 (cf: P.L.1997, c.115, s.3)

3

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

6 24. The contingent reserve fund shall be the fund in which shall
7 be credited contributions made by the State and other employers.

8 a. Upon the basis of the tables recommended by the actuary
9 which the board adopts and regular interest, the actuary shall
10 compute annually, beginning as of March 31, 1992, the amount of
11 contribution which shall be the normal cost as computed under the
12 projected unit credit method attributable to service rendered under
13 the retirement system for the year beginning on July 1 immediately
14 succeeding the date of the computation. This shall be known as the
15 “normal contribution.”

16 b. With respect to employers other than the State, upon the
17 basis of the tables recommended by the actuary which the board
18 adopts and regular interest, the actuary shall compute the amount of
19 the accrued liability of the retirement system as of March 31, 1992
20 under the projected unit credit method, excluding the liability for
21 pension adjustment benefits for active employees funded pursuant
22 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already
23 covered by the assets of the retirement system, valued in accordance
24 with the asset valuation method established in this section. Using
25 the total amount of this unfunded accrued liability, the actuary shall
26 compute the initial amount of contribution which, if the
27 contribution is increased at a specific rate and paid annually for a
28 specific period of time, will amortize this liability. The State
29 Treasurer shall determine, upon the advice of the Director of the
30 Division of Pensions and Benefits, the board of trustees and the
31 actuary, the rate of increase for the contribution and the time period
32 for full funding of this liability, which shall not exceed 40 years on
33 initial application of this section as amended by this act, P.L.1994,
34 c.62. This shall be known as the “accrued liability contribution.”

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1 Any increase or decrease in the unfunded accrued liability as a
2 result of actuarial losses or gains for the 10 valuation years
3 following valuation year 1992 shall serve to increase or decrease,
4 respectively, the unfunded accrued liability contribution.
5 Thereafter, any increase or decrease in the unfunded accrued
6 liability as a result of actuarial losses or gains for subsequent
7 valuation years shall serve to increase or decrease, respectively, the
8 amortization period for the unfunded accrued liability, unless an
9 increase in the amortization period will cause it to exceed 30 years.
10 If an increase in the amortization period as a result of actuarial
11 losses for a valuation year would exceed 30 years, the accrued
12 liability contribution shall be computed for the valuation year in the
13 same manner provided for the computation of the initial accrued
14 liability contribution under this section.

15 With respect to the State, upon the basis of the tables
16 recommended by the actuary which the commission adopts and
17 regular interest, the actuary shall annually determine if there is an
18 amount of the accrued liability of the retirement system, computed
19 under the projected unit credit method, which is not already covered
20 by the assets of the retirement system, valued in accordance with
21 the asset valuation method established in this section. This shall be
22 known as the “unfunded accrued liability.” If there was no
23 unfunded accrued liability for the valuation period immediately
24 preceding the current valuation period, the actuary, using the total
25 amount of this unfunded accrued liability, shall compute the initial
26 amount of contribution which, if the contribution is increased at a
27 specific rate and paid annually for a specific period of time, will
28 amortize this liability. The State Treasurer shall determine, upon
29 the advice of the Director of the Division of Pensions and Benefits,
30 the commission and the actuary, the rate of increase for the
31 contribution and the time period for full funding of this liability,
32 which shall not exceed 30 years. This shall be known as the
33 “accrued liability contribution.” Thereafter, any increase or
34 decrease in the unfunded accrued liability as a result of actuarial

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1 losses or gains for subsequent valuation years shall serve to increase
2 or decrease, respectively, the amortization period for the unfunded
3 accrued liability, unless an increase in the amortization period will
4 cause it to exceed 30 years. If an increase in the amortization
5 period as a result of actuarial losses for a valuation year would
6 exceed 30 years, the accrued liability contribution shall be
7 computed for the valuation year in the same manner provided for
8 the computation of the initial accrued liability contribution under
9 this section. The State may pay all or any portion of its unfunded
10 accrued liability under the retirement system from any source of
11 funds legally available for the purpose, including, without
12 limitation, the proceeds of bonds authorized by law for this purpose.

13 The value of the assets to be used in the computation of the
14 contributions provided for under this section for valuation periods
15 shall be the value of the assets for the preceding valuation period
16 increased by the regular interest rate, plus the net cash flow for the
17 valuation period (the difference between the benefits and expenses
18 paid by the system and the contributions to the system) increased by
19 one half of the regular interest rate, plus 20% of the difference
20 between this expected value and the full market value of the assets
21 as of the end of the valuation period. This shall be known as the
22 “valuation assets.” Notwithstanding the first sentence of this
23 paragraph, the valuation assets for the valuation period ending
24 March 31, 1996 shall be the full market value of the assets as of that
25 date and, with respect to the valuation assets allocated to the State,
26 shall include the proceeds from the bonds issued pursuant to the
27 “Pension Bond Financing Act of 1997,” P.L.1997, c.114 (C.34:1B-
28 7.45 et seq.), paid to the system by the New Jersey Economic
29 Development Authority to fund the unfunded accrued liability of
30 the system. Notwithstanding the first sentence of this paragraph,
31 the valuation assets for the valuation period ending June 30, 1999
32 shall be the full market value of the assets as of that date.

33 “Excess valuation assets” for a valuation period means, with
34 respect to the valuation assets allocated to the State:

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- 1 (1) the valuation assets allocated to the State; less
- 2 (2) the actuarial accrued liability of the State for basic benefits
- 3 and pension adjustment benefits under the retirement system; less
- 4 (3) the contributory group insurance premium fund, created by
- 5 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
- 6 4 of P.L.1960, c.79; less
- 7 (4) the post retirement medical premium fund, created pursuant
- 8 to section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by
- 9 section 8 of P.L.1994, c.62; less
- 10 (5) the present value of the projected total normal cost for
- 11 pension adjustment benefits in excess of the projected total phased-
- 12 in normal cost for pension adjustment benefits for the State
- 13 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the
- 14 full phase-in period, determined in the manner prescribed for the
- 15 determination and amortization of the unfunded accrued liability of
- 16 the system, if the sum of the foregoing items is greater than zero.
- 17 “Excess valuation assets” for a valuation period means, with
- 18 respect to the valuation assets allocated to other employers:
- 19 (1) the valuation assets allocated to the other employers; less
- 20 (2) the actuarial accrued liability of the other employers for
- 21 basic benefits and pension adjustment benefits under the retirement
- 22 system, excluding the unfunded accrued liability for early
- 23 retirement incentive benefits pursuant to P.L.1991, c.229, P.L.1991,
- 24 c.230, P.L.1993, c.138, and P.L.1993, c.181, for employers other
- 25 than the State; less
- 26 (3) the contributory group insurance premium fund, created by
- 27 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section
- 28 4 of P.L.1960, c.79; less
- 29 (4) the present value of the projected total normal cost for
- 30 pension adjustment benefits in excess of the projected total phased-
- 31 in normal cost for pension adjustment benefits for the other
- 32 employers authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1)
- 33 over the full phase-in period, determined in the manner prescribed
- 34 for the determination and amortization of the unfunded accrued

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1 liability of the system, if the sum of the foregoing items is greater
2 than zero.

3 If there are excess valuation assets allocated to the State or to the
4 other employers for the valuation period ending March 31, 1996,
5 the normal contributions payable by the State or by the other
6 employers for the valuation periods ending March 31, 1996 and
7 March 31, 1997 which have not yet been paid to the retirement
8 system shall be reduced to the extent possible by the excess
9 valuation assets allocated to the State or to the other employers,
10 respectively, provided that with respect to the excess valuation
11 assets allocated to the State, the General Fund balances that would
12 have been paid to the retirement system except for this provision
13 shall first be allocated as State aid to public schools to the extent
14 that additional sums are required to comply with the May 14, 1997
15 decision of the New Jersey Supreme Court in *Abbott v. Burke*. If
16 there are excess valuation assets allocated to the State or to the
17 other employers for a valuation period ending after March 31, 1996,
18 the State Treasurer may reduce the normal contribution payable by
19 the State or by the other employers for the next valuation period as
20 follows:

21 (1) for valuation periods ending March 31, 1997 through March
22 31, 2001, to the extent possible by up to 100% of the excess
23 valuation assets allocated to the State or to the other employers,
24 respectively;

25 (2) for the valuation period ending March 31, 2002, to the extent
26 possible by up to 84% of the excess valuation assets allocated to the
27 State or to the other employers, respectively;

28 (3) for the valuation period ending March 31, 2003, to the extent
29 possible by up to 68% of the excess valuation assets allocated to the
30 State or to the other employers, respectively; and

31 (4) for valuation periods ending **[on or after]** March 31, 2004
32 through June 30, 2007, to the extent possible by up to 50% of the
33 excess valuation assets allocated to the State or to the other
34 employers, respectively.

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1 For calendar years 1998 and 1999, the rate of contribution of
2 members of the retirement system under section 25 of P.L.1954,
3 c.84 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess
4 valuation assets and for calendar years 2000 and 2001, the rate of
5 contribution shall be reduced by 2% from excess valuation assets.
6 Thereafter, through calendar year 2007, the rate of contribution of
7 members of the retirement system under that section for a calendar
8 year shall be reduced equally with normal contributions to the
9 extent possible, but not by more than 2%, from excess valuation
10 assets if the State Treasurer determines that excess valuation assets
11 shall be used to reduce normal contributions by the State and local
12 employers for the fiscal year beginning immediately prior to the
13 calendar year, or for the calendar year for local employers whose
14 fiscal year is the calendar year, and excess valuation assets above
15 the amount necessary to fund the reduction for that calendar year in
16 the member contribution rate plus an equal reduction in the normal
17 contribution shall be available for the further reduction of normal
18 contributions, subject to the limitations prescribed by this
19 subsection.

20 If there are excess valuation assets after reductions in normal
21 contributions and member contributions as authorized in the
22 preceding paragraphs for a valuation period beginning with the
23 valuation period ending June 30, 1999, an amount of excess
24 valuation assets not to exceed the amount of the member
25 contributions for the fiscal year in which the normal contributions
26 are payable shall be credited to the benefit enhancement fund. The
27 amount of excess valuation assets credited to the benefit
28 enhancement fund shall not exceed the present value of the
29 expected additional normal contributions attributable to the
30 provisions of P.L.2001, c.133 payable on behalf of the active
31 members over the expected working lives of the active members in
32 accordance with the tables of actuarial assumptions for the
33 valuation period. No additional excess valuation assets shall be
34 credited to the benefit enhancement fund after the maximum

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1 amount is attained. Interest shall be credited to the benefit
2 enhancement fund as provided under section 33 of P.L.1954, c.84
3 (C.43:15A-33).

4 The normal contribution for the increased benefits for active
5 employees under P.L.2001, c.133 shall be paid from the benefit
6 enhancement fund. If assets in the benefit enhancement fund are
7 insufficient to pay the normal contribution for the increased benefits
8 for a valuation period, the State shall pay the amount of normal
9 contribution for the increased benefits not covered by assets from
10 the benefit enhancement fund.

11 c. The retirement system shall certify annually the aggregate
12 amount payable to the contingent reserve fund in the ensuing year,
13 which amount shall be equal to the sum of the amounts described in
14 this section.

15 The State Treasurer shall reduce the normal and accrued liability
16 contributions payable by employers other than the State, excluding
17 the contribution payable from the benefit enhancement fund, to a
18 percentage of the amount certified annually by the retirement
19 system, which percentage shall be: for payments due in the State
20 fiscal year ending June 30, 2005, 20%; for payments due in the
21 State fiscal year ending June 30, 2006, not more than 40%; for
22 payments due in the State fiscal year ending June 30, 2007, not
23 more than 60%; and for payments due in the State fiscal year ending
24 June 30, 2008, not more than 80%.

25 The State shall pay into the contingent reserve fund during the
26 ensuing year the amount so determined. The death benefits,
27 payable as a result of contribution by the State under the provisions
28 of this chapter upon the death of an active or retired member, shall
29 be paid from the contingent reserve fund.

30 d. The disbursements for benefits not covered by reserves in
31 the system on account of veterans shall be met by direct
32 contributions of the State and other employers.

33 (cf: P.L.2003, c.108, s.1)

34

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1 27. Section 34 of P.L.1965, c.89 (C.53:5A-34) is amended to
2 read as follows:

3 34. The Contingent Reserve Fund shall be the fund in which
4 shall be credited contributions made by the State.

5 a. Upon the basis of the tables recommended by the actuary
6 which the board adopts and regular interest, the actuary shall
7 compute annually, beginning as of June 30, 1992, the amount of the
8 contribution which shall be the normal cost as computed under the
9 projected unit credit method attributable to service rendered under
10 the retirement system for the year beginning on July 1 immediately
11 succeeding the date of the computation. This shall be known as the
12 “normal contribution.”

13 b. Upon the basis of the tables recommended by the actuary
14 which the board adopts and regular interest, the actuary shall
15 annually determine if there is an amount of the accrued liability of
16 the retirement system, computed under the projected unit credit
17 method, which is not already covered by the assets of the retirement
18 system, valued in accordance with the asset valuation method
19 established in this section. This shall be known as the “unfunded
20 accrued liability.” If there was no unfunded accrued liability for the
21 valuation period immediately preceding the current valuation
22 period, the actuary, using the total amount of this unfunded accrued
23 liability, shall compute the initial amount of contribution which, if
24 the contribution is increased at a specific rate and paid annually for
25 a specific period of time, will amortize this liability. The State
26 Treasurer shall determine, upon the advice of the Director of the
27 Division of Pensions and Benefits, the board of trustees and the
28 actuary, the rate of increase for the contribution and the time period
29 for full funding of this liability, which shall not exceed 30 years.
30 This shall be known as the “accrued liability contribution.”
31 Thereafter, any increase or decrease in the unfunded accrued
32 liability as a result of actuarial losses or gains for subsequent
33 valuation years shall serve to increase or decrease, respectively, the
34 amortization period for the unfunded accrued liability, unless an

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1 increase in the amortization period will cause it to exceed 30 years.
2 If an increase in the amortization period as a result of actuarial
3 losses for a valuation year would exceed 30 years, the accrued
4 liability contribution shall be computed for the valuation year in the
5 same manner provided for the computation of the initial accrued
6 liability contribution under this section. The State may pay all or
7 any portion of its unfunded accrued liability under the retirement
8 system from any source of funds legally available for the purpose,
9 including, without limitation, the proceeds of bonds authorized by
10 law for this purpose.

11 The value of the assets to be used in the computation of the
12 contributions provided for under this section for valuation periods
13 shall be the value of the assets for the preceding valuation period
14 increased by the regular interest rate, plus the net cash flow for the
15 valuation period (the difference between the benefits and expenses
16 paid by the system and the contributions to the system) increased by
17 one half of the regular interest rate, plus 20% of the difference
18 between this expected value and the full market value of the assets
19 as of the end of the valuation period. This shall be known as the
20 "valuation assets." Notwithstanding the first sentence of this
21 paragraph, the valuation assets for the valuation period ending June
22 30, 1996 shall be the full market value of the assets as of that date
23 and shall include the proceeds from the bonds issued pursuant to the
24 Pension Bond Financing Act of 1997, P.L.1997, c.114 (C.34:1B-
25 7.45 et seq.), paid to the system by the New Jersey Economic
26 Development Authority to fund the unfunded accrued liability of
27 the system.

28 "Excess valuation assets" means the valuation assets for a
29 valuation period less the actuarial accrued liability for the valuation
30 period, if the sum is greater than zero. If there are excess valuation
31 assets for the valuation period ending June 30, 1996, the normal
32 contributions for the valuation periods ending June 30, 1996 and
33 June 30, 1997 which have not yet been paid to the retirement
34 system shall be reduced to the extent possible by the excess

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1 valuation assets, provided that the General Fund balances that
2 would have been paid to the retirement system except for this
3 provision shall first be allocated as State aid to public schools to the
4 extent that additional sums are required to comply with the May 14,
5 1997 decision of the New Jersey Supreme Court in Abbott v. Burke.
6 If there are excess valuation assets for a valuation period ending
7 after June 30, 1996, the State Treasurer may reduce the normal
8 contribution payable for the next valuation period as follows:

9 (1) for valuation periods ending June 30, 1997 through June 30,
10 2001, to the extent possible by up to 100% of the excess valuation
11 assets;

12 (2) for the valuation period ending June 30, 2002, to the extent
13 possible by up to 84% of the excess valuation assets;

14 (3) for the valuation period ending June 30, 2003, to the extent
15 possible by up to 68% of the excess valuation assets; and

16 (4) for valuation periods ending **【on or after】** June 30, 2004
17 through June 30, 2007, to the extent possible by up to 50% of the
18 excess valuation assets.

19 c. The actuary shall certify annually the aggregate amount
20 payable to the Contingent Reserve Fund in the ensuing year, which
21 amount shall be equal to the sum of the amounts described in this
22 section. The State shall pay into the Contingent Reserve Fund
23 during the ensuing year the amount so certified. In the event the
24 amount certified to be paid by the State includes amounts due for
25 services rendered by members to specific instrumentalities or
26 authorities the total amounts so certified shall be paid to the
27 retirement system by the State; provided, however, the full cost
28 attributable to such services rendered to such instrumentalities and
29 authorities shall be computed separately by the actuary and the
30 State shall be reimbursed for such amounts by such
31 instrumentalities or authorities.

32 The cash death benefits, payable as the result of contribution by
33 the State under the provisions of this act upon the death of a

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1 member in active service and after retirement shall be paid from the
2 Contingent Reserve Fund.
3 (cf: P.L.1997, c.115, s.9)
4

5 28. (New section) The Teachers' Pension and Annuity Fund, the
6 Judicial Retirement System, the Prison Officers' Pension Fund, the
7 Public Employees' Retirement System, the Consolidated Police and
8 Firemen's Pension Fund, the Police and Firemen's Retirement
9 System, and the State Police Retirement System shall use consistent
10 and generally-accepted actuarial standards, as established by the
11 Governmental Accounting Standards Board or its successor, for the
12 purpose of determining fund or system asset values, obligations and
13 annual employer contributions. Any modification of the
14 assumptions or actuarial methodology at the direction of the State
15 that changes asset values, obligations or annual contributions shall
16 require public disclosure prior to adoption, including a financial
17 impact analysis.
18

19 29. Section 8 of P.L. 1961, c. 49 (C.52:14-17.32) is amended to
20 read as follows:

21 8. a. The basic coverage and the major medical coverage of any
22 employee, and the employee's dependents, if any, shall cease upon
23 the discontinuance of the term of office or employment or upon
24 cessation of active full-time employment subject to such regulations
25 as may be prescribed by the commission for limited continuance of
26 basic coverage and major medical coverage during disability, part-
27 time employment, leave of absence or lay off, and for continuance
28 of basic coverage and major medical coverage after retirement, any
29 such continuance after retirement to be provided at such rates and
30 under such conditions as shall be prescribed by the commission,
31 subject, however, to the requirements hereinafter set forth in this
32 section. Notwithstanding the provisions of any law to the contrary,
33 for law enforcement officers employed by the State for whom there
34 is a majority representative for collective negotiation purposes, and

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1 for nonaligned sworn members of the Division of State Police who
2 retire after July 1, 2005, the coverage options available to such
3 employees in retirement shall be limited to those options that were
4 available to the employee on the employee's last day of
5 employment. The commission may also establish regulations
6 prescribing an extension of coverage when an employee or
7 dependent is totally disabled at termination of coverage.

8 b. Rates payable by retired employees for themselves and their
9 dependents, by active employees for dependents covered by
10 medicare benefits, and by the State or other employer for an active
11 employee alone covered by medicare benefits, shall be determined
12 on the basis of utilization experience according to classifications
13 determined by the commission, provided, however, that the total
14 rate payable by such retired employee for the employee and the
15 employee's dependents, or by such active employee for the
16 employee's dependents and the State or other employer for such
17 active employee alone, for coverage hereunder and for Part B of
18 medicare, shall not exceed by more than 25%, as determined by the
19 commission, the total amount which would have been required to
20 have been paid by the employee and by the State or other employer
21 for the coverage maintained had the employee continued in office or
22 active employment and the employee and the employee's
23 dependents were not eligible for medicare benefits. "Medicare" as
24 used in this act means the coverage provided under Title XVIII of
25 the Social Security Act as amended in 1965, or its successor plan or
26 plans.

27 c. (1) From funds appropriated therefor, the State shall pay the
28 premium or periodic charges for the benefits provided to a retired
29 State employee and the employee's dependents covered under the
30 program, but not including survivors, if such employee retired from
31 one or more State or locally-administered retirement systems on a
32 benefit or benefits based in the aggregate on 25 years or more of
33 nonconcurrent service credited in the retirement systems, excluding
34 service credited under the Defined Contribution Retirement

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1 Program established pursuant to P.L. _____, c. _____ (C. _____) (pending
2 before the Legislature as this bill), and excepting the employee who
3 elected deferred retirement, but including the employee who retired
4 on a disability pension based on fewer years of service credited in
5 the retirement systems and shall also reimburse such retired
6 employee for the premium charges under Part B of the federal
7 medicare program covering the retired employee and the
8 employee's spouse. In the case of full-time employees of the
9 Rutgers University Cooperative Extension Service, service credited
10 in the federal Civil Service Retirement System (5 U.S.C.s.8331 et
11 seq.) which was earned as a result of full-time employment at
12 Rutgers University, may be considered alone or in combination with
13 service credited in one or more State or locally-administered
14 retirement systems for the purposes of establishing the minimum
15 25-year service requirement to qualify for the benefits provided in
16 this section. Any full-time employee of the Rutgers University
17 Cooperative Extension Service who meets the eligibility
18 requirements set forth in this amendatory act shall be eligible for
19 the benefits provided in this section, provided that at the time of
20 retirement such employee was covered by the State Health Benefits
21 Program and elected to continue such coverage into retirement.

22 (2) Notwithstanding the provisions of this section to the
23 contrary, from funds appropriated therefor, the State shall pay the
24 premium or periodic charges for the benefits provided to a retired
25 State employee and the employee's dependents covered under the
26 program, but not including survivors, if: (a) the employee retires on
27 or after the effective date of this 1987 amendatory act; (b) the
28 employee was employed by Rutgers University prior to January 2,
29 1955 and remained in continuous service with Rutgers University
30 until retirement even though the employee (i) did not join a State-
31 administered retirement system, or, (ii) became a member of a
32 State-administered retirement system, but accumulated less than 25
33 years of credited service; and (c) the employee is covered by the
34 program at the time of retirement.

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1 (3) Notwithstanding the provisions of this section to the
2 contrary, in the case of an employee of a State college, as described
3 in chapter 64 of Title 18A of the New Jersey Statutes, or of a
4 county college, as defined in N.J.S.18A:64A-1, service credited in a
5 private defined contribution retirement plan which was earned as an
6 employee of an auxiliary organization, as defined in section 2 of
7 P.L.1982, c.16 (C.18A:64-27), at a State or county college shall be
8 considered in combination with service credited in a State-
9 administered retirement system for the purposes of establishing the
10 minimum 25-year service requirement to qualify for the benefits
11 provided in this section, provided that the employee is covered by
12 the program at the time of retirement.

13 (4) Notwithstanding the provisions of this section to the
14 contrary, from funds appropriated therefor, the State shall pay the
15 premium or periodic charges for the benefits provided to a retired
16 State employee and any dependents covered under the program, but
17 not including survivors, if the employee: (a) retired prior to the
18 effective date of this act, P.L.1997, c.335 (C.52:14-17.32), under
19 the State Police Retirement System, established pursuant to
20 P.L.1965, c.89 (C.53:5A-1 et seq.), with more than 20 but less than
21 25 years of service credit in the retirement system; (b) was
22 subsequently employed by the State in another position or positions
23 not covered by the State Police Retirement System; (c) has, in the
24 aggregate, at least 30 years of full-time employment with the State;
25 and (d) is covered by the program at the time of terminating full-
26 time employment with the State.

27 (cf: P.L.2005, c.341, s.3)

28 30. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
29 read as follows:

30 7. a. The Division of Pensions and Benefits shall certify to the
31 certifying agent of each employer electing participation under the
32 program the premium rates and periodic charges applicable to the
33 coverage provided for employees and dependents. The
34 participating employer shall remit to the division all contributions

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- 1 to premiums and periodic charges in advance of their due dates,
2 subject to the rules and regulations of the commission.
- 3 b. (1) From funds allocated therefor, the employer other than
4 the State, upon the adoption and submission to the division of an
5 appropriate resolution prescribed by the commission, may pay the
6 premium or periodic charges for the benefits provided to a retired
7 employee and the employee's dependents covered under the
8 program, if the employee retired from a State or locally-
9 administered retirement system, excepting the employee who
10 elected deferred retirement, and may also reimburse the retired
11 employee for the employee's premium charges under Part B of
12 Medicare covering the retired employee and the employee's spouse
13 if the employee:
- 14 (a) retired on a disability pension; or
- 15 (b) retired after 25 or more years of nonconcurrent service credit
16 in one or more State or locally-administered retirement systems,
17 excluding service credited under the Defined Contribution
18 Retirement Program established pursuant to P. L. , c. (C.)
19 (pending before the Legislature as this bill), and a period of service
20 of up to 25 years with the employer at the time of retirement, such
21 period of service to be determined by the employer and set forth in
22 an ordinance or resolution as appropriate; or
- 23 (c) retired and reached the age of 65 years or older with 25
24 years or more of nonconcurrent service credit in one or more State
25 or locally-administered retirement systems, excluding service
26 credited under the Defined Contribution Retirement Program, and a
27 period of service of up to 25 years with the employer at the time of
28 retirement, such period of service to be determined by the employer
29 and set forth in an ordinance or resolution as appropriate; or
- 30 (d) retired and reached the age of 62 years or older with at least
31 15 years of service with the employer, excluding service credited
32 under the Defined Contribution Retirement Program.
- 33 "Retired employee and the employee's dependents" may, upon
34 adoption of an appropriate resolution therefor by the participating

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1 employer, also include otherwise eligible employees, and their
2 dependents, who retired from one or more State or locally-
3 administered retirement systems prior to the date that the employer
4 became a participating employer in the New Jersey State Health
5 Benefits Program or who did not elect to continue coverage in the
6 program during such time after the employer became a participating
7 employer that the employer did not pay premium or periodic
8 charges for benefits to retired employees and their dependents
9 pursuant to this section. Eligibility and enrollment of such
10 employees and dependents shall be in accordance with such rules
11 and regulations as may be adopted by the State Health Benefits
12 Commission.

13 The employer other than the State may, by resolution, pay the
14 premium or periodic charges for the benefits provided to the
15 surviving spouse of a retired employee and the employee's
16 dependents covered under the program as provided in this section.

17 (2) Notwithstanding the provisions of any other law to the
18 contrary, the obligations of an employer other than the State, except
19 an independent State authority, board, commission, corporation,
20 agency, or organization deemed to be covered by section 6 of
21 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
22 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-
23 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
24 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or
25 periodic charges for health benefits coverage under the provisions
26 of paragraph (1) may be determined by means of a binding
27 collective negotiations agreement, including any agreement in force
28 at the time of the adoption of this act, P.L.1999, c.48. With respect
29 to employees for whom there is no majority representative for
30 collective negotiations purposes, the employer may, in its sole
31 discretion, determine the payment obligations for the employer and
32 the employees, except that if there are collective negotiations
33 agreements binding upon the employer for employees who are
34 within the same community of interest as employees in a collective

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1 negotiations unit but are excluded from participation in the unit by
2 the “New Jersey Employer-Employee Relations Act,” P.L.1941,
3 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
4 determined in a manner consistent with the terms of any collective
5 negotiations agreement applicable to the collective negotiations
6 unit.

7 c. Notwithstanding the provisions of any other law to the
8 contrary, the payment obligations of an employee of an employer
9 other than the State, except an independent State authority, board,
10 commission, corporation, agency, or organization, for health
11 benefits coverage under subsection b. shall be the payment
12 obligations applicable to the employee on the date the employee
13 retires on a disability pension or the date the employee meets the
14 service credit and service requirements for the employer payment
15 for the coverage, as the case may be.

16 (cf: P.L.2001, c.209, s.4)

17

18 31. (New section) The State Health Benefits Commission shall
19 ensure that every contract purchased by the commission on or after
20 the effective of P.L. , c. (C.)(pending before the Legislature
21 as this bill) to provide benefits under the State managed care plans
22 includes a disease and chronic care management plan for specified
23 conditions meeting nationally recognized accreditation standards
24 and including specified outcome measures and objectives for
25 disease and chronic care management.

26

27 32. N.J.S.18A:66-35 is amended to read as follows:

28 18A:66-35. Any member who has at least 3 years of service to
29 his credit for which he has contributed as a member may borrow
30 from the retirement system, an amount equal to not more than 50%
31 of the amount of his accumulated deductions, but not less than
32 \$50.00; provided, that the amount so borrowed, together with
33 interest thereon, can be repaid by additional deductions from
34 compensation, not in excess of 25% of the member’s compensation,

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1 made at the same time compensation is paid to the member. The
2 amount so borrowed, together with interest [at the rate of 4% per
3 annum] on any unpaid balance thereof, shall be repaid to the
4 retirement system in equal installments by deduction from the
5 compensation of the member at the time the compensation is paid or
6 in such lump sum amount to repay the balance of the loan but such
7 installment shall be at least equal to the member's rate of
8 contribution to the retirement system and at least sufficient to repay
9 the amount borrowed with interest thereon. Not more than two
10 loans may be granted to any member in any calendar year.
11 Notwithstanding any other law affecting the salary or compensation
12 of any person or persons to whom this article applies or shall apply,
13 the additional deductions required to repay the loan shall be made.

14 The rate of interest for a loan requested by a member prior to the
15 effective date of P.L. , c. (C.)(pending before the Legislature
16 as this bill) shall be 4% per annum on any unpaid balance thereof.
17 For a loan requested after the effective date of that act, the rate of
18 interest per annum shall be a commercially reasonable rate as
19 required by the Internal Revenue Code to be determined by the
20 State Treasurer on that effective date, and on January 1 of each
21 calendar year thereafter. An administrative fee in an amount set by
22 the State Treasurer for each calendar year may be charged for any
23 loan requested after the effective date of P.L. , c. (C.)
24 (pending before the Legislature as this bill). Loans shall be made to
25 a member from his accumulated deductions. The interest earned on
26 such loans shall be treated in the same manner as interest earned
27 from investments of the retirement system.

28 (cf: P.L.1981, c.212, s.1)

29

30 33. Section 2 of P.L.1981, c.212 (C.18A:66-35.1) is amended to
31 read as follows:

32 2. In the case of any member who retires without paying the
33 full amount so borrowed, the Division of Pensions and Benefits
34 shall deduct from the retirement benefit payments the same monthly

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1 amount which was deducted from the compensation of the member
2 immediately preceding retirement until the balance of the amount
3 borrowed together with the interest [at the rate of 4% per annum] is
4 repaid. In the case of a pensioner who dies before the outstanding
5 balance of the loan and interest thereon has been recovered, the
6 remaining balance shall be repaid from the proceeds of any other
7 benefit payable on the account of the pensioner either in the form of
8 monthly payments due to his beneficiaries or in the form of lump
9 sum payments payable for pension or group life insurance.
10 (cf: P.L.1999, c.132, s.1)

11

12 34. Section 1 of P.L.1997, c.25 (C.43:6A-34.3) is amended to
13 read as follows:

14 1. Notwithstanding any provision to the contrary, any member
15 who has at least three years of service to the member's credit for
16 which the member has contributed as a member may borrow from
17 the retirement system, an amount equal to not more than 50% of the
18 amount of the member's accumulated deductions, but not less than
19 \$50.00; provided, that the amount so borrowed, together with
20 interest thereon, can be repaid by additional deductions from
21 compensation, not in excess of 25% of the member's compensation,
22 made at the same time compensation is paid to the member. The
23 amount so borrowed, together with interest [at the rate of 4% per
24 annum] on any unpaid balance thereof, shall be repaid to the
25 retirement system in equal installments by deduction from the
26 compensation of the member at the time the compensation is paid or
27 in such lump sum amount to repay the balance of the loan but such
28 installments shall be at least equal to the member's rate of
29 contribution to the retirement system and at least sufficient to repay
30 the amount borrowed with interest thereon. Not more than two
31 loans may be granted to any member in any calendar year.
32 Notwithstanding any other law affecting the salary or compensation
33 of any person or persons to whom this act applies or shall apply, the
34 additional deductions required to repay the loan shall be made.

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1 The rate of interest for a loan requested by a member prior to the
2 effective date of P.L. , c. (C.)(pending before the Legislature
3 as this bill) shall be 4% per annum on any unpaid balance thereof.
4 For a loan requested after the effective date of that act, the rate of
5 interest per annum shall be a commercially reasonable rate as
6 required by the Internal Revenue Code to be determined by the
7 State Treasurer on that effective date, and on January 1 of each
8 calendar year thereafter. An administrative fee in an amount set by
9 the State Treasurer for each calendar year may be charged for any
10 loan requested after the effective date of P.L. , c. (C.)
11 (pending before the Legislature as this bill).
12 Loans shall be made to a member from the member's
13 accumulated deductions. The interest earned on such loans shall be

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1 treated in the same manner as interest earned from investments of
2 the retirement system.
3 (cf: P.L.1997, c.25, s.1)
4

5 35. Section 2 of P.L.1997, c.25 (C.43:6A-34.4) is amended to
6 read as follows:

7 2. In the case of any member who retires without repaying the
8 full amount so borrowed, the Division of Pensions and Benefits
9 shall deduct from the retirement benefit payments the same monthly
10 amount which was deducted from the compensation of the member
11 immediately preceding retirement until the balance of the amount
12 borrowed together with the interest **【at the rate of 4% per annum】** is
13 repaid. In the case of a pensioner who dies before the outstanding
14 balance of the loan and interest thereon has been recovered, the
15 remaining balance shall be repaid from the proceeds of any other
16 benefits payable on the account of the pensioner either in the form
17 of monthly payments due to the pensioner's beneficiaries or in the
18 form of lump sum payments payable for pension or group life
19 insurance.

20 (cf: P.L.1999, c.132, s.4)
21

22 36. Section 34 of P.L.1954, c.84 (C.43:15A-34) is amended to
23 read as follows:

24 34. Any member who has at least 3 years of service to his credit
25 for which he has contributed as a member may borrow from the
26 retirement system, an amount equal to not more than 50% of the
27 amount of his accumulated deductions, but not less than \$50.00;
28 provided, that the amount so borrowed, together with interest
29 thereon, can be repaid by additional deductions from compensation,
30 not in excess of 25% of the member's compensation, made at the
31 same time compensation is paid to the member. The amount so
32 borrowed, together with interest **【at the rate of 4% per annum】** on
33 any unpaid balance thereof, shall be repaid to the retirement system
34 in equal installments by deduction from the compensation of the

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1 member at the time the compensation is paid or in such lump sum
2 amount to repay the balance of the loan but such installments shall
3 be at least equal to the member's rate of contribution to the
4 retirement system and at least sufficient to repay the amount
5 borrowed with interest thereon. Not more than two loans may be
6 granted to any member in any calendar year. Notwithstanding any
7 other law affecting the salary or compensation of any person or
8 persons to whom this act applies or shall apply, the additional
9 deductions required to repay the loan shall be made.

10 The rate of interest for a loan requested by a member prior to the
11 effective date of P.L. , c. (C.)(pending before the Legislature
12 as this bill) shall be 4% per annum on any unpaid balance thereof.
13 For a loan requested after the effective date of that act, the rate of
14 interest per annum shall be a commercially reasonable rate as
15 required by the Internal Revenue Code to be determined by the
16 State Treasurer on that effective date, and on January 1 of each
17 calendar year thereafter. An administrative fee in an amount set by
18 the State Treasurer for each calendar year may be charged for any
19 loan requested after the effective date of P.L. , c. (C.)
20 (pending before the Legislature as this bill).

21 Loans shall be made to a member from his accumulated
22 deductions. The interest earned on such loans shall be treated in the
23 same manner as interest earned from investments of the retirement
24 system.

25 (cf: P.L.1981, c.55, s.1)

26

27 37. Section 2 of P.L.1981, c.55 (C.43:15A-34.1) is amended to
28 read as follows:

29 2. In the case of any member who retires without repaying the
30 full amount so borrowed, the Division of Pensions and Benefits
31 shall deduct from the retirement benefit payments the same monthly
32 amount which was deducted from the compensation of the member
33 immediately preceding retirement until the balance of the amount
34 borrowed together with the interest **[at the rate of 4% per annum]** is

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1 repaid. In the case of a pensioner who dies before the outstanding
2 balance of the loan and interest thereon has been recovered, the
3 remaining balance shall be repaid from the proceeds of any other
4 benefits payable on the account of the pensioner either in the form
5 of monthly payments due to his beneficiaries or in the form of lump
6 sum payments payable for pension or group life insurance.

7 (cf: P.L.1999, c.132, s.2)

8

9 38. Section 18 of P.L.1964, c.241 (C.43:16A-16.1) is amended
10 to read as follows:

11 18. Any member who has at least 3 years of service to his credit
12 for which he has contributed as a member may borrow from the
13 retirement system, an amount equal to not more than 50% of the
14 amount of his aggregate contributions, but not less than \$50.00;
15 provided that the amount so borrowed, together with interest
16 thereon, can be repaid by additional deductions from salary, not in
17 excess of 25% of the member's salary, made at the time the salary
18 is paid to the member. The amount so borrowed, together with
19 interest **[at the rate of 4% per annum]** on any unpaid balance
20 thereof, shall be repaid to the retirement system in equal
21 installments by deductions from the salary of the member at the
22 time the salary is paid or in such lump sum amount to repay the
23 balance of the loan but such installments shall be at least equal to
24 the member's rate of contribution to the retirement system and at
25 least sufficient to repay the amount borrowed with interest thereon.
26 Not more than two loans may be granted to any member in any
27 calendar year. Notwithstanding any other law affecting the salary
28 or compensation of any person or persons to whom this act applies
29 or shall apply, the additional deductions required to repay the loan
30 shall be made.

31 The rate of interest for a loan requested by a member prior to the
32 effective date of P.L. , c. (C.)(pending before the Legislature
33 as this bill) shall be 4% per annum on any unpaid balance thereof.
34 For a loan requested after the effective date of that act, the rate of

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1 interest per annum shall be a commercially reasonable rate as
2 required by the Internal Revenue Code to be determined by the
3 State Treasurer on that effective date, and on January 1 of each
4 calendar year thereafter. An administrative fee in an amount set by
5 the State Treasurer for each calendar year may be charged for any
6 loan requested after the effective date of P.L. _____, c. (C. _____)
7 (pending before the Legislature as this bill).

8 Loans shall be made to a member from his aggregate
9 contributions. The interest earned on such loans shall be treated in
10 the same manner as interest earned from investments of the
11 retirement system.

12 (cf: P.L.1981, c.370, s.1)

13

14 39. Section 2 of P.L.1981, c.370 (C.43:16A-16.2) is amended to
15 read as follows:

16 2. In the case of any member who retires without repaying the
17 full amount so borrowed, the Division of Pensions and Benefits
18 shall deduct from the retirement benefit payments the same monthly
19 amount which was deducted from the compensation of the member
20 immediately preceding retirement until the balance of the amount
21 borrowed together with the interest **【at the rate of 4% per annum】** is
22 repaid. In the case of a pensioner who dies before the outstanding
23 balance of the loan and interest thereon has been recovered, the
24 remaining balance shall be repaid from the proceeds of any other
25 benefits payable on the account of the pensioner either in the form
26 of monthly payments due to his beneficiaries or in the form of lump
27 sum payments payable for pension or group life insurance.

28 (cf: P.L.1999, c.132, s.3)

29

30 40. Section 29 of P.L.1965, c.89 (C.53:5A-29) is amended to
31 read as follows:

32 29. Any member who has at least three years of service to the
33 member's credit for which the member has contributed as a member
34 may borrow from the retirement system, an amount equal to not

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1 more than 50% of the amount of the member's aggregate
2 contributions, but not less than \$50.00; provided, that the amount so
3 borrowed, together with interest thereon, can be repaid by
4 additional deductions from salary, not in excess of 25% of the
5 member's salary, made at the time the salary is paid to the member.
6 The amount so borrowed, together with interest [at the rate of 4%
7 per annum] on any unpaid balance thereof, shall be repaid to the
8 retirement system in equal installments by deductions from the
9 salary of the member at the time the salary is paid or in such lump
10 sum amount to repay the balance of the loan but such installments
11 shall be at least equal to the member's rate of contribution to the
12 retirement system and at least sufficient to repay the amount
13 borrowed with interest thereon. Not more than two loans may be
14 granted to any member in any calendar year. Notwithstanding any
15 other law affecting the salary or compensation of any person or
16 persons to whom this act applies or shall apply, the additional
17 deductions required to repay the loan shall be made.

18 The rate of interest for a loan requested by a member prior to the
19 effective date of P.L. , c. (C.)(pending before the Legislature
20 as this bill) shall be 4% per annum on any unpaid balance thereof.
21 For a loan requested after the effective date of that act, the rate of
22 interest per annum shall be a commercially reasonable rate as
23 required by the Internal Revenue Code to be determined by the
24 State Treasurer on that effective date, and on January 1 of each
25 calendar year thereafter. An administrative fee in an amount set by
26 the State Treasurer for each calendar year may be charged for any
27 loan requested after the effective date of P.L. , c. (C.)
28 (pending before the Legislature as this bill).

29 Loans shall be made to a member from the member's aggregate
30 contributions. The interest earned on such loans shall be treated in
31 the same manner as interest earned from investments of the
32 retirement system.

33 In the case of any member who retires without repaying the full
34 amount so borrowed, the Division of Pensions and Benefits shall

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1 deduct from the retirement allowance payments the same monthly
2 amount which was deducted from the salary of the member
3 immediately preceding retirement until the balance of the amount
4 borrowed together with the interest [at the rate of 4% per annum] is
5 repaid. In the case of a retirant who dies before the outstanding
6 balance of the loan and interest thereon has been recovered, the
7 remaining balance shall be repaid from the proceeds of any other
8 benefits payable on the account of the retirant either in the form of
9 monthly payments due to the retirant's beneficiaries or in the form
10 of lump sum payments payable for pension or group life insurance.
11 (cf: P.L.1999, c.132, s.5)

12

13 41. (New Section) a. Upon the termination of the Teachers'
14 Pension and Annuity Fund, the Public Employees' Retirement
15 System, the Judicial Retirement System, the Police and Firemen's
16 Retirement System, the State Police Retirement System, the Prison
17 Officers' Pension Fund, or the Consolidated Police and Firemen's
18 Fund, or upon complete discontinuance of contributions to any of
19 the retirement systems, the rights of all members of such retirement
20 system to benefits accrued to the date of such termination or
21 discontinuance, to the extent then funded, are non-forfeitable.

22 b. Notwithstanding any law, rule or regulation to the contrary,
23 the form and timing of all distributions from the Teachers' Pension
24 and Annuity Fund, the Public Employees' Retirement System, the
25 Judicial Retirement System, the Police and Firemen's Retirement
26 System, the State Police Retirement System, the Prison Officers'
27 Pension Fund, or the Consolidated Police and Firemen's Fund, to a
28 member, or to the beneficiary of a member if the member dies
29 before the member's entire interest has been distributed, shall
30 conform to the required distribution provisions of section 401(a)(9)
31 of the federal Internal Revenue Code and the regulations issued by
32 the United States Department of the Treasury under that Code
33 section, including the incidental death benefit requirements of
34 section 401(a)(9)(G) of the federal Internal Revenue Code. In

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1 addition, in no event shall payments under any of the retirement
2 systems commence to be paid to a member later than the member's
3 required beginning date, without regard to whether the member has
4 filed application therefor. For this purpose, a member's required
5 beginning date is the April 1 of the calendar year following the later
6 of (1) the calendar year in which the member attains age 70 ½ or (2)
7 the calendar year in which the member retires. The actuarial
8 adjustment described in section 401(a)(9)(C)(iii) of the federal
9 Internal Revenue Code shall not apply.

10

11 42. (New section) Notwithstanding any law, rule or regulation
12 to the contrary, a political subdivision of the State, or an agency,
13 authority or instrumentality thereof, that has adopted the provisions
14 of Title 11A of the New Jersey Statutes, shall not pay supplemental
15 compensation to any officer or employee for accumulated unused
16 sick leave in an amount in excess of \$15,000, except that an officer
17 or employee who:

18 (1) on the effective date of P.L. , c. (C.)(pending before
19 the Legislature as this bill), or upon the expiration of a collective
20 negotiations agreement or contract of employment applicable to that
21 officer or employee in effect on that date has accrued supplemental
22 compensation based upon accumulated unused sick leave shall,
23 upon retirement, be eligible to receive for any unused leave not
24 more than the amount so accumulated or not more than \$15,000,
25 whichever is greater; or

26 (2) becomes an officer or employee after the effective date of
27 P.L. , c. (C.)(pending before the Legislature as this bill) and
28 has previously accrued supplemental compensation based upon
29 accumulated unused sick leave shall, upon retirement, be eligible to
30 receive for any unused leave not more than the amount so
31 previously accumulated or not more than \$15,000, whichever is
32 greater.

33 Supplemental compensation shall be payable only at the time of
34 retirement from a State-administered or locally-administered

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1 retirement system based on the leave credited on the date of
2 retirement.

3 As used in this section, “officer or employee” means an elected
4 official; or a person appointed by the Governor with the advice and
5 consent of the Senate, or appointed by the Governor to serve at the
6 pleasure of the Governor only during his or her term of office; or a
7 person appointed by an elected public official or elected governing
8 body of a political subdivision of the State, with the specific
9 consent or approval of the elected governing body of the political
10 subdivision that is substantially similar in nature to the advice and
11 consent of the Senate for appointments by the Governor of the State
12 as that similarity is determined by the elected governing body and
13 set forth in an adopted ordinance or resolution, pursuant to
14 guidelines or policy that shall be established by the Local Finance
15 Board in the Department of Community Affairs, but not including a
16 person who is employed or appointed in the regular or normal
17 course of employment or appointment procedures and consented to
18 or approved in a general or routine manner appropriate for and
19 followed by the political subdivision, or the agency, authority or
20 instrumentality of a subdivision, or a person who holds a
21 professional license or certificate to perform and is performing as a
22 certified health officer, tax assessor, tax collector, municipal
23 planner, chief financial officer, registered municipal clerk,
24 construction code official, licensed uniform subcode inspector,
25 qualified purchasing agent, or certified public works manager.

26
27 43. (New section) Notwithstanding any law, rule or regulation
28 to the contrary, a political subdivision of the State, or an agency,
29 authority or instrumentality thereof, that has not adopted the
30 provisions of Title 11A of the New Jersey Statutes, shall not pay
31 supplemental compensation to any officer or employee for
32 accumulated unused sick leave in an amount in excess of \$15,000,
33 except that an officer or employee who:

34 (1) on the effective date of P.L. , c. (C.)(pending before

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1 the Legislature as this bill), or upon the expiration of a collective
2 negotiations agreement or contract of employment applicable to that
3 officer or employee in effect on that date has accrued supplemental
4 compensation based upon accumulated unused sick leave shall,
5 upon retirement, be eligible to receive for any unused leave not
6 more than the amount so accumulated or not more than \$15,000,
7 whichever is greater; or

8 (2) becomes an officer or employee after the effective date of
9 P.L. , c. (C.)(pending before the Legislature as this bill) and
10 has previously accrued supplemental compensation based upon
11 accumulated unused sick leave shall, upon retirement, be eligible to
12 receive for any unused leave not more than the amount so
13 previously accumulated or not more than \$15,000, whichever is
14 greater.

15 Supplemental compensation shall be payable only at the time of
16 retirement from a State-administered or locally-administered
17 retirement system based on the leave credited on the date of
18 retirement.

19 As used in this section, “officer or employee” means an elected
20 official; or a person appointed by the Governor with the advice and
21 consent of the Senate, or appointed by the Governor to serve at the
22 pleasure of the Governor only during his or her term of office; or a
23 person appointed by an elected public official or elected governing
24 body of a political subdivision of the State, with the specific
25 consent or approval of the elected governing body of the political
26 subdivision that is substantially similar in nature to the advice and
27 consent of the Senate for appointments by the Governor of the State
28 as that similarity is determined by the elected governing body and
29 set forth in an adopted ordinance or resolution, pursuant to
30 guidelines or policy that shall be established by the Local Finance
31 Board in the Department of Community Affairs, but not including a
32 person who is employed or appointed in the regular or normal
33 course of employment or appointment procedures and consented to
34 or approved in a general or routine manner appropriate for and

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1 followed by the political subdivision, or the agency, authority or
2 instrumentality of a subdivision, or a person who holds a
3 professional license or certificate to perform and is performing as a
4 certified health officer, tax assessor, tax collector, municipal
5 planner, chief financial officer, registered municipal clerk,
6 construction code official, licensed uniform subcode inspector,
7 qualified purchasing agent, or certified public works manager.

8

9 44. (New section) Notwithstanding any law, rule or regulation
10 to the contrary, a board of education, or an agency or
11 instrumentality thereof, shall not pay supplemental compensation to
12 any officer or employee for accumulated unused sick leave in an
13 amount in excess of \$15,000, except that an officer or employee
14 who:

15 (1) on the effective date of P.L. , c. (C.)(pending before
16 the Legislature as this bill), or upon the expiration of a collective
17 negotiations agreement or contract of employment applicable to that
18 officer or employee in effect on that date has accrued supplemental
19 compensation based upon accumulated unused sick leave shall,
20 upon retirement, be eligible to receive for any unused leave not
21 more than the amount so accumulated or not more than \$15,000,
22 whichever is greater; or

23 (2) becomes an officer or employee after the effective date of
24 P.L. , c. (C.)(pending before the Legislature as this bill) and
25 has previously accrued supplemental compensation based upon
26 accumulated unused sick leave shall, upon retirement, be eligible to
27 receive for any unused leave not more than the amount so
28 previously accumulated or not more than \$15,000, whichever is
29 greater.

30 Supplemental compensation shall be payable only at the time of
31 retirement from a State-administered or locally-administered
32 retirement system based on the leave credited on the date of
33 retirement.

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1 As used in this section, “officer or employee” means an elected
2 official; or a person appointed by the Governor with the advice and
3 consent of the Senate, or appointed by the Governor to serve at the
4 pleasure of the Governor only during his or her term of office; or a
5 person appointed by an elected public official or elected governing
6 body of the political subdivision, with the specific consent or
7 approval of the elected governing body of the political subdivision
8 that is substantially similar in nature to the advice and consent of
9 the Senate for appointments by the Governor of the State as that
10 similarity is determined by the elected governing body and set forth
11 in an adopted resolution, pursuant to guidelines or policy that shall
12 be established by the Department of Education, but not including a
13 person who is employed or appointed in the regular or normal
14 course of employment or appointment procedures and consented to
15 or approved in a general or routine manner appropriate for and
16 followed by the political subdivision, or the agency or
17 instrumentality thereof.

18

19 45. (New section) Notwithstanding any law or any rule or
20 regulation to the contrary, an officer or employee of a political
21 subdivision of the State, or an agency, authority, or instrumentality
22 of a subdivision, that has not adopted the provisions of Title 11A,
23 Civil Service, of the New Jersey Statutes, who does not take
24 vacation leave that accrues on or after the effective date of P.L. ,
25 c. (C.)(pending before the Legislature as this bill), or on or
26 after the date on which the person becomes an officer or employee,
27 in a given year because of business demands shall be granted that
28 accrued leave only during the next succeeding year.

29 However, vacation leave not taken in a given year because of
30 duties directly related to a state of emergency declared by the
31 Governor may accumulate at the discretion of the appointing
32 authority until, pursuant to a plan established by the officer or
33 employee’s appointing authority, the leave is used or the employee
34 or officer is compensated for that leave, which shall not be subject

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1 to collective negotiation or collective bargaining.

2 A person who (1) is an officer or employee on the effective date
3 of P.L. , c. (C.)(pending before the Legislature as this bill),
4 or (2) becomes an officer or employee after that effective date, and
5 has previously accrued vacation leave shall be eligible and shall be
6 permitted to retain and use that accrued vacation leave.

7 As used in this section, “officer or employee” means an elected
8 official; or a person appointed by the Governor with the advice and
9 consent of the Senate, or appointed by the Governor to serve at the
10 pleasure of the Governor only during his or her term of office; or a
11 appointed by an elected public official or elected governing body of
12 a political subdivision of the State, with the specific consent or
13 approval of the elected governing body of the political subdivision
14 that is substantially similar in nature to the advice and consent of
15 the Senate for appointments by the Governor of the State as that
16 similarity is determined by the elected governing body and set forth
17 in an adopted ordinance or resolution, pursuant to guidelines or
18 policy that shall be established by the Local Finance Board in the
19 Department of Community Affairs, but not including a person who
20 is employed or appointed in the regular or normal course of
21 employment or appointment procedures and consented to or
22 approved in a general or routine manner appropriate for and
23 followed by the political subdivision, or the agency, authority or
24 instrumentality of a subdivision, or a person who holds a
25 professional license or certificate to perform and is performing as a
26 certified health officer, tax assessor, tax collector, municipal
27 planner, chief financial officer, registered municipal clerk,
28 construction code official, licensed uniform subcode inspector,
29 qualified purchasing agent, or certified public works manager.

30
31 46. (New section) Notwithstanding any law, rule or regulation
32 to the contrary, an officer or employee of a board of education, or
33 an agency or instrumentality thereof, who does not take vacation
34 leave that accrues on or after the effective date of P.L. ,

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1 c. (C.) (pending before the Legislature as this bill), or on or
2 after the date on which the person becomes an officer or employee,
3 in a given year because of business demands shall be granted that
4 accrued leave only during the next succeeding year.

5 However, vacation leave not taken in a given year because of
6 duties directly related to a state of emergency declared by the
7 Governor may accumulate at the discretion of the appointing
8 authority until, pursuant to a plan established by the officer or
9 employee's appointing authority, the leave is used or the employee
10 or officer is compensated for that leave, which shall not be subject
11 to collective negotiation or collective bargaining.

12 A person who (1) is an officer or employee on the effective date
13 of P.L. , c. (C.)(pending before the Legislature as this bill),
14 or (2) becomes an officer or employee after that effective date, and
15 has previously accrued vacation leave shall be eligible and shall be
16 permitted to retain and use that accrued vacation leave.

17 As used in this section, "officer or employee" means an elected
18 official; or a person appointed by the Governor with the advice and
19 consent of the Senate, or appointed by the Governor to serve at the
20 pleasure of the Governor only during his or her term of office; or a
21 person appointed by an elected public official or elected governing
22 body of the political subdivision, with the specific consent or
23 approval of the elected governing body of the political subdivision
24 that is substantially similar in nature to the advice and consent of
25 the Senate for appointments by the Governor of the State as that
26 similarity is determined by the elected governing body and set forth
27 in an adopted resolution, pursuant to guidelines or policy that shall
28 be established by the Department of Education, but not including a
29 person who is employed or appointed in the regular or normal
30 course of employment or appointment procedures and consented to
31 or approved in a general or routine manner appropriate for and
32 followed by the political subdivision, or the agency or
33 instrumentality thereof.

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1 47. Nothing contained in sections 42 through 46 of P.L. ,
2 c. (C.) (pending before the Legislature as this bill) shall be
3 construed as affecting the provisions of any collective bargaining
4 agreement or individual contract of employment in effect on that
5 act's effective date.

6

7 48. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended
8 to read as follows:

9 36. Notwithstanding the provisions of any other law to the
10 contrary, **【a municipality, or a municipal authority created by a**
11 **municipality pursuant to P.L.1946, c.138 (C.40:14A-1 et seq.) or**
12 **P.L.1957, c.183 (C.40:14B-1 et seq.), or a county college】** an
13 employer other than the State which participates in the State Health
14 Benefits Program, established pursuant to P.L.1961, c.49 (C.52:14-
15 17.25 et seq.), may allow any employee who is eligible for other
16 health care coverage to waive coverage under the State Health
17 Benefits Program to which the employee is entitled by virtue of
18 employment with the **【municipality, the municipal authority or the**
19 **county college】** employer. The waiver shall be in such form as the
20 Director of the Division of Pensions and Benefits shall prescribe
21 and shall be filed with the division. After such waiver has been
22 filed and for so long as that waiver remains in effect, no premium
23 shall be required to be paid by the **【municipality, the municipal**
24 **authority, or the county college as the case may be,】** employer for
25 the employee or the employee's dependents. Not later than the
26 180th day after the date on which the waiver is filed, the division
27 shall refund to the **【municipality, the municipal authority or the**
28 **county college】** employer the amount of any premium previously
29 paid by the **【municipality, the municipal authority or the county**
30 **college】** employer with respect to any period of coverage which
31 followed the filing date. In consideration of filing such a waiver, **【a**
32 **municipality, a municipal authority or a county college】** an
33 employer may pay to the employee annually an amount, to be

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1 established in the sole discretion of the [municipality, the municipal
2 authority or the county college] employer, which shall not exceed
3 50% of the amount saved by the [municipality, the municipal
4 authority or the county college] employer because of the
5 employee's waiver of coverage. An employee who waives
6 coverage shall be permitted to immediately resume coverage if the
7 employee ceases to be [covered through the employee's spouse]
8 eligible for other health care coverage for any reason, including, but
9 not limited to, the retirement or death of the spouse or divorce. An
10 employee who resumes coverage shall repay, on a pro rata basis,
11 any amount received from the [municipality, the municipal
12 authority or the county college] employer which represents an
13 advance payment for a period of time during which coverage is
14 resumed. An employee who wishes to resume coverage shall notify
15 the [municipality, the municipal authority or the county college]
16 employer in writing and file a declaration with the division, in such
17 form as the director of the division shall prescribe, that the waiver is
18 revoked. The decision of [a municipality, a municipal authority or
19 a county college] an employer to allow its employees to waive
20 coverage and the amount of consideration to be paid therefor shall
21 not be subject to the collective bargaining process.

22 (cf: P.L.2003, c.3, s.2)

23

24 ²[¹49. R.S.19:3-5 is amended to read as follows:

25 19:3-5. No person shall hold at the same time more than one of
26 the following offices: elector of President and Vice-President of the
27 United States, member of the United States Senate, member of the
28 House of Representatives of the United States, member of the
29 Senate or of the General Assembly of this State, county clerk,
30 register, surrogate or sheriff.

31 No person shall hold the office of member of the Senate or the
32 General Assembly of this State and, at the same time, hold any
33 other elective public office in this State, except that any person who

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1 holds the office of member of the Senate or the General Assembly
2 and, at the same time, holds any other elective public office on the
3 effective date specified in P.L. , c. (C.)(pending before
4 the Legislature as this bill) may continue to hold the office of
5 member of the Senate or the General Assembly, and may hold the
6 other elective public office at the same time if service in the Senate
7 or the General Assembly and the other elective office are
8 continuous following the effective date specified in P.L. , c.
9 (C.) (pending before the Legislature as this bill).

10 No person shall be elected an elector of President and Vice-
11 President of the United States unless he shall possess the
12 qualifications of a legal voter of the State, shall be of the age of 25
13 years or upwards and shall have been a citizen of the United States
14 **[7]** seven years next preceding such election.

15 No person shall be elected a member of the House of
16 Representatives, or an elector of President and Vice-President who

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1 shall hold any office of trust or profit under the United States.¹
2 (cf: P.L.1971, c.2, s.9)]²

3
4 ²[¹50. N.J.S.40A:9-4 is amended to read as follows:

5 40A:9-4. (1) It shall be **[lawful]** unlawful for a person to hold
6 simultaneously an elective county office and an elective municipal
7 office.

8 (2) It shall be lawful for a member of the Legislature of the State
9 to hold simultaneously any **[elective or]** appointive office or
10 position in county or municipal government.

11 (3) Nothing contained in this section shall be deemed to prevent
12 the incumbent of any office from abstaining from voting in any
13 matter in which **[he]** the incumbent believes he or she has a
14 conflict of duty or of interest, nor to prevent a challenge of a right
15 to vote on that account under the principles of the common law or
16 any statute.

17 (4) a. **[Nothing herein contained shall be deemed to repeal or**
18 **supersede any statute prohibiting the dual holding of offices or**
19 **positions]** (Deleted by amendment, P.L. , c.)(pending before
20 the Legislature as this bill).

21 b. **[This section shall apply to persons now holding elective**
22 **offices or positions with the counties and municipalities or now**
23 **serving as members of the Legislature of the State]** (Deleted by
24 amendment, P.L. , c.)(pending before the Legislature as this
25 bill).

26 c. For the purposes of this section the term “elective office”
27 shall mean an office to which an incumbent is elected by the vote of
28 the general electorate.

29 (5) Notwithstanding the provision of paragraph (1) of this
30 section, a person who, on the effective date specified in P.L. , c.
31 (C.) (pending before the Legislature as this bill), holds
32 simultaneously an elective county office and an elective municipal
33 office may continue to hold the elective offices simultaneously if

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1 service in those elective offices is continuous following the
2 effective date specified in P.L. , c. (C.)(pending before
3 the Legislature as this bill).¹
4 (cf: N.J.S.40A:9-4)]²

5
6 ²[¹51. (New section) a. For elective public office other than as
7 provided in R.S.19:3-5 or N.J.S.40A:9-4, a person elected to public
8 office in this State shall not hold simultaneously any other elective
9 public office.

10 b. Notwithstanding the provision of subsection a. of this section,
11 a person who holds simultaneously more than one elective public
12 office on the effective date specified in P.L. , c. (C.)(pending
13 before the Legislature as this bill) may continue to hold the elective
14 public offices simultaneously if service in those elective public
15 offices is continuous following the effective date specified in
16 P.L. , c. (C.)(pending before the Legislature as this
17 bill).¹]²

18
19 ¹[^{49.}] ²[^{52.}¹] ^{49.}² This act shall take effect on the 30th day
20 after the date of enactment, except that sections 1 through 19 shall
21 take effect on the July 1, 2007 ¹[and] ²[¹] and² section 20 shall
22 take effect January 1, 2008 ²[¹and sections 49, 50, and 51 shall take
23 effect February 1, 2008¹]², but the State may take such anticipatory
24 administrative action in advance thereof as shall be necessary for
25 the implementation of this act.