

CHAPTER 353

AN ACT concerning the retirement benefits under the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System of New Jersey, amending and supplementing N.J.S.18A:66-1 et seq. and P.L.1954, c.84 (C.43:15A-1 et seq.) and amending P.L.1955, c.257 (C.43:15A-97 et seq.).

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

1. N.J.S.18A:66-41 is amended to read as follows:

Ordinary disability allowances.

18A:66-41. A member upon retirement for ordinary disability shall receive a retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement together with regular interest after January 1, 1956; and

(b) a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1.64% of final compensation multiplied by his number of years of creditable service; and provided further, that in no event shall the allowance be less than 43.6% of final compensation.

Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service or in the year of the member's highest contractual salary, whichever is higher; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation. The death benefits provided in this section shall apply to any member who has retired or shall retire on or after January 1, 1956.

C.18A:66-41.1 Increase in retirement allowance for retiree, beneficiary under N.J.S.18A:66-41 or N.J.S.18A:66-47.

2. The retirement allowance of each retiree under N.J.S.18A:66-41, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L.2001, c.353 shall be increased by a percentage equivalent to the percentage increase in the fraction of final compensation for each year of credited service for the total retirement allowance under these sections made by this act, P.L.2001, c.353 (C.18A:66-41.1 et al.). The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

3. N.J.S.18A:66-42 is amended to read as follows:

Accidental disability allowances.

18A:66-42. A member under 65 years of age upon retirement for accidental disability shall receive a retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated deductions at the time of his retirement together with regular interest after January 1, 1956; and

(b) a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 72.7% of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

Upon the receipt of proper proofs of the death of a member who has retired on an accidental disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service or in the year of the member's highest contractual salary, whichever is higher; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation. The death benefits provided in this section shall apply to any member who has retired or shall retire on or after January 1, 1956.

C.18A:66-42.1 Increase in retirement allowance under N.J.S.18A:66-42 or N.J.S.18A:66-47.

4. The retirement allowance of each retiree under N.J.S.18A:66-42, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L.2001, c.253 shall be increased from 2/3 to 72.7% of the actual annual compensation for which contributions were being made at the time of the occurrence of the accident. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.18A:66-42.2 Payment of normal contribution for increased benefits under N.J.S.18A:66-41 and N.J.S.18A:66-42 for active members.

5. The normal contribution for the increased benefits for active members under N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1 and 3 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to N.J.S.18A:66-16. If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of N.J.S.18A:66-41 and N.J.S.18A:66-42 as amended by sections 1 and 3 of P.L.2001, c.353 payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under N.J.S.18A:66-25. If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

6. N.J.S.18A:66-71 is amended to read as follows:

Retirement allowance for veterans.

18A:66-71. a. Any public employee veteran member in office, position or employment of this State or of a county, municipality, or school district, board of education or other employer who (1) has or shall have attained the age of 60 years and has or shall have been for 20 years continuously or in the aggregate in office, position or employment of this State or of a county, municipality or school district, board of education or other employer, or (2) has or shall have attained the age of 55 years and has or shall have been for 25 years continuously or in the aggregate in that office, position or employment, shall have the privilege of retiring for service and of receiving, instead of the retirement allowance provided under N.J.S.18A:66-44, a retirement allowance of 54.5% of the compensation for which contributions are made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary.

b. (Deleted by amendment, P.L.1984, c.69.)

c. Any public employee veteran member who has been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality or school district, board of education or other employer as of January 1, 1955, shall have the privilege of retiring for ordinary disability and of receiving, instead of the retirement allowance provided under N.J.S.18A:66-41, a retirement allowance of one-half of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made. Such retirement shall be subject to the provisions governing ordinary disability retirement in N.J.S.18A:66-39 and N.J.S.18A:66-40.

d. Any public employee veteran member who shall be in office, position or employment of this State or of a county, municipality, school district, board of education or other employer and who shall have attained 55 years of age and who has at least 35 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving a retirement allowance of 1/55 of the compensation he received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made for each year of creditable service.

e. The death benefit provided in N.J.S.18A:66-44 shall apply in the case of any member retiring under the provisions of subsections a. and d. of this section and in the case of any member who has previously retired under the provisions of subsection b. of this section before said subsection was amended by P.L.1984, c.69. The death benefit provided in N.J.S.18A:66-41 shall apply in the case of any member retired under the provisions of subsection c. of this section.

f. A member who purchases service credit pursuant to any provision of the "Teachers' Pension and Annuity Fund Law" (N.J.S.18A:66-1 et seq.) is entitled to apply the credit for the purpose of satisfying any of the service requirements of that act.

C.18A:66-71.2 Increase in retirement allowance under subsection a. of N.J.S.18A:66-71 and N.J.S.18A:66-47.

7. The retirement allowance of each retiree under subsection a. of N.J.S.18A:66-71, or the retiree's beneficiary pursuant to N.J.S.18A:66-47, on the effective date of P.L.2001, c.353, shall be increased from 50% to 54.5% of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.18A:66-71.3 Payment of normal contribution for increased benefits under subsection a. of N.J.S.18A:66-71.

8. The normal contribution for the increased benefits for active members under subsection a. of N.J.S.18A:66-71 as amended by section 6 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to N.J.S.18A:66-16. If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of subsection a. of N.J.S.18A:66-71 as amended by section 6 of P.L.2001, c.353 payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under N.J.S.18A:66-25. If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

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

C.43:15A-45 Allowance for ordinary disability retirement.

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

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

b. A pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1.64% of final compensation multiplied by his number of years of creditable service; provided further, that in no event shall the allowance be less than 43.6% of final compensation.

c. Upon the receipt of proper proofs of the death of a member who has retired on an ordinary disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation.

C.43:15A-45.1 Increase in retirement allowance under C.43:15A-45 and C.43:15A-50.

10. The retirement allowance of each retiree under section 45 of P.L.1954, c.84 (C.43:15A-45), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the

effective date of P.L.2001, c.353 shall be increased by a percentage equivalent to the percentage increase in the fraction of final compensation for each year of credited service for the total retirement allowance under these sections made by this act, P.L.2001, c.353 (C.18A:66-41.1 et al.). The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

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

C.43:15A-46 Allowance for retirement for accidental disability.

46. A member under 65 years of age upon retirement for accidental disability shall receive a retirement allowance which shall consist of:

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

b. A pension, in the amount which, when added to the member's annuity, will provide a total retirement allowance of 72.7% of his actual annual compensation for which contributions were being made at the time of the occurrence of the accident.

c. Upon receipt of proper proofs of the death of a member who has retired on an accidental disability retirement allowance, there shall be paid to such member's beneficiary, an amount equal to 1 1/2 times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service; provided, however, that if such death shall occur after the member shall have attained age 60, the amount payable shall equal 3/16 of such compensation.

C.43:15A-46.1 Increase in retirement allowance under C.43:15A-46 and C.43:15A-50.

12. The retirement allowance of each retiree under section 46 of P.L.1954, c.84 (C.43:15A-46), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the effective date of P.L.2001, c.353 shall be increased from 2/3 to 72.7% of the actual annual compensation for which contributions were being made at the time of the occurrence of the accident. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.43:15A-46.2 Payment of normal contribution for increased benefits for active members under C.43:15A-45 and C.43:15A-46.

13. The normal contribution for the increased benefits for active members under sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of sections 45 and 46 of P.L.1954, c.84 (C.43:15A-45 and 43:15A-46) as amended by sections 9 and 11 of P.L.2001, c.353 payable on behalf of the active members over the expected working lives of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

14. Section 61 of P.L.1954, c.84 (C.43:15A-61) is amended to read as follows:

C.43:15A-61 Public employee veterans' pensions.

61. a. (Deleted by amendment, P.L.1995, c.332.)

b. Any public employee veteran member in office, position or employment of this State

or of a county, municipality, public agency, school district or board of education and who (1) shall have attained 60 years of age and who has 20 years of aggregate service credit in such office, position or employment, or (2) shall have attained 55 years of age and who has 25 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving, instead of the retirement allowance provided under section 48 of this act, a retirement allowance of 54.5% of the compensation for which contributions are made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary.

c. Any public employee veteran member who has been for 20 years in the aggregate in office, position or employment of this State or of a county, municipality, public agency, school district or board of education as of January 2, 1955, shall have the privilege of retiring for ordinary disability and of receiving, instead of the retirement allowance provided under section 45 of this act, a retirement allowance of one-half of the compensation received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made. Such retirement shall be subject to the provisions governing ordinary disability retirement in sections 42 and 44 of this act.

d. Any public employee veteran member who shall be in office, position or employment of this State or of a county, municipality, public agency, school district or board of education and who shall have attained 55 years of age and who has at least 35 years of aggregate service credit in such office, position or employment, shall have the privilege of retiring for service and receiving a retirement allowance of 1/55 of the compensation he received during the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made for each year of creditable service.

e. The death benefit provided in section 48 shall apply in the case of any member retiring under the provisions of subsections a., b. and d. of this section. The death benefit provided in section 45 shall apply in the case of any member retired under the provisions of subsection c. of this section.

f. The State shall be liable for any increased cost to local government employers participating in the retirement system as a result of the amendment of this section by P.L.2001, c.353, except as provided in section 16 of P.L.2001, c.353.

C.43:15A-61.2 Increase of retirement allowance under subsection b. of C.43:15A-61 and C.43:15A-50.

15. The retirement allowance of each retiree under subsection b. of section 61 of P.L.1954, c.84 (C.43:15A-61), or the retiree's beneficiary pursuant to section 50 of P.L.1954, c.84 (C.43:15A-50), on the effective date of P.L.2001, c.353 shall be increased from 50% to 54.5% of the compensation for which contributions were made during the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary. The provisions of section 7 of P.L.1969, c.169 (C.43:3B-8) shall not be applicable to the increases in retirement allowances provided by this section.

C.43:15A-61.3 Payment of normal contribution for increased benefits for active members under C.43:15A-61.

16. The normal contribution for the increased benefits resulting from the increase in the percentage of compensation for active members under section 61 of P.L.1954, c.84 (C.43:15A-61) as amended by section 14 of P.L.2001, c.353 shall be paid from the benefit enhancement fund established pursuant to section 22 of P.L.1954, c.84 (C.43:15A-22). If there are excess valuation assets after reductions in normal contributions and member contributions, the amount of excess valuation assets credited to the benefit enhancement fund shall include the present value of the expected additional normal contributions attributable to the provisions of section 61 of P.L.1954, c.84 (C.43:15A-61) as amended by section 14 of P.L.2001, c.353 payable on behalf of the active members in accordance with the tables of actuarial assumptions for the valuation period. No additional excess valuation assets shall be credited to the benefit enhancement fund after the maximum amount is attained. Interest shall be credited to the benefit enhancement fund as provided under section 33 of P.L.1954, c.84 (C.43:15A-33). If assets in

the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State shall pay the amount of normal contribution for the increased benefits not covered by assets from the benefit enhancement fund.

17. Section 4 of P.L.1955, c.257 (C.43:15A-100) is amended to read as follows:

C.43:15A-100 Amount of retirement allowance for law enforcement officer.

4. Upon service retirement as a law enforcement officer a member shall receive a service retirement allowance consisting of:

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

b. A pension in the amount which, when added to the member's annuity, will provide a total retirement allowance equal to 2% of his final compensation multiplied by his number of years of service credit as a law enforcement officer for which he has made contributions up to 25, plus the amount determined as provided in section 48 of P.L.1954, c.84 (C.43:15A-48) for years of service credit other than service as a law enforcement officer, for which he has made contributions, plus 1% of his final compensation multiplied by his number of years of service credit as a law enforcement officer for which he has made contributions over 25 or for which he has made no contributions to the retirement system for the period while he was a law enforcement officer or, in the case of a veteran, while he was in office, position or employment of this State, or of any county, municipality, public agency or school district; provided, however, that in the case of any member electing to receive benefits under section 38(b) of chapter 84 of the laws of 1954, such benefits shall be payable at age 60.

The death benefit provided in section 48(c) of chapter 84 of the laws of 1954 shall apply in the case of any member retiring under the provisions of this section.

18. This act shall take effect immediately and shall be retroactive to October 1, 2001

Approved January 6, 2002.