

## CHAPTER 167

**AN ACT** concerning any employees' retirement system established in a city of the first class having a population of less than 300,000 inhabitants and amending P.L.1987, c.171 and P.L.1990, c.20.

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

1. Section 1 of P.L.1987, c.171 (C.43:13-22.67) is amended to read as follows:

C.43:13-22.67 Loans from retirement system.

1. Any member who has at least three years of service credit for which contributions have been made as a member may borrow from the retirement system an amount equal to not more than 50% of the amount of the member's aggregate contributions, but not less than \$1,000.00; provided that the amount borrowed, together with interest, can be repaid by additional deductions from salary which do not exceed 25% of the member's salary at the time the loan is made. The amount so borrowed, together with interest at a rate fixed by the commission on any unpaid balance, shall be repaid to the retirement system in equal installments by deduction from salary or in another manner and in amounts which the commission shall approve; but the installments shall be at least equal to the member's contribution to the retirement system and at least sufficient to repay the amount borrowed with interest at the conclusion of a term fixed by the commission or by the time the member attains age 70. No more than two loans may be made to any member in any 12-month period.

Interest charged for loans to members shall be fixed annually by the commission to take effect January 1 of each calendar year at a rate equal to the average of the daily rates of interest at constant maturity based on daily trades paid by 30-year United States Treasury bonds for the period beginning on the first and ending on the 30th day of the immediately preceding November plus 1%, or 10%, whichever is less. The interest earned from loans to members shall be treated in the same manner as interest from investments of the retirement system.

2. Section 11 of P.L.1990, c.20 (C.43:13-22.73) is amended to read as follows:

C.43:13-22.73 Calculation of pension adjustment.

11. On or before October 1, 1996 and by the same date in each subsequent year, the Director of the Division of Pensions and Benefits of the Department of the Treasury shall review the index and determine the percentum of change in the index from the retirement year index pursuant to the provisions of the "Pension Adjustment Act," P.L.1958, c.143 (C.43:3B-1 et seq.). The percentage of adjustment in the retirement allowances, pensions and survivorship benefits shall equal the percentum of change in the index. Any adjustment so calculated shall apply to all of the months of the following calendar year for eligible retirants and beneficiaries, except that for those qualifying for the first time, it shall apply only to those months of the following calendar year in which the retirant or beneficiary is eligible to receive the adjustment.

On the basis of information certified to the director by the retirement system concerning the amounts of all retirement allowances, pensions and survivorship benefits of eligible retirants and beneficiaries which are subject to adjustment under sections 7 through 13 of P.L.1990, c.20 (C.43:13-22.69 through 22.75), and any other relevant matters as the director may require, the director shall certify to the retirement system the amounts required to fund the benefits provided under those sections for the applicable year. The director shall include in that certification amounts sufficient to adjust the retirement allowances, pensions or survivorship benefits payable to all eligible retirants and beneficiaries by the percentum of change in the index as such retirement allowances or pensions may have been originally granted, or increased for certain retirants and beneficiaries in accordance with the provisions of the "Pension Adjustment Act."

In no instance shall the amount of the retirement allowance, pension or survivorship benefit originally granted and payable to any retirant or beneficiary be reduced as a result of this adjustment.

3. This act shall take effect immediately.

Approved September 3, 2003.