

CHAPTER 89
(CORRECTED COPY)

AN ACT concerning retirement and other benefits for certain public employees and amending and supplementing various parts of the statutory law.

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

1. This act shall be known as “The Public Employee Pension and Benefits Reform Act of 2008.”

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

C.52:14-17.31a Employee permitted to waive benefits coverage under SHBP.

36. a. Notwithstanding the provisions of any other law to the contrary, an employer other than the State which participates in the State Health Benefits Program, established pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.), may allow any employee who is eligible for other health care coverage to waive coverage under the State Health Benefits Program to which the employee is entitled by virtue of employment with the employer. The waiver shall be in such form as the Director of the Division of Pensions and Benefits shall prescribe and shall be filed with the division. After such waiver has been filed and for so long as that waiver remains in effect, no premium shall be required to be paid by the employer for the employee or the employee's dependents. Not later than the 180th day after the date on which the waiver is filed, the division shall refund to the employer the amount of any premium previously paid by the employer with respect to any period of coverage which followed the filing date.

b. Notwithstanding the provisions of any other law to the contrary, the State as an employer, or an employer that is an independent authority, commission, board, or instrumentality of the State which participates in the State Health Benefits Program, may allow any employee who is eligible for other health care coverage that is not under the State Health Benefits Program to waive the coverage under the State Health Benefits Program to which the employee is entitled by virtue of employment with the employer. The waiver shall be in such form as the Director of the Division of Pensions and Benefits shall prescribe and shall be filed with the division.

c. In consideration of filing a waiver as permitted in subsections a. and b. of this section, an employer may pay to the employee annually an amount, to be established in the sole discretion of the employer, which shall not exceed 50% of the amount saved by the employer because of the employee's waiver of coverage. An employee who waives coverage shall be permitted to immediately resume coverage if the employee ceases to be eligible for other health care coverage for any reason, including, but not limited to, the retirement or death of the spouse or divorce. An employee who resumes coverage shall repay, on a pro rata basis, any amount received from the employer which represents an advance payment for a period of time during which coverage is resumed. An employee who wishes to resume coverage shall notify the employer in writing and file a declaration with the division, in such form as the director of the division shall prescribe, that the waiver is revoked. The decision of an employer to allow its employees to waive coverage and the amount of consideration to be paid therefor shall not be subject to the collective bargaining process.

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

Prior service credit.

18A:66-13. Prior service credit. A member may file a detailed statement of: a. school service and service in a similar capacity in other states and in schools within and outside the United States operated by a department of the United States Government for the instruction of the children of United States Government officers and employees, or b. other public employment in other states or with the United States Government which would be eligible for credit in a State-administered retirement system if the employment was with a public employer in this State, or c. military service in the Armed Forces of the United States, rendered prior to becoming a member, for which the member desires credit, and of such other facts as the retirement system may require. The member may purchase credit for all or a portion of the service evidenced in the statement up to the nearest number of years and months, but not exceeding 10 years, provided however, that a member purchasing that maximum credit may purchase up to five additional years for additional military service qualifying the member as a veteran as defined in N.J.S.18A:66-2. No application shall be accepted for the purchase of credit for such service if, at the time of application, the member has a vested right to retirement benefits in another retirement system based in whole or in part upon that service.

The member may purchase credit for the service by paying into the annuity savings fund the amount required by applying the factor, supplied by the actuary as being applicable to the member's age at the time of the purchase, to the member's salary at that time, or to the highest annual compensation for service in this State for which contributions were made during any prior fiscal year of membership, whichever is greater. The purchase may be made in regular installments, equal to at least one-half the full normal contribution to the retirement system, over a maximum period of 10 years. Neither the State nor the employer of a member who applies to purchase credit for public employment with the United States Government pursuant to subsection b. of this section or for military service pursuant to subsection c. of this section shall be liable for any payment to the retirement system on behalf of the member for the purchase of this credit.

Notwithstanding any provision of this act to the contrary, a member shall not be liable for any costs associated with the financing of pension adjustment benefits and health care benefits for retirees when purchasing credit for school service, public employment in other states or with the United States Government, or military service in the Armed Forces of the United States.

Any member electing to purchase the service who retires prior to completing payments as agreed with the retirement system will receive pro rata credit for service purchased prior to the date of retirement, but if the member so elects at the time of retirement, the member may make the additional lump sum payment required at that time to provide full credit.

Notwithstanding any other provision of law to the contrary, service credit established in the retirement system by a member through purchase in accordance with this section, which purchase was made by an application submitted on or after the effective date of P.L.2008, c.89, except a purchase for military service in the Armed Forces of the United States, shall not be eligible for consideration when service is used to determine the qualification of the member for any health care benefits coverage paid, in whole or in part, by a public employer after the member's retirement.

4. Section 2 of P.L.1963, c.19 (C.43:15A-73.1) is amended to read as follows:

C.43:15A-73.1 Credit for employment in other states, federal government or military service; limitation; payments; pro rata credit upon retirement.

2. A member may file a detailed statement of public employment in other states or with the United States Government which would be eligible for credit in a State-administered retirement system if the employment was with a public employer in this State, or of military service in the Armed Forces of the United States, or of service resulting from initial appointment or employment on or after January 1, 2002 with a bi-state or multi-state agency established pursuant to an interstate compact to which the State is a party which would be eligible for credit in a State-administered retirement system if the employment was with a public employer in this State, rendered prior to becoming a member, for which the member desires credit, and of such other facts as the retirement system may require. The member may purchase credit for all or a portion of the service evidenced in the statement up to the nearest number of years and months, but not exceeding 10 years, provided however, that a member purchasing that maximum credit may purchase up to five additional years for additional military service qualifying the member as a veteran as defined in section 6 of P.L.1954, c.84 (C.43:15A-6). No application shall be accepted for the purchase of credit for the service if, at the time of application, the member has a vested right to retirement benefits in another retirement system based in whole or in part upon that service. The member may purchase credit for the service by paying into the annuity savings fund the amount required by applying the factor, supplied by the actuary as being applicable to the member's age at the time of the purchase, to the member's salary at that time, or to the highest annual compensation for service in this State for which contributions were made during any prior fiscal year of membership, whichever is greater. The purchase may be made in regular installments, equal to at least 1/2 of the full normal contribution to the retirement system, over a maximum period of 10 years. The employer of a member who applies, pursuant to this section, to purchase credit for public employment with the United States Government or for military service in the Armed Forces of the United States shall not be liable for any payment to the retirement system on behalf of the member for the purchase of this credit.

Notwithstanding any provision of this act to the contrary, a member shall not be liable for any costs associated with the financing of pension adjustment benefits and health care benefits for retirees when purchasing credit for public employment in other states or with the United States Government or military service in the Armed Forces of the United States or with a bi-state or multi-state agency.

Any member electing to make a purchase pursuant to this section who retires prior to completing payments as agreed with the retirement system will receive pro rata credit for the purchase prior to the date of retirement, but if the member so elects at the time of retirement, the member may make the additional lump sum payment required at that time to provide full credit.

Notwithstanding any other provision of law to the contrary, service credit established in the retirement system by a member through purchase in accordance with this section, which purchase was made by an application submitted on or after the effective date of P.L.2008, c.89, except a purchase for military service in the Armed Forces of the United States, shall not be eligible for consideration when service is used to determine the qualification of the member for any health care benefits coverage paid, in whole or in part, by a public employer after the member's retirement.

5. N.J.S.18A:66-4 is amended to read as follows:

Membership.

18A:66-4. The membership of the retirement system shall consist of:

(a) all members of the teachers' pension and annuity fund enrolled as such as of December 31, 1955;

(b) any person becoming a teacher on or after January 1, 1956, except any person who has attained the age of 60 years prior to becoming a teacher after June 30, 1958 but before July 1, 1968;

(c) every teacher veteran as of January 1, 1956, who is not a member of the "Teachers' Pension and Annuity Fund" as of such date and who shall not have notified the board of trustees within 30 days of such date that he does not desire to become a member;

(d) any teacher employed on January 1, 1956, who is not a member of the Teachers' Pension and Annuity Fund and who elects to become a member under the provisions of N.J.S.18A:66-10.

Before or on the effective date of P.L.2008, c.89, no person in employment, office or position, for which the annual salary or remuneration is fixed at less than \$500.00 shall be eligible to become a member of the retirement system. After the effective date of P.L.2008, c.89, a person who was a member of the retirement system on that effective date and continuously thereafter shall be eligible to be a member of the retirement system in employment, office or position, for which the annual salary or remuneration is fixed at \$500 or more. After the effective date of P.L.2008, c.89, a person who was not a member of the retirement system on that effective date, or who was a member of the retirement system on that effective date but not continuously thereafter, and who is in employment, office or position, for which the annual salary or remuneration is certified by the applicable public entity at \$7,500 or more, shall be eligible to become a member of the retirement system. The \$7,500 minimum annual salary or remuneration amount shall be adjusted annually by the Director of the Division of Pensions and Benefits, by regulation, in accordance with changes in the Consumer Price Index but by no more than 4 percent. "Consumer Price Index" means the average of the annual increase, expressed as a percentage, in the consumer price index for all urban consumers in the New York City and Philadelphia metropolitan statistical areas during the preceding calendar year as reported by the United States Department of Labor.

6. N.J.S.18A:66-8 is amended to read as follows:

Continuance of membership.

18A:66-8. a. If a teacher:

(1) is dismissed by an employer by reason of reduction in number of teachers employed in the school district, institution or department when in the judgment of the employer it is advisable to abolish any office, position or employment for reasons of a reduction in the number of pupils, economy, a change in the administrative or supervisory organization or other good cause; or becomes unemployed by reason of the creation of a regional school district or a consolidated school district; or has been discontinued from service without personal fault or through leave of absence granted by an employer or permitted by any law of this State; and

(2) has not withdrawn the accumulated member's contributions from the retirement system, the teacher's membership may continue, notwithstanding any provisions of this article, if the member returns to service within a period of 10 years from the date of discontinuance from service. No credit for retirement purposes shall be allowed to the

member covering the period of discontinuance, except as provided in this section. In computing the service or in computing final compensation, no time after September 1, 1919, during which a member shall have been employed as a teacher at an annual salary or remuneration fixed at less than that which is required for membership pursuant to N.J.S.18A:66-4 as applicable to the member shall be credited, except that in the case of a veteran member credit shall be given for service rendered prior to January 1, 1955, in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than \$300.00 and the service consisted of the performance of the full duties of the employment, office or position.

b. A teacher may purchase credit for time during which the teacher shall have been absent on an official leave without pay. The credit shall be purchased for a period of time equal to:

- (1) three months or the duration of the leave, whichever is less; or
- (2) if the leave was due to the member's personal illness, two years or the duration of the leave, whichever is less; or
- (3) the period of leave that is specifically allowed for retirement purposes by the provisions of any law of this State.

The purchase shall be made in the same manner and be subject to the same terms and conditions provided for the purchase of previous membership service by N.J.S.18A:66-9.

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

C.43:15A-7 Public Employees' Retirement System, established; membership.

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

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

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

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

d. Membership in the retirement system shall be optional for elected officials other than veterans, and for school crossing guards, who having become eligible for benefits under other pension systems are so employed on a part-time basis. Elected officials commencing service on or after the effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not be eligible for membership in the retirement system based on service in the elective public

office, except that an elected official enrolled in the retirement system as of that effective date who continues to hold that elective public office without a break in service shall be eligible to continue membership in the retirement system under the terms and conditions of enrollment. Service in the Legislature shall be considered a single elective public office. Any part-time school crossing guard who is eligible for benefits under any other pension system and who was hired as a part-time school crossing guard prior to March 4, 1976, may at any time terminate his membership in the retirement system by making an application in writing to the board of trustees of the retirement system. Upon receiving such application, the board of trustees shall terminate his enrollment in the system and direct the employer to cease accepting contributions from the member or deducting from the compensation paid to the member. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible for membership in this retirement system. Notwithstanding any other law to the contrary, all other persons accepting employment in the service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age. Before or on the effective date of P.L.2008, c.89, no person in employment, office or position, for which the annual salary or remuneration is fixed at less than \$1,500.00, shall be eligible to become a member of the retirement system. After the effective date of P.L.2008, c.89, a person who was a member of the retirement system on that effective date and continuously thereafter shall be eligible to be a member of the retirement system in employment, office or position, for which the annual salary or remuneration is fixed at \$1,500 or more. After the effective date of P.L.2008, c.89, a person who was not a member of the retirement system on that effective date, or who was a member of the retirement system on that effective date but not continuously thereafter, and who is in employment, office or position, for which the annual salary or remuneration is certified by the applicable public entity at \$7,500 or more, shall be eligible to become a member of the retirement system. The \$7,500 minimum annual salary or remuneration amount shall be adjusted annually by the Director of the Division of Pensions and Benefits, by regulation, in accordance with changes in the Consumer Price Index but by no more than 4 percent. "Consumer Price Index" means the average of the annual increase, expressed as a percentage, in the consumer price index for all urban consumers in the New York City and Philadelphia metropolitan statistical areas during the preceding calendar year as reported by the United States Department of Labor.

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

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

g. Any school crossing guard electing to terminate his membership in the retirement system pursuant to subsection d. of this section shall, upon his request, receive a refund of his accumulated deductions as of the date of his appointment to the position of school

crossing guard. Such refund of contributions shall serve as a waiver of all benefits payable to the employee, to his dependent or dependents, or to any of his beneficiaries under the retirement system.

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

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

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

8. Section 39 of P.L.1954, c.84 (C.43:15A-39) is amended to read as follows:

C.43:15A-39 Computing service.

39. In computing for retirement purposes the total service of a member about to be retired, the retirement system shall credit the member with the time of all service rendered by the member since that member's last enrollment, and in addition with all the service to which the member is entitled and with no other service. Except as otherwise provided in this act, this service credit shall be final and conclusive for retirement purposes unless the member shall discontinue service for more than two consecutive years. In the case of a member for whom compensation is defined in paragraph (2) of subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the retirement system shall credit the member with the time of all service rendered by the member during the part of any year that the member was a participant of the Defined Contribution Retirement Program, pursuant to paragraph (5) of subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007, c.103, and making contributions to that program.

For the purpose of computing service for retirement purposes, the board shall fix and determine by appropriate rules and regulations how much service in any year shall equal a year of service and a part of a year of service. Not more than one year shall be credited for all service in a calendar year. A member may purchase credit for time during which the member shall have been absent on an official leave without pay. The credit shall be purchased for a period of time equal to:

- (1) three months or the duration of the leave, whichever is less; or
- (2) if the leave was due to the member's personal illness, two years or the duration of the leave, whichever is less; or
- (3) the period of leave that is specifically allowed for retirement purposes by the provisions of any law of this State.

The purchase shall be made in the same manner and be subject to the same terms and conditions provided for the purchase of previous membership service credit by section 8 of P.L.1954, c.84 (C.43:15A-8). In computing the service or in computing final compensation, no time during which a member was in employment, office, or position for which the annual salary or remuneration was fixed at less than \$500.00 in the case of service rendered prior to November 6, 1986, or for which the annual salary or remuneration is fixed at less than that which was required for membership pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable to the member in the case of service rendered on or after that date, shall be credited, except that in the case of a veteran member credit shall be given for service rendered prior to January 2, 1955, in an employment, office or position if the annual salary or remuneration therefor was fixed at not less than \$300.00 and such service consisted of the performance of the full duties of the employment, office or position.

9. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to read as follows:

C.43:15A-65 State employee membership.

65. (a) All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System; provided the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by employers other than the State.

(b) Notwithstanding the provisions of subsection (a) of this section, every person becoming an employee of a public agency or organization of this State, which employs persons engaged in service to the public, after June 30, 1966, who is not eligible to become a member of any other retirement system, shall be required to participate in the Public Employees' Retirement System. Notwithstanding the provisions of subsection (a) of this section, membership in the Public Employees' Retirement System shall be optional with any person in the employ of any such public agency or organization on June 30, 1966, provided such person is not required to be a member pursuant to another provision of this act, and provided further that such person is not eligible to be a member of any other retirement system. The provisions of this subsection shall not apply to any person whose position is temporary or seasonal, nor to any person in office, position or employment for which the

annual salary or remuneration is fixed at less than that which is required for membership pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable to the member, nor to any person whose position is not covered by the old-age and survivors' insurance provisions of the federal Social Security Act. The public agency or organization employing any such person who becomes a member of the retirement system pursuant to this subsection shall contribute to the contingent reserve fund on account of such employees at the same rate per centum as would be paid by employers other than the State.

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

C.43:15A-75 Local employee membership.

75. (a) If this act is so adopted it shall become effective in the county or municipality adopting it on June 30 of the following year. Membership in the Public Employees' Retirement System shall be optional with the employees of the county, board of education or municipality in the service on the day the act becomes effective or on June 30, 1966, whichever is earlier, in such county, board of education or municipality except in the case of public employee veterans who on such date are members. An employee who elects to become a member within one year after this act so takes effect shall be entitled to prior service covering service rendered to the county, board of education or municipality prior to July 1, 1966 or prior to the date this act so becomes effective, whichever is earlier. Membership shall be compulsory for all employees entering the service of the county, board of education or municipality on July 1, 1966 or after the date this act becomes effective, whichever is earlier. Where any such employee entering the service of the county, board of education or municipality after the date this act so becomes effective has had prior service for which evidence satisfactory to the retirement system is presented, as an employee in such county, board of education or municipality before the date upon which this act so becomes effective, or July 1, 1966, whichever is earlier, such employee shall be entitled to prior service covering service rendered to the county, board of education or municipality prior to the date this act so becomes effective, or July 1, 1966, whichever is earlier.

(b) Notwithstanding the provisions of section 74 of this act and subsection (a) of this section, every person, other than a non-veteran elected official, becoming an employee of a county, board of education, municipality or school district after June 30, 1966, who is not eligible to become a member of another retirement system, shall be required to become a member of the Public Employees' Retirement System. Notwithstanding the provisions of section 74 of this act and subsection (a) of this section, membership in the retirement system shall be optional with any elected official who is not a veteran, regardless of the date he assumes office, and with any other person in the employ of any county, board of education, municipality or school district on June 30, 1966, provided such elected official or other person is not then a member and is not required to be a member of the retirement system pursuant to another provision of this act, and provided further that such person is not eligible to be a member of another retirement system. Elected officials commencing service on or after the effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not be eligible for membership in the retirement system based on service in the elective public office, except that an elected official enrolled in the retirement system as of that effective date who continues to hold that elective public office without a break in service shall be eligible to continue membership in the retirement system under the terms and conditions of enrollment.

The provisions of this subsection shall not apply to any person whose position is temporary or seasonal, nor to any person in office, position or employment for which the annual salary or remuneration is fixed at less than that which is required for membership pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable to the member, nor to any person whose position is not covered by the old age and survivors' insurance provisions of the federal Social Security Act. No credit shall be allowed to any person becoming a member of the retirement system pursuant to this subsection for service rendered to the employer prior to July 1, 1966, until the provisions of section 74 of this act have been complied with, in which event such credit shall be allowed in accordance with the provisions of subsection (a) of this section; except that the governing body of any county, board of education or municipality may, by resolution, consent to the allowance of such credit and file a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System.

11. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read as follows:

C.43:15C-2 Eligibility for participation in the Defined Contribution Retirement Program.

2. a. The following persons shall be eligible and shall participate in the Defined Contribution Retirement Program:

(1) A person who commences service on or after the effective date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an elective public office of this State or of a political subdivision thereof, except that it shall not include a person who holds elective public office on the effective date of this section and is enrolled in the Public Employees' Retirement System while that person continues to hold that elective public office without a break in service. Service in the Legislature shall be considered a single elective public office.

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

(3) A person who commences service on or after the effective date of this section in an employment, office or position in a political subdivision of the State, or an agency, board, commission, authority or instrumentality of a subdivision, pursuant to an appointment by an elected public official or elected governing body, that requires the specific consent or approval of the elected governing body of the political subdivision that is substantially similar in nature to the advice and consent of the Senate for appointments by the Governor of the State as that similarity is determined by the elected governing body and set forth in an adopted ordinance or resolution, pursuant to guidelines or policy that shall be established by the Local Finance Board in the Department of Community Affairs or the Department of Education, as appropriate to the elected governing body. This paragraph shall not be deemed to include a person otherwise eligible for membership in the Teachers' Pension and Annuity Fund or the Police and Firemen's Retirement System, or a person who is employed or appointed in the regular or normal course of employment or appointment procedures and consented to or approved in a general or routine manner appropriate for and followed by the

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

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

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

(6) A person in employment, office or position for which the annual salary or remuneration is less than that which is required to become a member of the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System, or to make contributions to those systems as a member on the basis of any such employment, office or position, after the effective date of P.L.2008, c.89.

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

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

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

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

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

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

A person eligible and required to participate in the retirement program pursuant to paragraph (5) of subsection a. of this section may elect to waive participation with regard to that employment, office, or position by filing, when first eligible, on a form required by the division, a written waiver with the Division of Pensions and Benefits that waives all rights and benefits that would otherwise be provided by the retirement program. Such a person may thereafter elect to participate in the retirement program by filing, on a form required by the division, a written election to participate in the retirement program and participation in the

retirement program pursuant to such election shall commence on the January 1 next following the filing of the election to participate.

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

12. Section 3 of P.L.1969, c.242 (C.18A:66-169) is amended to read as follows:

C.18A:66-169 Definitions.

3. As used in this act:

a. "Accumulated deductions" means those contributions as defined in N.J.S.18A:66-2 or in section 6 of P.L.1954, c.84 (C.43:15A-6).

b. "Base salary" means a participant's regular base or contractual salary. It shall exclude bonus, overtime or other forms of extra compensation such as (1) longevity lump sum payments, (2) lump sum terminal sick leave or vacation pay, (3) the value of maintenance, (4) individual pay adjustments made within or at the conclusion of the participant's final year of service, (5) retroactive salary adjustments or other pay adjustments made in the participant's final year of service unless such adjustment was made as a result of a general pay adjustment for all personnel of the department or institution, (6) any unscheduled individual adjustment made in the final year to place the member at the maximum salary level within his salary range and (7) any pay for services rendered during the summer vacation period by a participant who is required to work only 10 months of the year.

c. "Base annual salary" means the base salary upon which contributions by the member and his employer to the alternate benefit program were based during the last year of creditable service.

d. (Deleted by amendment, P.L.1994, c.48).

e. "University of Medicine and Dentistry" means the University of Medicine and Dentistry of New Jersey established pursuant to the terms of section 3 of P.L.1970, c.102 (C.18A:64G-3).

f. "County colleges" means the colleges so defined in N.J.S.18A:64A-1.

g. "Division of Pensions" means the division established in the Department of the Treasury pursuant to section 1 of P.L.1955, c.70 (C.52:18A-95) and is the agency responsible for the administration of the alternate benefit program of the State and county colleges and for the administration of the group life and disability insurances of all alternate benefit programs established in the State for public employees.

h. "Full-time officers" and "full-time members of the faculty" shall include the president, vice president, secretary and treasurer of the respective school. "Full-time" shall also include eligible full-time officers and full-time members of the faculty who are granted sabbaticals or leaves of absence with pay where the compensation paid is 50% or more of the base salary at the time the leave commences and the period of eligibility terminates with the end of the school year following the year in which the sabbatical began. "Part-time" shall be defined as an appointment where the employee receives a salary or wages for a period of less than 50% of the normal work week. These definitions shall apply to teaching or administrative staff members or to employees serving in a dual capacity where the appointment includes teaching as well as administrative duties.

i. "Group Annuity Plan" refers to the Group Annuity Contract R-134 between the Board of Trustees of the New Jersey Institute of Technology and the Prudential Insurance Company of America.

j. "Member" or "participant" means a full-time officer or a full-time member of the faculty participating in the alternate benefit program, and after the effective date of P.L.2008, c.89, means an adjunct faculty member or a part-time instructor whose employment agreement begins after that effective date.

k. "New Jersey Institute of Technology" means the Newark College of Engineering.

l. "Pension reserve" means those moneys as defined in N.J.S.18A:66-2 or in section 6 of P.L.1954, c.84 (C.43:15A-6).

m. "Rutgers, The State University" means the institution of higher education described in chapter 65 of Title 18A of the New Jersey Statutes.

n. "State Colleges" means the colleges so described in chapter 64 of Title 18A of the New Jersey Statutes.

o. "Mutual fund company" means an investment company or trust regulated by the federal "Investment Company Act of 1940," 15 U.S.C.s. 80a-1 et seq.

C.18A:66-4.1 Appeal for person denied membership in TPAF.

13. An appeal by any person who is denied membership in the Teachers' Pension and Annuity Fund shall be transmitted as a contested case, along with all relevant materials and documents, by the State Treasurer to the Office of Administrative Law which shall conduct an adjudicatory proceeding thereon pursuant to the "Administrative Procedure Act," P.L.1968, C.410 (C.52:14B-1 et seq.).

C.43:15A-7.3 Appeal for person denied membership in PERS.

14. An appeal by any person who is denied membership in the Public Employees' Retirement System shall be transmitted as a contested case, along with all relevant materials and documents, by the State Treasurer to the Office of Administrative Law which shall conduct an adjudicatory proceeding thereon pursuant to the "Administrative Procedure Act," P.L.1968, C.410 (C.52:14B-1 et seq.).

15. Section 2 of P.L.1961, c.49 (C.52:14-17.26) is amended to read as follows:

C.52:14-17.26 Definitions relative to health care benefits for public employees.

2. As used in this act:

(a) The term "State" means the State of New Jersey.

(b) The term "commission" means the State Health Benefits Commission, created by section 3 of this act.

(c) The term "employee" means an appointive or elective officer, a full-time employee of the State of New Jersey, or a full-time employee of an employer other than the State who appears on a regular payroll and receives a salary or wages for an average of the number of hours per week as prescribed by the governing body of the participating employer which number of hours worked shall be considered full-time, determined by resolution, and not less than 20. For the purposes of this act an employee of Rutgers, The State University of New Jersey, shall be deemed to be an employee of the State, and an employee of the New Jersey Institute of Technology shall be considered to be an employee of the State during such time as the Trustees of the Institute are party to a contractual agreement with the State Treasurer

for the provision of educational services. The term "employee" shall further mean, for purposes of this act, a former employee of the South Jersey Port Corporation, who is employed by a subsidiary corporation or other corporation, which has been established by the Delaware River Port Authority pursuant to subdivision (m) of Article I of the compact creating the Delaware River Port Authority (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued membership in the Public Employees' Retirement System pursuant to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

For the purposes of this act the term "employee" shall not include persons employed on a short-term, seasonal, intermittent or emergency basis, persons compensated on a fee basis, persons having less than two months of continuous service or persons whose compensation from the State is limited to reimbursement of necessary expenses actually incurred in the discharge of their official duties, provided, however, that the term "employee" shall include persons employed on an intermittent basis to whom the State has agreed to provide coverage under P.L.1961, c.49 (C.52:14-17.25 et seq.) in accordance with a binding collective negotiations agreement. An employee paid on a 10-month basis, pursuant to an annual contract, will be deemed to have satisfied the two-month waiting period if the employee begins employment at the beginning of the contract year. The term "employee" shall also not include retired persons who are otherwise eligible for benefits under this act but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B. A determination by the commission that a person is an eligible employee within the meaning of this act shall be final and shall be binding on all parties.

(d) (1) The term "dependents" means an employee's spouse, partner in a civil union couple or an employee's domestic partner as defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the employee's unmarried children under the age of 23 years who live with the employee in a regular parent-child relationship. "Children" shall include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families, provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. A spouse, partner in a civil union couple, domestic partner or child enlisting or inducted into military service shall not be considered a dependent during the military service. The term "dependents" shall not include spouses, partners in a civil union couple or domestic partners of retired persons who are otherwise eligible for the benefits under this act but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B.

(2) Notwithstanding the provisions of paragraph (1) of this subsection to the contrary and subject to the provisions of paragraph (3) of this subsection, for the purposes of an employer other than the State that is participating in the State Health Benefits Program pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term "dependents" means an employee's spouse or partner in a civil union couple and the employee's unmarried children under the age of 23 years who live with the employee in a regular parent-child relationship. "Children" shall include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. A spouse, partner in a civil union couple or child enlisting or inducted into

military service shall not be considered a dependent during the military service. The term "dependents" shall not include spouses or partners in a civil union couple of retired persons who are otherwise eligible for benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B.

(3) An employer other than the State that is participating in the State Health Benefits Program pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34) may adopt a resolution providing that the term "dependents" as defined in paragraph (2) of this subsection shall include domestic partners as provided in paragraph (1) of this subsection.

(e) The term "carrier" means a voluntary association, corporation or other organization, including a health maintenance organization as defined in section 2 of the "Health Maintenance Organizations Act," P.L.1973, c.337 (C.26:2J-2), which is lawfully engaged in providing or paying for or reimbursing the cost of, personal health services, including hospitalization, medical and surgical services, under insurance policies or contracts, membership or subscription contracts, or the like, in consideration of premiums or other periodic charges payable to the carrier.

(f) The term "hospital" means (1) an institution operated pursuant to law which is primarily engaged in providing on its own premises, for compensation from its patients, medical diagnostic and major surgical facilities for the care and treatment of sick and injured persons on an inpatient basis, and which provides such facilities under the supervision of a staff of physicians and with 24 hour a day nursing service by registered graduate nurses, or (2) an institution not meeting all of the requirements of (1) but which is accredited as a hospital by the Joint Commission on Accreditation of Hospitals. In no event shall the term "hospital" include a convalescent nursing home or any institution or part thereof which is used principally as a convalescent facility, residential center for the treatment and education of children with mental disorders, rest facility, nursing facility or facility for the aged or for the care of drug addicts or alcoholics.

(g) The term "State managed care plan" means a health care plan under which comprehensive health care services and supplies are provided to eligible employees, retirees, and dependents: (1) through a group of doctors and other providers employed by the plan; or (2) through an individual practice association, preferred provider organization, or point of service plan under which services and supplies are furnished to plan participants through a network of doctors and other providers under contracts or agreements with the plan on a prepayment or reimbursement basis and which may provide for payment or reimbursement for services and supplies obtained outside the network. The plan may be provided on an insured basis through contracts with carriers or on a self-insured basis, and may be operated and administered by the State or by carriers under contracts with the State.

(h) The term "Medicare" means the program established by the "Health Insurance for the Aged Act," Title XVIII of the "Social Security Act," Pub.L.89-97 (42 U.S.C.s.1395 et seq.), as amended, or its successor plan or plans.

(i) The term "traditional plan" means a health care plan which provides basic benefits, extended basic benefits and major medical expense benefits as set forth in section 5 of P.L.1961, c.49 (C.52:14-17.29) by indemnifying eligible employees, retirees, and dependents for expenses for covered health care services and supplies through payments to providers or reimbursements to participants.

(j) The term "successor plan" means a State managed care plan that shall replace the traditional plan and that shall provide benefits as set forth in subsection (B) of section 5 of P.L.1961, c.49 (C.52:14-17.29) with provisions regarding reimbursements and payments as set forth in paragraph (1) of subsection (C) of section 5 of P.L.1961, c.49 (C.52:14-17.29).

C.52:14-17.26a Fraudulent obtaining, attempt to obtain SHBP benefits, fourth degree crime.

16. Any person who knowingly obtains, or attempts or conspires to obtain, coverage or benefits under the State Health Benefits Program for himself or another, knowing that the person for whom membership or benefits are sought is ineligible therefor, shall be guilty of a crime of the fourth degree. Nothing in this section shall preclude prosecution or conviction for any other offense.

C.52:14-17.27a Audit program for SHBP.

17. The State Health Benefits Commission shall establish an audit program through which it shall conduct a continuous review of the various public employers participating in the State Health Benefits Program for the purpose of ensuring that only eligible employees and retirees, and their dependents, are receiving health care coverage under the program. Every public entity whose employees are covered by the program, as well as employees and retirees thereof, and their dependents, and any other public entity having relevant information, shall cooperate fully with the commission and shall provide all information, records and documents requested by the commission in connection with an audit.

18. Section 39 of P.L.1971, c.121 (C.18A:66-6.1) is amended to read as follows:

C.18A:66-6.1 Membership required as condition of employment; delayed filing; contribution; payment.

39. a. In the case of any person who was required to become a member of the retirement system as a condition of employment, and whose application for enrollment in the retirement system or whose application for transfer from one employer to another within the system was filed beyond the effective date for his compulsory enrollment in the system or his transfer within the system, such person shall be required to purchase membership credit for his compulsory coverage by paying into the annuity savings fund the amount required by applying, in accordance with N.J.S.18A:66-29, his rate of contribution on his current base salary subject to the retirement system for each year of previous service during which he was required to have been a member.

b. If more than 1 year has elapsed from the time that contributions would have been required from such person, 1/2 of the employee's cost established by the computation provided by subsection a. of this section, will be required of his employer and shall be included in the next budget subsequent to the certification of this special liability by the retirement system. The amount certified by the system shall be payable by the employer to the contingent reserve fund and shall be due and owing to the system even if the employee is no longer in the employ of the employer by the date such moneys are to be paid to the system.

c. The employee's obligation may be satisfied by regular installments, equal to at least 1/2 of the normal contribution to the retirement system, over a maximum period of 10 years, but not more than 2 years in the case of any employee who has attained or will attain age 60 within the 2-year period or, for a person who became a member of the retirement system on

or after the effective date of P.L.2008, c.89, has attained or will attain age 62 within the 2-year period.

d. In the case of any person coming under the provisions of this section, full pension credit for the period of employment for which arrears are being paid by the employee shall be given upon the payment of at least 1/2 of the total employee's arrearage obligation and the completion of 1 year of membership and the making of such arrears payments, except that in the case of retirement pursuant to N.J.S.18A:66-36, 18A:66-37, 18A:66-44 and 18A:66-71, the total membership credit for such service shall be in direct proportion as the amount paid bears to the total amount of the arrearage obligation of the employee.

19. N.J.S.18A:66-36 is amended to read as follows:

Vesting of TPAF members.

18A:66-36. Should a member of the Teachers' Pension and Annuity Fund, after having completed 10 years of service, be separated voluntarily or involuntarily from the service, before reaching service retirement age, and not by removal for conduct unbecoming a teacher or other just cause under the provisions of N.J.S.18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13 inclusive, such person may elect to receive, in lieu of the payment provided in N.J.S.18A:66-34:

a. The payments provided for in N.J.S.18A:66-37, if he so qualified under said section;
or

b. A deferred retirement allowance beginning at age 60, or for a person who becomes a member of the retirement system on or after the effective date of P.L.2008, c.89 beginning at age 62, which shall be made up of an annuity derived from the member's accumulated deductions at the time of his severance from the service, and a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1/64 of his final compensation for each year of service credited as Class A service and 1/55 of his final compensation for each year of service credited as class B service, calculated in accordance with N.J.S.18A:66-44, with optional privileges provided for in N.J.S.18A:66-47 if he exercises such optional privilege at least 30 days before his attainment of the normal retirement age; provided, that such election is communicated by such member to the retirement system in writing stating at what time subsequent to the execution and filing thereof he desires to be retired; and provided, further, that such member may later elect: (1) to receive the payments provided for in N.J.S.18A:66-37, if he had qualified under that section at the time of leaving service, except that in order to avail himself of the optional privileges pursuant to N.J.S.18A:66-47, he must exercise such optional privilege at least 30 days before the effective date of his retirement; or (2) to withdraw his accumulated deductions with interest as provided in N.J.S.18A:66-34. If such member shall die before attaining service retirement age, then his accumulated deductions, plus regular interest after January 1, 1956, shall be paid in accordance with N.J.S.18A:66-38, and, in addition if such member shall die after attaining service retirement age and has not withdrawn his accumulated deductions, an amount equal to 3/16 of the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service shall be paid to such member's beneficiary.

Any member who, having elected to receive a deferred retirement allowance, again becomes an employee covered by the retirement system while under the age of 60 or, if that person became a member of the retirement system on or after the effective date of P.L.2008,

c.89, while under the age of 62, shall thereupon be reenrolled. If he had discontinued his service for more than two consecutive years, subsequent contributions shall be at a rate applicable to the age resulting from the subtraction of his years of creditable service at the time of his last discontinuance of contributing membership from his age at the time of his return to service. He shall be credited with all service as a member standing to his credit at the time of his election to receive a deferred retirement allowance.

20. N.J.S.18A:66-37 is amended to read as follows:

Early retirement.

18A:66-37. Should a member resign after having established 25 years of creditable service before reaching age 60, or before reaching the age of 62 if the person became a member of the retirement system on or after the effective date of P.L.2008, c.89, the member may elect "early retirement," provided, that such election is communicated by such member to the retirement system by filing a written application, duly attested, stating at what time subsequent to the execution and filing thereof the member desires to be retired. The member shall receive, in lieu of the payment provided in N.J.S.18A:66-34, an annuity which is the actuarial equivalent of the member's accumulated deductions and a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1/64 of the member's final compensation for each year of service credited as class A service and 1/55 of the member's final compensation for each year of service credited as class B service, calculated in accordance with N.J.S.18A:66-44, reduced:

(a) by 1/4 of 1% for each month that the member lacks of being age 55; or

(b) for a person who becomes a member of the retirement system on or after July 1, 2007, by 1/4 of 1% for each month that the member lacks of being age 55 and by 1/12 of 1% for each month that the member lacks of being age 60 but over age 55; or

(c) for a person who becomes a member of the retirement system on or after the effective date of P.L.2008, c.89, by 1/4 of 1% for each month that the member lacks of being age 55 and by 1/12 of 1% for each month that the member lacks of being age 62 but over age 55; provided, however, that upon the receipt of proper proofs of the death of such a member there shall be paid to the member's beneficiary an amount equal to 3/16 of 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.

Subparagraph (b) or (c) of this section shall not apply to a person who at the time of enrollment in the retirement system on or after July 1, 2007 transfers service credit from another State-administered retirement system pursuant to N.J.S.18A:66-15.1, but shall apply to a former member of the retirement system who has been granted a retirement allowance and is reenrolled in the retirement system on or after July 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed again in a position that makes the person eligible to be a member of the retirement system.

The board of trustees shall retire the member at the time specified or at such other time within one month after the date so specified as the board finds advisable.

21. N.J.S.18A:66-43 is amended to read as follows:

Retirement for service age limits.

18A:66-43. Retirement for service shall be as follows: (a) A person who was a member before the effective date of P.L.2008, c.89 and has attained 60 years of age may retire on a service retirement allowance by filing with the retirement system a written application, duly attested, stating at which time subsequent to the execution and filing thereof he desires to be retired. The board of trustees shall retire him at the time specified or at such other time within 1 month after the date so specified as the board finds advisable.

(b) A person who becomes a member on or after the effective date of P.L.2008, c.89 and has attained 62 years of age may retire on a service retirement allowance by filing with the retirement system a written application, duly attested, stating at which time subsequent to the execution and filing thereof the member desires to be retired. The board of trustees shall retire the member at the time specified or at such other time within 1 month after the date so specified as the board finds advisable.

22. Section 48 of P.L.1971, c.213 (C.43:15A-7.1) is amended to read as follows:

C.43:15A-7.1 Delinquent enrollment for compulsory membership; payment by employee and employer.

48. a. In the case of any person who was required to become a member of the retirement system as a condition of employment, and whose application for enrollment in the retirement system or whose application for transfer from one employer to another within the system was filed beyond the effective date for his compulsory enrollment in the system or his transfer within the system, such person shall be required to purchase membership credit for his compulsory coverage by paying into the annuity savings fund the amount required by applying, in accordance with section 25 of chapter 84 of the laws of 1954, his rate of contribution on his current base salary subject to the retirement system for each year of previous service during which he was required to have been a member.

b. If more than 1 year has elapsed from the time that contributions would have been required from such person, 1/2 of the employee's cost, established by the computation provided by subsection a. of this section, will be required of his employer and shall be included in the next budget subsequent to the certification of this special liability by the retirement system. The amount certified by the system shall be payable by the employer to the contingent reserve fund and shall be due and owing to the system even if the employee is no longer in the employ of the employer by the date such moneys are to be paid to the system.

c. The employees' obligation may be satisfied by regular installments, equal to at least 1/2 the normal contribution to the retirement system, over a maximum period of 10 years but not more than 2 years in the case of any employee who has attained or will attain age 60 within the 2-year period, or in the case of any employee who became a member of the retirement system on or after the effective date of P.L.2008, c.89, has attained or will attain age 62 within the 2-year period.

d. In the case of any person coming under the provisions of this section, full pension credit for the period of employment for which arrears are being paid by the employee shall be given upon the payment of at least 1/2 of the total employee's arrearage obligation and the completion of 1 year of membership and the making of such arrears payments, except that in the case of retirement pursuant to sections 38, 41(b), 48 and 61 of chapter 84 of the laws of 1954, the total membership credit for such service shall be in direct proportion as the amount paid bears to the total amount of the arrearage obligation of the employee.

23. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to read as follows:

C.43:15A-41 Withdrawal from service; early retirement; death benefits.

41. a. A member who withdraws from service or ceases to be an employee for any cause other than death or retirement shall, upon the filing of an application therefor, receive all of his accumulated deductions standing to the credit of his individual account in the annuity savings fund, plus regular interest, less any outstanding loan, except that for any period after June 30, 1944, the interest payable shall be such proportion of the interest determined at the regular rate of 2% per annum bears to the regular rate of interest, and except that no interest shall be payable in the case of a member who has less than three years of membership credit for which he has made contributions. He shall cease to be a member two years from the date he discontinued service as an eligible employee, or, if prior thereto, upon payment to him of his accumulated deductions. If any such person or member shall die before withdrawing or before endorsing the check constituting the return of his accumulated deductions, such deductions shall be paid to the member's beneficiary. No member shall be entitled to withdraw the amounts contributed by his employer covering his military leave unless he shall have returned to the payroll and contributed to the retirement system for a period of 90 days.

b. Should a member resign after having established 25 years of creditable service before reaching age 60, or before reaching age 62 if the person became a member of the retirement system on or after the effective date of P.L.2008, c.89, he may elect "early retirement," provided, that such election is communicated by such member to the retirement system by filing a written application, duly attested, stating at what time subsequent to the execution and filing thereof he desires to be retired. He shall receive, in lieu of the payment provided in subsection a. of this section, an annuity which is the actuarial equivalent of his accumulated deductions together with regular interest, and a pension in the amount which, when added to the member's annuity, will provide a total retirement allowance of 1/64 of his final compensation for each year of service credited as Class A service and 1/55 of his final compensation for each year of service credited as Class B service, calculated in accordance with section 48 (C.43:15A-48) of this act, reduced:

(a) by 1/4 of 1% for each month that the member lacks of being age 55; or

(b) for a person who becomes a member of the retirement system on or after July 1, 2007, by 1/4 of 1% for each month that the member lacks of being age 55 and by 1/12 of 1% for each month that the member lacks of being age 60 but over age 55; or

(c) for a person who becomes a member of the retirement system on or after the effective date of P.L.2008, c.89, by 1/4 of 1% for each month that the member lacks of being age 55 and by 1/12 of 1% for each month that the member lacks of being age 62 but over age 55; provided, however, that upon the receipt of proper proofs of the death of such a member there shall be paid to his beneficiary an amount equal to three-sixteenths of the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service.

Paragraph (b) or (c) of this subsection shall not apply to a person who at the time of enrollment in the retirement system on or after July 1, 2007 transfers service credit from another State-administered retirement system pursuant to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a former member of the retirement system who has been granted a retirement allowance and is reenrolled in the retirement system on or after July 1,

2007 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after becoming employed again in a position that makes the person eligible to be a member of the retirement system.

The board of trustees shall retire him at the time specified or at such other time within one month after the date so specified as the board finds advisable.

c. Upon the receipt of proper proofs of the death of a member in service on account of which no accidental death benefit is payable under section 49 there shall be paid to such member's beneficiary:

(1) The member's accumulated deductions at the time of death together with regular interest; and

(2) An amount equal to one and one-half times the compensation upon which contributions by the member to the annuity savings fund were based in the last year of creditable service.

24. Section 47 of P.L.1954, c.84 (C.43:15A-47) is amended to read as follows:

C.43:15A-47 Retirement based on age.

47. a. A person who was a member before the effective date of P.L.2008, c.89 and has attained 60 years of age may retire on a service retirement allowance by filing with the retirement system a written application, duly attested, stating at which time subsequent to the execution and filing thereof the member desires to be retired. The board of trustees shall retire him at the time specified or at such other time within one month after the date so specified as the board finds advisable.

b. A person who becomes a member on or after the effective date of P.L.2008, c.89 and has attained 62 years of age may retire on a service retirement allowance by filing with the retirement system a written application, duly attested, stating at which time subsequent to the execution and filing thereof the member desires to be retired. The board of trustees shall retire the member at the time specified or at such other time within one month after the date so specified as the board finds advisable.

C.11A:6-24.1 Paid holidays granted to State government employees.

25. a. Paid holidays granted to all State government employees each calendar year shall be limited to the following:

- (1) January 1, known as New Year's Day;
- (2) the third Monday in January, known as Martin Luther King's Birthday;
- (3) the third Monday in February, known as Washington's Birthday, which shall be known and celebrated as Presidents Day in this State;
- (4) the day designated and known as Good Friday;
- (5) the last Monday in May, known as Memorial Day;
- (6) July 4, known as Independence Day;
- (7) the first Monday in September, known as Labor Day;
- (8) the second Monday in October, known as Columbus Day;
- (9) November 11, known as Armistice Day or Veterans' Day;
- (10) the fourth Thursday in November, known as Thanksgiving Day;
- (11) December 25, known as Christmas Day; and
- (12) any general election day in this State.

b. The provisions of this section shall not impair any collective bargaining agreement or contract in effect on the effective date of P.L.2008, c.89. The provision of this section shall

take effect in the calendar year following the expiration of the collective bargaining agreements or contracts covering a majority of the Executive Branch employees in effect on the effective date of P.L.2008, c.89.

26. R.S.36:1-1 is amended to read as follows:

Legal holidays.

36:1-1. a. The following days in each year shall, for all purposes whatsoever as regards the presenting for payment or acceptance, and of the protesting and giving notice of dishonor, of bills of exchange, bank checks and promissory notes be treated and considered as the first day of the week, commonly called Sunday, and as public holidays, except as provided under subsection d. of this section: January 1, known as New Year's Day; the third Monday in January, known as Martin Luther King's Birthday; February 12, known as Lincoln's Birthday; the third Monday in February, known as Washington's Birthday; the day designated and known as Good Friday; the last Monday in May, known as Memorial Day; July 4, known as Independence Day; the first Monday in September, known as Labor Day; the second Monday in October, known as Columbus Day; November 11, known as Armistice Day or Veterans' Day; the fourth Thursday in November, known as Thanksgiving Day; December 25, known as Christmas Day; any general election day in this State; every Saturday; and any day heretofore or hereafter appointed, ordered or recommended by the Governor of this State, or the President of the United States, as a day of fasting and prayer, or other religious observance, or as a bank holiday or holidays. All such bills, checks and notes, otherwise presentable for acceptance or payment on any of the days herein enumerated, shall be deemed to be payable and be presentable for acceptance or payment on the secular or business day next succeeding any such holiday.

b. Whenever any of the days herein enumerated can and shall fall on a Sunday, the Monday next following shall, for any of the purposes herein enumerated be deemed a public holiday, except as provided under subsection d. of this section; and bills of exchange, checks and promissory notes which otherwise would be presentable for acceptance or payment on such Monday shall be deemed to be presentable for acceptance or payment on the secular or business day next succeeding such holiday.

c. In construing this section, every Saturday shall, until 12 o'clock noon, be deemed a secular or business day, except as is hereinbefore provided in regard to bills of exchange, bank checks and promissory notes, and the days herein enumerated except bank holidays and Saturdays shall be considered as the first day of the week, commonly called Sunday, and public holidays, for all purposes whatsoever as regards the transaction of business in the public offices of this State, or counties of this State, except as provided under subsection d. of this section; but on all other days or half days, except Sunday or as otherwise provided by law, such offices shall be kept open for the transaction of business.

d. Notwithstanding the provisions of subsections a. through c. of this section, when the provisions of this subsection take effect, the following day each calendar year shall not be considered a public holiday for the purposes of conducting State government business:

February 12, known as Lincoln's Birthday.

All public offices of State government in this State shall be open on this day for the transaction of business.

27. Section 1 of P.L.1978, c.135 (C.36:1-1.2) is amended to read as follows:

C.36:1-1.2 Legal holiday on Saturday; preceding Friday deemed to be holiday.

1. Whenever any legal holiday enumerated in R.S.36:1-1 other than Saturday, and other than those days enumerated under subsection d. of R.S.36:1-1, can and shall fall on a Saturday, the preceding Friday shall be deemed to be said holiday for State employees, and the public offices of the State government shall be closed for the transaction of business.

28. This act shall take effect on the first day of second month following enactment.

Approved September 29, 2008.