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SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 1962, 1964, 1965, 1969 and
2077

STATE OF NEW JERSEY
213th LEGISLATURE

ADOPTED JUNE 19, 2008

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SYNOPSIS

Makes changes to PERS and TPAF concerning retirement age, eligibility, purchase of service credit; makes various changes to SHBP administration; merges Washington and Lincoln holidays for State employees in Presidents Day.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.

(Sponsorship Updated As Of: 6/24/2008)

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

4

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

7

8 1. This act shall be known as "The Public Employee Pension
9 and Benefits Reform Act of 2008."

10

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

13 36. a. Notwithstanding the provisions of any other law to the
14 contrary, an employer other than the State which participates in the
15 State Health Benefits Program, established pursuant to P.L.1961,
16 c.49 (C.52:14-17.25 et seq.), may allow any employee who is
17 eligible for other health care coverage to waive coverage under the
18 State Health Benefits Program to which the employee is entitled by
19 virtue of employment with the employer. The waiver shall be in
20 such form as the Director of the Division of Pensions and Benefits
21 shall prescribe and shall be filed with the division. After such
22 waiver has been filed and for so long as that waiver remains in
23 effect, no premium shall be required to be paid by the employer for
24 the employee or the employee's dependents. Not later than the
25 180th day after the date on which the waiver is filed, the division
26 shall refund to the employer the amount of any premium previously
27 paid by the employer with respect to any period of coverage which
28 followed the filing date.

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

40 c. In consideration of filing 【such】 a waiver as permitted in
41 subsections a. and b. of this section, an employer may pay to the
42 employee annually an amount, to be established in the sole
43 discretion of the employer, which shall not exceed 50% of the

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined **thus** is new matter.

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

16 (cf: P.L.2007, c.92, s.48)

17

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

19 18A:66-13. Prior service credit. A member may file a detailed
20 statement of: a. school service and service in a similar capacity in
21 other states and in schools within and outside the United States
22 operated by a department of the United States Government for the
23 instruction of the children of United States Government officers and
24 employees, or b. other public employment in other states or with
25 the United States Government which would be eligible for credit in
26 a State-administered retirement system if the employment was with
27 a public employer in this State, or c. military service in the Armed
28 Forces of the United States, rendered prior to becoming a member,
29 for which the member desires credit, and of such other facts as the
30 retirement system may require. The member may purchase credit
31 for all or a portion of the service evidenced in the statement up to
32 the nearest number of years and months, but not exceeding 10
33 years, provided however, that a member purchasing that maximum
34 credit may purchase up to five additional years for additional
35 military service qualifying the member as a veteran as defined in
36 N.J.S.18A:66-2. No application shall be accepted for the purchase
37 of credit for such service if, at the time of application, the member
38 has a vested right to retirement benefits in another retirement
39 system based in whole or in part upon that service.

40 The member may purchase credit for the service by paying into
41 the annuity savings fund the amount required by applying the
42 factor, supplied by the actuary as being applicable to the member's
43 age at the time of the purchase, to the member's salary at that time,
44 or to the highest annual compensation for service in this State for
45 which contributions were made during any prior fiscal year of
46 membership, whichever is greater. The purchase may be made in
47 regular installments, equal to at least one-half the full normal
48 contribution to the retirement system, over a maximum period of 10

1 years. Neither the State nor the employer of a member who applies
2 to purchase credit for public employment with the United States
3 Government pursuant to subsection b. of this section or for military
4 service pursuant to subsection c. of this section shall be liable for
5 any payment to the retirement system on behalf of the member for
6 the purchase of this credit.

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

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

19 Notwithstanding any other provision of law to the contrary,
20 service credit established in the retirement system by a member
21 through purchase in accordance with this section, which purchase
22 was made by an application submitted on or after the effective date
23 of P.L. , c. (pending before the Legislature as this bill), except a
24 purchase for military service in the Armed Forces of the United
25 States, shall not be eligible for consideration when service is used
26 to determine the qualification of the member for any health care
27 benefits coverage paid, in whole or in part, by a public employer
28 after the member's retirement.

29 (cf: P.L.1991, c.153, s.1)

30

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

33 2. A member may file a detailed statement of public
34 employment in other states or with the United States Government
35 which would be eligible for credit in a State-administered
36 retirement system if the employment was with a public employer in
37 this State, or of military service in the Armed Forces of the United
38 States, or of service resulting from initial appointment or
39 employment on or after January 1, 2002 with a bi-state or multi-
40 state agency established pursuant to an interstate compact to which
41 the State is a party which would be eligible for credit in a State-
42 administered retirement system if the employment was with a
43 public employer in this State, rendered prior to becoming a member,
44 for which the member desires credit, and of such other facts as the
45 retirement system may require. The member may purchase credit
46 for all or a portion of the service evidenced in the statement up to
47 the nearest number of years and months, but not exceeding 10
48 years, provided however, that a member purchasing that maximum

1 credit may purchase up to five additional years for additional
2 military service qualifying the member as a veteran as defined in
3 section 6 of P.L.1954, c.84 (C.43:15A-6). No application shall be
4 accepted for the purchase of credit for the service if, at the time of
5 application, the member has a vested right to retirement benefits in
6 another retirement system based in whole or in part upon that
7 service. The member may purchase credit for the service by paying
8 into the annuity savings fund the amount required by applying the
9 factor, supplied by the actuary as being applicable to the member's
10 age at the time of the purchase, to the member's salary at that time,
11 or to the highest annual compensation for service in this State for
12 which contributions were made during any prior fiscal year of
13 membership, whichever is greater. The purchase may be made in
14 regular installments, equal to at least 1/2 of the full normal
15 contribution to the retirement system, over a maximum period of 10
16 years. The employer of a member who applies, pursuant to this
17 section, to purchase credit for public employment with the United
18 States Government or for military service in the Armed Forces of
19 the United States shall not be liable for any payment to the
20 retirement system on behalf of the member for the purchase of this
21 credit.

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

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

35 Notwithstanding any other provision of law to the contrary,
36 service credit established in the retirement system by a member
37 through purchase in accordance with this section, which purchase
38 was made by an application submitted on or after the effective date
39 of P.L. , c. (pending before the Legislature as this bill), except a
40 purchase for military service in the Armed Forces of the United
41 States, shall not be eligible for consideration when service is used
42 to determine the qualification of the member for any health care
43 benefits coverage paid, in whole or in part, by a public employer
44 after the member's retirement.

45 (cf: P.L.2003, c.263, s.2)

46

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

1 18A:66-4. The membership of the retirement system shall
2 consist of:

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

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

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

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

15 【No】 Before or on the effective date of P.L. , c. (pending
16 before the Legislature as this bill), no person in employment, office
17 or position, for which the annual salary or remuneration is fixed at
18 less than \$500.00 shall be eligible to become a member of the
19 retirement system. After the effective date of P.L. , c. (pending
20 before the Legislature as this bill), a person who was a member of
21 the retirement system on that effective date and continuously
22 thereafter shall be eligible to be a member of the retirement system
23 in employment, office or position, for which the annual salary or
24 remuneration is fixed at \$500 or more. After the effective date of
25 P.L. , c. (pending before the Legislature as this bill), a person
26 who was not a member of the retirement system on that effective
27 date, or who was a member of the retirement system on that
28 effective date but not continuously thereafter, and who is in
29 employment, office or position, for which the annual salary or
30 remuneration is certified by the applicable public entity at \$7,500 or
31 more, shall be eligible to become a member of the retirement
32 system. The \$7,500 minimum annual salary or remuneration amount
33 shall be adjusted annually by the Director of the Division of
34 Pensions and Benefits, by regulation, in accordance with changes in
35 the Consumer Price Index but by no more than 4 percent.
36 "Consumer Price Index" means the average of the annual increase,
37 expressed as a percentage, in the consumer price index for all urban
38 consumers in the New York City and Philadelphia metropolitan
39 statistical areas during the preceding calendar year as reported by
40 the United States Department of Labor.

41 (cf: P.L.1968, c.229, s.1)

42

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

44 18A:66-8. a. If a teacher:

45 (1) is dismissed by an employer by reason of reduction in
46 number of teachers employed in the school district, institution or
47 department when in the judgment of the employer it is advisable to
48 abolish any office, position or employment for reasons of a

1 reduction in the number of pupils, economy, a change in the
2 administrative or supervisory organization or other good cause; or
3 becomes unemployed by reason of the creation of a regional school
4 district or a consolidated school district; or has been discontinued
5 from service without personal fault or through leave of absence
6 granted by an employer or permitted by any law of this State; and

7 (2) has not withdrawn the accumulated member's contributions
8 from the retirement system, the teacher's membership may continue,
9 notwithstanding any provisions of this article, if the member returns
10 to service within a period of 10 years from the date of
11 discontinuance from service. No credit for retirement purposes
12 shall be allowed to the member covering the period of
13 discontinuance, except as provided in this section. In computing
14 the service or in computing final compensation, no time after
15 September 1, 1919, during which a member shall have been
16 employed as a teacher at an annual salary or remuneration fixed at
17 less than [\$500.00] that which is required for membership pursuant
18 to N.J.S.18A:66-4 as applicable to the member shall be credited,
19 except that in the case of a veteran member credit shall be given for
20 service rendered prior to January 1, 1955, in an employment, office
21 or position if the annual salary or remuneration therefor was fixed
22 at not less than \$300.00 and the service consisted of the
23 performance of the full duties of the employment, office or position.

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

27 (1) three months or the duration of the leave, whichever is less;
28 or

29 (2) if the leave was due to the member's personal illness, two
30 years or the duration of the leave, whichever is less; or

31 (3) the period of leave that is specifically allowed for retirement
32 purposes by the provisions of any law of this State.

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

36 (cf: P.L.1991, c.138, s.1)

37

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

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

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

1 b. Any person becoming an employee of the State or other
2 employer after January 2, 1955 and every veteran, other than a
3 retired member who returns to service pursuant to subsection b. of
4 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
5 whose appointments are seasonal, becoming an employee of the
6 State or other employer after such date, including a temporary
7 employee with at least one year's continuous service. The
8 membership of the retirement system shall not include those
9 persons appointed to serve as described in paragraphs (2) and (3) of
10 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
11 person who was a member of the retirement system prior to the
12 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-
13 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
14 C.43:15A-135) and continuously thereafter; and

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

18 d. Membership in the retirement system shall be optional for
19 elected officials other than veterans, and for school crossing guards,
20 who having become eligible for benefits under other pension
21 systems are so employed on a part-time basis. Elected officials
22 commencing service on or after the effective date of sections 1
23 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
24 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
25 be eligible for membership in the retirement system based on
26 service in the elective public office, except that an elected official
27 enrolled in the retirement system as of that effective date who
28 continues to hold that elective public office without a break in
29 service shall be eligible to continue membership in the retirement
30 system under the terms and conditions of enrollment. Service in the
31 Legislature shall be considered a single elective public office. Any
32 part-time school crossing guard who is eligible for benefits under
33 any other pension system and who was hired as a part-time school
34 crossing guard prior to March 4, 1976, may at any time terminate
35 his membership in the retirement system by making an application
36 in writing to the board of trustees of the retirement system. Upon
37 receiving such application, the board of trustees shall terminate his
38 enrollment in the system and direct the employer to cease accepting
39 contributions from the member or deducting from the compensation
40 paid to the member. State employees who become members of any
41 other retirement system supported wholly or partly by the State as a
42 condition of employment shall not be eligible for membership in
43 this retirement system. Notwithstanding any other law to the
44 contrary, all other persons accepting employment in the service of
45 the State shall be required to enroll in the retirement system as a
46 condition of their employment, regardless of age. 【No】 Before or
47 on the effective date of P.L. , c. (pending before the Legislature
48 as this bill), no person in employment, office or position, for which

1 the annual salary or remuneration is fixed at less than \$1,500.00,
2 shall be eligible to become a member of the retirement system.
3 After the effective date of P.L. , c. (pending before the
4 Legislature as this bill), a person who was a member of the
5 retirement system on that effective date and continuously thereafter
6 shall be eligible to be a member of the retirement system in
7 employment, office or position, for which the annual salary or
8 remuneration is fixed at \$1,500 or more. After the effective date of
9 P.L. , c. (pending before the Legislature as this bill), a person
10 who was not a member of the retirement system on that effective
11 date, or who was a member of the retirement system on that
12 effective date but not continuously thereafter, and who is in
13 employment, office or position, for which the annual salary or
14 remuneration is certified by the applicable public entity at \$7,500 or
15 more, shall be eligible to become a member of the retirement
16 system. The \$7,500 minimum annual salary or remuneration
17 amount shall be adjusted annually by the Director of the Division of
18 Pensions and Benefits, by regulation, in accordance with changes in
19 the Consumer Price Index but by no more than 4 percent.
20 "Consumer Price Index" means the average of the annual increase,
21 expressed as a percentage, in the consumer price index for all urban
22 consumers in the New York City and Philadelphia metropolitan
23 statistical areas during the preceding calendar year as reported by
24 the United States Department of Labor.

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

28 f. The accumulated deductions of the members of the former
29 "State Employees' Retirement System" which have been set aside in
30 a trust fund designated as Fund A as provided in section 5 of this
31 act and which have not been claimed for refund prior to February 1,
32 1955 shall be transferred from said Fund A to the Annuity Savings
33 Fund of the Retirement System, provided for in section 25 of this
34 act. Each member whose accumulated deductions are so transferred
35 shall receive the same prior service credit, pension credit, and
36 membership credit in the retirement system as he previously had in
37 the former "State Employees' Retirement System" and shall have
38 such accumulated deductions credited to his individual account in
39 the Annuity Savings Fund. Any outstanding obligations of such
40 member shall be continued.

41 g. Any school crossing guard electing to terminate his
42 membership in the retirement system pursuant to subsection d. of
43 this section shall, upon his request, receive a refund of his
44 accumulated deductions as of the date of his appointment to the
45 position of school crossing guard. Such refund of contributions
46 shall serve as a waiver of all benefits payable to the employee, to
47 his dependent or dependents, or to any of his beneficiaries under the
48 retirement system.

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

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

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

38 (cf: P.L.2007, c.92, s.17)

39

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

42 39. In computing for retirement purposes the total service of a
43 member about to be retired, the retirement system shall credit the
44 member with the time of all service rendered by the member since
45 that member's last enrollment, and in addition with all the service to
46 which the member is entitled and with no other service. Except as
47 otherwise provided in this act, this service credit shall be final and
48 conclusive for retirement purposes unless the member shall

1 discontinue service for more than two consecutive years. In the case
2 of a member for whom compensation is defined in paragraph (2) of
3 subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the
4 retirement system shall credit the member with the time of all
5 service rendered by the member during the part of any year that the
6 member was a participant of the Defined Contribution Retirement
7 Program, pursuant to paragraph (5) of subsection a. of section 2 of
8 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,
9 c.103, and making contributions to that program.

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

18 (1) three months or the duration of the leave, whichever is less;
19 or

20 (2) if the leave was due to the member's personal illness, two
21 years or the duration of the leave, whichever is less; or

22 (3) the period of leave that is specifically allowed for retirement
23 purposes by the provisions of any law of this State.

24 The purchase shall be made in the same manner and be subject to
25 the same terms and conditions provided for the purchase of previous
26 membership service credit by section 8 of P.L.1954, c.54
27 (C.43:15A-8). In computing the service or in computing final
28 compensation, no time during which a member was in employment,
29 office, or position for which the annual salary or remuneration was
30 fixed at less than \$500.00 in the case of service rendered prior to
31 November 6, 1986, or for which the annual salary or remuneration
32 is fixed at less than [\$1,500.00] that which was required for
33 membership pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7)
34 as applicable to the member in the case of service rendered on or
35 after that date, shall be credited, except that in the case of a veteran
36 member credit shall be given for service rendered prior to January
37 2, 1955, in an employment, office or position if the annual salary or
38 remuneration therefor was fixed at not less than \$300.00 and such
39 service consisted of the performance of the full duties of the
40 employment, office or position.

41 (cf: P.L.2007, c.103, s.18)

42

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

45 65. (a) All employees of any public agency or organization of
46 this State, which employs persons engaged in service to the public,
47 shall be eligible to participate in the Public Employees' Retirement
48 System; provided the employer consents thereto by resolution and

1 files a certified copy of such resolution with the board of trustees of
2 the Public Employees' Retirement System and the board of trustees
3 approves thereof by resolution. Such organization shall be referred
4 to in this act as the employer. If the participation of such
5 employees is so approved then the employer shall contribute to the
6 contingent reserve fund on account of its members at the same rate
7 per centum as would be paid by employers other than the State.

8 (b) Notwithstanding the provisions of subsection (a) of this
9 section, every person becoming an employee of a public agency or
10 organization of this State, which employs persons engaged in
11 service to the public, after June 30, 1966, who is not eligible to
12 become a member of any other retirement system, shall be required
13 to participate in the Public Employees' Retirement System.
14 Notwithstanding the provisions of subsection (a) of this section,
15 membership in the Public Employees' Retirement System shall be
16 optional with any person in the employ of any such public agency
17 or organization on June 30, 1966, provided such person is not
18 required to be a member pursuant to another provision of this act,
19 and provided further that such person is not eligible to be a member
20 of any other retirement system. The provisions of this subsection
21 shall not apply to any person whose position is temporary or
22 seasonal, nor to any person in office, position or employment for
23 which the annual salary or remuneration is fixed at less than
24 **[\$1,500.00]** that which is required for membership pursuant to
25 section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable to the
26 member, nor to any person whose position is not covered by the
27 old-age and survivors' insurance provisions of the federal Social
28 Security Act. The public agency or organization employing any
29 such person who becomes a member of the retirement system
30 pursuant to this subsection shall contribute to the contingent reserve
31 fund on account of such employees at the same rate per centum as
32 would be paid by employers other than the State.

33 (cf: P.L.1986, c.139, s.3)

34

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

37 75. (a) If this act is so adopted it shall become effective in the
38 county or municipality adopting it on June 30 of the following year.
39 Membership in the Public Employees' Retirement System shall be
40 optional with the employees of the county, board of education or
41 municipality in the service on the day the act becomes effective or
42 on June 30, 1966, whichever is earlier, in such county, board of
43 education or municipality except in the case of public employee
44 veterans who on such date are members. An employee who elects
45 to become a member within one year after this act so takes effect
46 shall be entitled to prior service covering service rendered to the
47 county, board of education or municipality prior to July 1, 1966 or
48 prior to the date this act so becomes effective, whichever is earlier.

1 Membership shall be compulsory for all employees entering the
2 service of the county, board of education or municipality on July 1,
3 1966 or after the date this act becomes effective, whichever is
4 earlier. Where any such employee entering the service of the
5 county, board of education or municipality after the date this act so
6 becomes effective has had prior service for which evidence
7 satisfactory to the retirement system is presented, as an employee in
8 such county, board of education or municipality before the date
9 upon which this act so becomes effective, or July 1, 1966,
10 whichever is earlier, such employee shall be entitled to prior service
11 covering service rendered to the county, board of education or
12 municipality prior to the date this act so becomes effective, or July
13 1, 1966, whichever is earlier.

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

39 The provisions of this subsection shall not apply to any person
40 whose position is temporary or seasonal, nor to any person in
41 office, position or employment for which the annual salary or
42 remuneration is fixed at less than **[\$1,500.00]** that which is
43 required for membership pursuant to section 7 of P.L.1954, c.84
44 (C.43:15A-7) as applicable to the member, nor to any person whose
45 position is not covered by the old age and survivors' insurance
46 provisions of the federal Social Security Act. No credit shall be
47 allowed to any person becoming a member of the retirement system
48 pursuant to this subsection for service rendered to the employer

1 prior to July 1, 1966, until the provisions of section 74 of this act
2 have been complied with, in which event such credit shall be
3 allowed in accordance with the provisions of subsection (a) of this
4 section; except that the governing body of any county, board of
5 education or municipality may, by resolution, consent to the
6 allowance of such credit and file a certified copy of such resolution
7 with the board of trustees of the Public Employees' Retirement
8 System.

9 (cf: P.L.2007, c.92, s.18)

10

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

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

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

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

35 (3) A person who commences service on or after the effective
36 date of this section in an employment, office or position in a
37 political subdivision of the State, or an agency, board, commission,
38 authority or instrumentality of a subdivision, pursuant to an
39 appointment by an elected public official or elected governing
40 body, that requires the specific consent or approval of the elected
41 governing body of the political subdivision that is substantially
42 similar in nature to the advice and consent of the Senate for
43 appointments by the Governor of the State as that similarity is
44 determined by the elected governing body and set forth in an
45 adopted ordinance or resolution, pursuant to guidelines or policy
46 that shall be established by the Local Finance Board in the
47 Department of Community Affairs or the Department of Education,
48 as appropriate to the elected governing body. This paragraph shall

1 not be deemed to include a person otherwise eligible for
2 membership in the Teachers' Pension and Annuity Fund or the
3 Police and Firemen's Retirement System, or a person who is
4 employed or appointed in the regular or normal course of
5 employment or appointment procedures and consented to or
6 approved in a general or routine manner appropriate for and
7 followed by the political subdivision, or the agency, board,
8 commission, authority or instrumentality of a subdivision, or a
9 person who holds a professional license or certificate to perform
10 and is performing as a certified health officer, tax assessor, tax
11 collector, municipal planner, chief financial officer, registered
12 municipal clerk, construction code official, licensed uniform
13 subcode inspector, qualified purchasing agent, or certified public
14 works manager.

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

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

27 (6) A person in employment, office or position for which the
28 annual salary or remuneration is less than that which is required to
29 become a member of the Teachers' Pension and Annuity Fund or
30 the Public Employees' Retirement System, or to make contributions
31 to those systems as a member on the basis of any such employment,
32 office or position, after the effective date of P.L. , c. (pending
33 before the Legislature as this bill).

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

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

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

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

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

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

14 A person eligible and required to participate in the retirement
15 program pursuant to paragraph (5) of subsection a. of this section
16 may elect to waive participation with regard to that employment,
17 office, or position by filing, when first eligible, on a form required
18 by the division, a written waiver with the Division of Pensions and
19 Benefits that waives all rights and benefits that would otherwise be
20 provided by the retirement program. Such a person may thereafter
21 elect to participate in the retirement program by filing, on a form
22 required by the division, a written election to participate in the
23 retirement program and participation in the retirement program
24 pursuant to such election shall commence on the January 1 next
25 following the filing of the election to participate.

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

32 (cf: P.L.2007, c.103, s.12)

33

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

36 3. As used in this act:

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

40 b. "Base salary" means a participant's regular base or contractual
41 salary. It shall exclude bonus, overtime or other forms of extra
42 compensation such as (1) longevity lump sum payments, (2) lump
43 sum terminal sick leave or vacation pay, (3) the value of
44 maintenance, (4) individual pay adjustments made within or at the
45 conclusion of the participant's final year of service, (5) retroactive
46 salary adjustments or other pay adjustments made in the
47 participant's final year of service unless such adjustment was made
48 as a result of a general pay adjustment for all personnel of the

1 department or institution, (6) any unscheduled individual
2 adjustment made in the final year to place the member at the
3 maximum salary level within his salary range and (7) any pay for
4 services rendered during the summer vacation period by a
5 participant who is required to work only 10 months of the year.

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

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

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

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

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

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

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

40 j. "Member" or "participant" means a full-time officer or a full-
41 time member of the faculty participating in the alternate benefit
42 program, and after the effective date of P.L. , c. (pending before
43 the Legislature as this bill), means an adjunct faculty member or a
44 part-time instructor whose employment agreement begins after that
45 effective date .

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

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

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

6 n. "State Colleges" means the colleges so described in chapter
7 64 of Title 18A of the New Jersey Statutes.

8 o. "Mutual fund company" means an investment company or
9 trust regulated by the federal "Investment Company Act of 1940,"
10 15 U.S.C.s. 80a-1 et seq.

11 (cf: P.L.1994, c.48, s.187)

12

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

20

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

28

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

31 2. As used in this act:

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

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

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

48 The term "employee" shall further mean, for purposes of this act, a

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

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

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

1 (2) Notwithstanding the provisions of paragraph (1) of this
2 subsection to the contrary and subject to the provisions of paragraph
3 (3) of this subsection, for the purposes of an employer other than
4 the State that is participating in the State Health Benefits Program
5 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term
6 "dependents" means an employee's spouse or partner in a civil
7 union couple and the employee's unmarried children under the age
8 of 23 years who live with the employee in a regular parent-child
9 relationship. "Children" shall include stepchildren, legally adopted
10 children and children placed by the Division of Youth and Family
11 Services in the Department of Children and Families provided they
12 are reported for coverage and are wholly dependent upon the
13 employee for support and maintenance. A spouse, partner in a civil
14 union couple or child enlisting or inducted into military service
15 shall not be considered a dependent during the military service. The
16 term "dependents" shall not include spouses or partners in a civil
17 union couple of retired persons who are otherwise eligible for
18 benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,
19 although they meet the age or disability eligibility requirement of
20 Medicare, are not covered by Medicare Hospital Insurance, also
21 known as Medicare Part A, and Medicare Medical Insurance, also
22 known as Medicare Part B.

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

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

38 (f) The term "hospital" means (1) an institution operated
39 pursuant to law which is primarily engaged in providing on its own
40 premises, for compensation from its patients, medical diagnostic
41 and major surgical facilities for the care and treatment of sick and
42 injured persons on an inpatient basis, and which provides such
43 facilities under the supervision of a staff of physicians and with 24
44 hour a day nursing service by registered graduate nurses, or (2) an
45 institution not meeting all of the requirements of (1) but which is
46 accredited as a hospital by the Joint Commission on Accreditation
47 of Hospitals. In no event shall the term "hospital" include a
48 convalescent nursing home or any institution or part thereof which

1 is used principally as a convalescent facility, residential center for
2 the treatment and education of children with mental disorders, rest
3 facility, nursing facility or facility for the aged or for the care of
4 drug addicts or alcoholics.

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

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

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

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

36 (cf: P.L.2007, c.103, s.19)

37

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

45

46 17. (New section) The State Health Benefits Commission shall
47 establish an audit program through which it shall conduct a
48 continuous review of the various public employers participating in

1 the State Health Benefits Program for the purpose of ensuring that
2 only eligible employees and retirees, and their dependents, are
3 receiving health care coverage under the program. Every public
4 entity whose employees are covered by the program, as well as
5 employees and retirees thereof, and their dependents, and any other
6 public entity having relevant information, shall cooperate fully with
7 the commission and shall provide all information, records and
8 documents requested by the commission in connection with an
9 audit.

10

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

13 39. a. In the case of any person who was required to become a
14 member of the retirement system as a condition of employment, and
15 whose application for enrollment in the retirement system or whose
16 application for transfer from one employer to another within the
17 system was filed beyond the effective date for his compulsory
18 enrollment in the system or his transfer within the system, such
19 person shall be required to purchase membership credit for his
20 compulsory coverage by paying into the annuity savings fund the
21 amount required by applying, in accordance with section 18A:66-
22 29, his rate of contribution on his current base salary subject to the
23 retirement system for each year of previous service during which
24 he was required to have been a member.

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

35 c. The employee's obligation may be satisfied by regular
36 installments, equal to at least 1/2 of the normal contribution to
37 the retirement system, over a maximum period of 10 years, but not
38 more than 2 years in the case of any employee who has attained or
39 will attain age 60 within the 2-year period or, for a person who
40 became a member of the retirement system on or after the effective
41 date of P.L. , c. (pending before the Legislature as this bill),
42 has attained or will attain age 62 within the 2-year period.

43 d. In the case of any person coming under the provisions of this
44 section, full pension credit for the period of employment for which
45 arrears are being paid by the employee shall be given upon the
46 payment of at least 1/2 of the total employee's arrearage obligation
47 and the completion of 1 year of membership and the making of such
48 arrears payments, except that in the case of retirement pursuant to

1 sections 18A:66-36, 18A:66-37, 18A:66-44 and 18A:66-71, the
2 total membership credit for such service shall be in direct
3 proportion as the amount paid bears to the total amount of the
4 arrearage obligation of the employee.

5 (cf: P.L.1971, c.121, s.39)

6

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

8 18A:66-36. Should a member of the Teachers' Pension and
9 Annuity Fund, after having completed 10 years of service, be
10 separated voluntarily or involuntarily from the service, before
11 reaching service retirement age, and not by removal for conduct
12 unbecoming a teacher or other just cause under the provisions of
13 sections 18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13
14 inclusive, such person may elect to receive, in lieu of the payment
15 provided in section 18A:66-34:

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

18 b. A deferred retirement allowance beginning at age 60, or for
19 a person who becomes a member of the retirement system on or
20 after the effective date of P.L. . c. (pending before the
21 Legislature as this bill) beginning at age 62, which shall be made
22 up of an annuity derived from the member's accumulated
23 deductions at the time of his severance from the service, and a
24 pension in the amount which, when added to the member's annuity,
25 will provide a total retirement allowance of 1/64 of his final
26 compensation for each year of service credited as Class A service
27 and 1/55 of his final compensation for each year of service credited
28 as class B service, calculated in accordance with section 18A:66-44,
29 with optional privileges provided for in section 18A:66-47 if he
30 exercises such optional privilege at least 30 days before his
31 attainment of the normal retirement age; provided, that such
32 election is communicated by such member to the retirement system
33 in writing stating at what time subsequent to the execution and
34 filing thereof he desires to be retired; and provided, further, that
35 such member may later elect: (1) to receive the payments provided
36 for in section 18A:66-37, if he had qualified under that section at
37 the time of leaving service, except that in order to avail himself of
38 the optional privileges pursuant to section 18A:66-47, he must
39 exercise such optional privilege at least 30 days before the effective
40 date of his retirement; or (2) to withdraw his accumulated
41 deductions with interest as provided in section 18A:66-34. If such
42 member shall die before attaining service retirement age, then his
43 accumulated deductions, plus regular interest after January 1, 1956,
44 shall be paid in accordance with section 18A:66-38, and, in addition
45 if such member shall die after attaining service retirement age and
46 has not withdrawn his accumulated deductions, an amount equal to
47 3/16 of the compensation upon which contributions by the member

1 to the annuity savings fund were based in the last year of creditable
2 service shall be paid to such member's beneficiary.

3 Any member who, having elected to receive a deferred
4 retirement allowance, again becomes an employee covered by the
5 retirement system while under the age of 60 or, if that person
6 became a member of the retirement system on or after the effective
7 date of P.L. , c. (pending before the Legislature as this bill),
8 while under the age of 62, shall thereupon be reenrolled. If he had
9 discontinued his service for more than two consecutive years,
10 subsequent contributions shall be at a rate applicable to the age
11 resulting from the subtraction of his years of creditable service at
12 the time of his last discontinuance of contributing membership from
13 his age at the time of his return to service. He shall be credited with
14 all service as a member standing to his credit at the time of his
15 election to receive a deferred retirement allowance.

16 (cf: P.L.2001, c.133, s.4)

17

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

19 18A:66-37. Should a member resign after having established 25
20 years of creditable service before reaching age 60, or before
21 reaching the age of 62 if the person became a member of the
22 retirement system on or after the effective date of P.L. , c.
23 (pending before the Legislature as this bill), the member may elect
24 "early retirement," provided, that such election is communicated by
25 such member to the retirement system by filing a written
26 application, duly attested, stating at what time subsequent to the
27 execution and filing thereof the member desires to be retired. The
28 member shall receive, in lieu of the payment provided in
29 N.J.S.18A:66-34, an annuity which is the actuarial equivalent of the
30 member's accumulated deductions and a pension in the amount
31 which, when added to the member's annuity, will provide a total
32 retirement allowance of 1/64 of the member's final compensation
33 for each year of service credited as class A service and 1/55 of the
34 member's final compensation for each year of service credited as
35 class B service, calculated in accordance with N.J.S.18A:66-44,
36 reduced:

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

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

43 (c) for a person who becomes a member of the retirement system
44 on or after the effective date of P.L. , c. (pending before the
45 Legislature as this bill), by 1/4 of 1% for each month that the
46 member lacks of being age 55 and by 1/12 of 1% for each month
47 that the member lacks of being age 62 but over age 55; provided,
48 however, that upon the receipt of proper proofs of the death of such

1 a member there shall be paid to the member's beneficiary an amount
2 equal to 3/16 of the compensation upon which contributions by the
3 member to the annuity savings fund were based in the last year of
4 creditable service or in the year of the member's highest contractual
5 salary, whichever is higher.

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

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

18 (cf: P.L.2007, c.103, s.7)

19

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

21 18A:66-43. Retirement for service shall be as follows: (a) A
22 member who person who was a member before the effective date
23 of P.L. , c. (pending before the Legislature as this bill) and has
24 attained 60 years of age may retire on a service retirement
25 allowance by filing with the retirement system a written
26 application, duly attested, stating at which time subsequent to the
27 execution and filing thereof he desires to be retired. The board of
28 trustees shall retire him at the time specified or at such other time
29 within 1 month after the date so specified as the board finds
30 advisable.

31 (b) Any member in service who attains 70 years of age shall be
32 retired by the board of trustees on a service retirement allowance
33 forthwith on the first day of the next calendar month, or at such
34 time within 1 year thereafter as it deems advisable] A person who
35 becomes a member on or after the effective date of P.L. , c.
36 (pending before the Legislature as this bill) and has attained 62
37 years of age may retire on a service retirement allowance by filing
38 with the retirement system a written application, duly attested,
39 stating at which time subsequent to the execution and filing thereof
40 the member desires to be retired. The board of trustees shall retire
41 the member at the time specified or at such other time within 1
42 month after the date so specified as the board finds advisable.

43 (cf: P.L.1971, c.121, s.24)

44

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

47 48. a. In the case of any person who was required to become a
48 member of the retirement system as a condition of employment, and

1 whose application for enrollment in the retirement system or whose
2 application for transfer from one employer to another within the
3 system was filed beyond the effective date for his compulsory
4 enrollment in the system or his transfer within the system, such
5 person shall be required to purchase membership credit for his
6 compulsory coverage by paying into the annuity savings fund the
7 amount required by applying, in accordance with section 25 of
8 chapter 84 of the laws of 1954, his rate of contribution on his
9 current base salary subject to the retirement system for each year of
10 previous service during which he was required to have been a
11 member.

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

22 c. The employees' obligation may be satisfied by regular
23 installments, equal to at least 1/2 the normal contribution to the
24 retirement system, over a maximum period of 10 years but not more
25 than 2 years in the case of any employee who has attained or will
26 attain age 60 within the 2-year period, or in the case of any
27 employee who became a member of the retirement system on or
28 after the effective date of P.L. , c. (pending before the
29 Legislature as this bill), has attained or will attain age 62 within the
30 2-year period.

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

41 (cf: P.L.1971, c.213, s.48)

42

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

45 41. a. A member who withdraws from service or ceases to be an
46 employee for any cause other than death or retirement shall, upon
47 the filing of an application therefor, receive all of his accumulated
48 deductions standing to the credit of his individual account in the

1 annuity savings fund, plus regular interest, less any outstanding
2 loan, except that for any period after June 30, 1944, the interest
3 payable shall be such proportion of the interest determined at the
4 regular rate of 2% per annum bears to the regular rate of interest,
5 and except that no interest shall be payable in the case of a member
6 who has less than three years of membership credit for which he has
7 made contributions. He shall cease to be a member two years from
8 the date he discontinued service as an eligible employee, or, if prior
9 thereto, upon payment to him of his accumulated deductions. If any
10 such person or member shall die before withdrawing or before
11 endorsing the check constituting the return of his accumulated
12 deductions, such deductions shall be paid to the member's
13 beneficiary. No member shall be entitled to withdraw the amounts
14 contributed by his employer covering his military leave unless he
15 shall have returned to the payroll and contributed to the retirement
16 system for a period of 90 days.

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

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

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

40 (c) for a person who becomes a member of the retirement system
41 on or after the effective date of P.L. , c. (pending before the
42 Legislature as this bill), by 1/4 of 1% for each month that the
43 member lacks of being age 55 and by 1/12 of 1% for each month
44 that the member lacks of being age 62 but over age 55; provided,
45 however, that upon the receipt of proper proofs of the death of such
46 a member there shall be paid to his beneficiary an amount equal to
47 three-sixteenths of the compensation upon which contributions by

1 the member to the annuity savings fund were based in the last year
2 of creditable service.

3 Paragraph (b) or (c) of this subsection shall not apply to a person
4 who at the time of enrollment in the retirement system on or after
5 July 1, 2007 transfers service credit from another State-
6 administered retirement system pursuant to section 14 of P.L.1954,
7 c.84 (C.43:15A-14), but shall apply to a former member of the
8 retirement system who has been granted a retirement allowance and
9 is reenrolled in the retirement system on or after July 1, 2007
10 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after
11 becoming employed again in a position that makes the person
12 eligible to be a member of the retirement system.

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

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

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

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

26 (cf: P.L.2007, c.103, s.8)

27

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

30 47. a. A member who person who was a member before the
31 effective date of P.L. , c. (pending before the Legislature as this
32 bill) and has attained 60 years of age may retire on a service
33 retirement allowance by filing with the retirement system a written
34 application, duly attested, stating at which time subsequent to the
35 execution and filing thereof the member desires to be retired. The
36 board of trustees shall retire him at the time specified or at such
37 other time within one month after the date so specified as the board
38 finds advisable.

39 b. Any member in service who attains 70 years of age shall be
40 retired by the board of trustees on a service retirement allowance
41 forthwith on the first day of the next calendar month, or at such
42 time within one month thereafter as it finds advisable, except that
43 an employee attaining 70 years of age, other than a judge of the
44 Office of Administrative Law or a judge of the Division of Workers'
45 Compensation, may be continued in service on an annual basis upon
46 written notice to the retirement system by the head of the State
47 department or employer where the employee is employed] A person
48 who becomes a member on or after the effective date of P.L. , c.

1 (pending before the Legislature as this bill) and has attained 62
2 years of age may retire on a service retirement allowance by filing
3 with the retirement system a written application, duly attested,
4 stating at which time subsequent to the execution and filing thereof
5 the member desires to be retired. The board of trustees shall retire
6 the member at the time specified or at such other time within one
7 month after the date so specified as the board finds advisable.

8 (cf: P.L.1999, c.38, s.16)

9

10 25. (New section) a. Paid holidays granted to all State
11 government employees each calendar year shall be limited to the
12 following:

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

29 b. The provisions of this section shall not impair any collective
30 bargaining agreement or contract in effect on the effective date of
31 P.L. , c. (pending before the Legislature as this bill). The
32 provision of this section shall take effect in the calendar year
33 following the expiration of the collective bargaining agreements or
34 contracts covering a majority of the Executive Branch employees in
35 effect on the effective date of P.L. , c. (pending before the
36 Legislature as this bill).

37

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

39 36:1-1. a. The following days in each year shall, for all
40 purposes whatsoever as regards the presenting for payment or
41 acceptance, and of the protesting and giving notice of dishonor, of
42 bills of exchange, bank checks and promissory notes be treated and
43 considered as the first day of the week, commonly called Sunday,
44 and as public holidays, except as provided under subsection d. of
45 this section: January 1, known as New Year's Day; the third
46 Monday in January, known as Martin Luther King's Birthday;
47 February 12, known as Lincoln's Birthday; the third Monday in
48 February, known as Washington's Birthday; the day designated and

1 known as Good Friday; the last Monday in May, known as
2 Memorial Day; July 4, known as Independence Day; the first
3 Monday in September, known as Labor Day; the second Monday in
4 October, known as Columbus Day; November 11, known as
5 Armistice Day or Veterans' Day; the fourth Thursday in November,
6 known as Thanksgiving Day; December 25, known as Christmas
7 Day; any general election day in this State; every Saturday; and any
8 day heretofore or hereafter appointed, ordered or recommended by
9 the Governor of this State, or the President of the United States, as a
10 day of fasting and prayer, or other religious observance, or as a
11 bank holiday or holidays. All such bills, checks and notes,
12 otherwise presentable for acceptance or payment on any of the days
13 herein enumerated, shall be deemed to be payable and be
14 presentable for acceptance or payment on the secular or business
15 day next succeeding any such holiday.

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

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

35 d. Notwithstanding the provisions of subsections a. through c. of
36 this section, when the provision of section 26 of P.L. , c.
37 (pending before the Legislature as this bill) takes effect, the
38 following day each calendar year shall not be considered a public
39 holiday for the purposes of conducting State government business:

40 February 12, known as Lincoln's Birthday.

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

43 (cf: P.L.1984, c.97, s.1)

44

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

47 1. Whenever any legal holiday enumerated in R.S.36:1-1 other
48 than Saturday, and other than those days enumerated under

1 subsection d. of R.S.36:1-1, can and shall fall on a Saturday, the
2 preceding Friday shall be deemed to be said holiday for State
3 employees, and the public offices of the State government shall be
4 closed for the transaction of business.

5 (cf: P.L.1978, c.135, s.1)

6

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